



Financial Intelligence Toolkit

2018/19 Subscription

Financial Benchmarking – Local Taxation Report

Newtimber

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Summary of Key Points

- This report provides analysis of your authority's local tax situation in 2018/19, as well as recent changes. Your authority is compared to its nearest neighbour (NN) group of 16 statistically similar authorities, as well as all comparable authorities across England.

Potential Revenue Gains/Losses*

- The notional impact on revenue if your authority's Council Tax rate was increased or decreased, so as to be:
 - higher than exactly **80%** of all comparable authorities ↑ gain of **£21.2m**
 - higher than exactly **20%** of all comparable authorities ↓ loss of **£10.2m**

Council tax

- In 2018/19, Newtimber's Council Tax rate was 7.7% higher than the nearest neighbour average, and 1.2% lower than the England average.

Tax rate (per band-D equivalent)	
Your authority	£1,343
Nearest neighbours	£1,247
England	£1,359

- Changes in your authority's council tax **rate**:

In 2018/19	
Your authority	+5.0%
Nearest neighbours	+4.1%
England	+4.9%

Over past five years**	
Your authority	+14.0%
Nearest neighbours	+11.0%
England	+14.4%

- Changes in your authority's council tax **base** (band-D equivalent properties):

In 2018/19	
Your authority	+2.8%
Nearest neighbours	+1.8%
England	+1.7%

Over past five years	
Your authority	+15.8%
Nearest neighbours	+14.3%
England	+9.7%

Non-domestic rates

- Change in the **rateable value** of non-domestic properties, for your authority or billing authorities:

In 2018/19	
Your authority	-5.7%
Nearest neighbours	-0.4%
England	+0.6%

Over past five years	
Your authority	-10.1%
Nearest neighbours	-0.2%
England	+2.0%

- Retained business rate** income:

Between 2013/14 and 2016/17, your authority's retained business rates were 1.2% lower than its baseline funding level (i.e. its needs-based funding met through business rates).

Retained rates above or below baseline funding	
Your authority	-1.2%
Nearest neighbours	+1.3%
England	+2.1%

Collection rates

- Council tax** collection rates in 2017/18:

Your authority	97.4%
Nearest neighbours	96.8%
England	97.3%

↑ Your authority's Council Tax collection rate has increased from 97.3% in 2016/17.

- Non-domestic tax** collection rates in 2017/18:

Your authority	99.0%
Nearest neighbours	98.4%
England	98.3%

↓ Your authority's non-domestic collection rate has decreased from 99.9% in 2016/17.

* If your authority's tax rate is currently above the cut-off point, then there would be a notional reduction in revenue.

** This is based on the simple sum of annual changes, rather than the compounded growth rate.

1. Comparator Groups

Please note: This report uses nearest neighbour groupings updated for 2018.

For benchmarking purposes, two sets of comparator groups are used in this analysis: (a) your authority's nearest neighbour group, and (b) all comparable authorities across England.

Nearest Neighbour (NN) Group

To enable a like-for-like comparison, this analysis makes use of CIPFA's statistical 'nearest neighbour' groups. These identify councils with similar economic and social characteristics and groups them on a statistical basis. These were last updated at the end of 2017.

For Newtimber, the nearest neighbour group is shown in the table below:

Table 1 - Nearest Neighbour Group

■ Newtimber	■ Authority H
■ Authority A	■ Authority I
■ Authority B	■ Authority J
■ Authority C	■ Authority K
■ Authority D	■ Authority L
■ Authority E	■ Authority M
■ Authority F	■ Authority N
■ Authority G	■ Authority O

All authorities in this NN group deliver the same set of services (as shown in Annex A), and so their Council Tax rates are directly comparable.

National Comparator Group

When making national comparisons, it is necessary to consider the services or functions carried out by each authority. For example, authorities that provide both upper- and lower-tier services will charge a higher rate of Council Tax than those that provide exclusively lower-tier services, all else being equal. To enable national comparisons, authorities are therefore categorised into three groups, as shown in the table

Based on the services it provides, Newtimber falls into Group 1. All authorities in this group make up your authority's 'National Comparator Group', unless stated otherwise in the report.

Table 2 - National Comparator Groups

Group	Authority Type	Lower tier	Upper tier	Fire	No.
Group 1	Metropolitan districts, London boroughs and unitaries without fire responsibilities	✓	✓		120
	Unitaries with fire responsibilities*	✓	✓	✓	3
Group 2	Shire counties without fire responsibilities		✓		16
	Shire counties with fire responsibilities		✓	✓	11
Group 3	Shire districts	✓			201

* As there are only three unitaries with fire responsibilities, these have been included in Group 1.

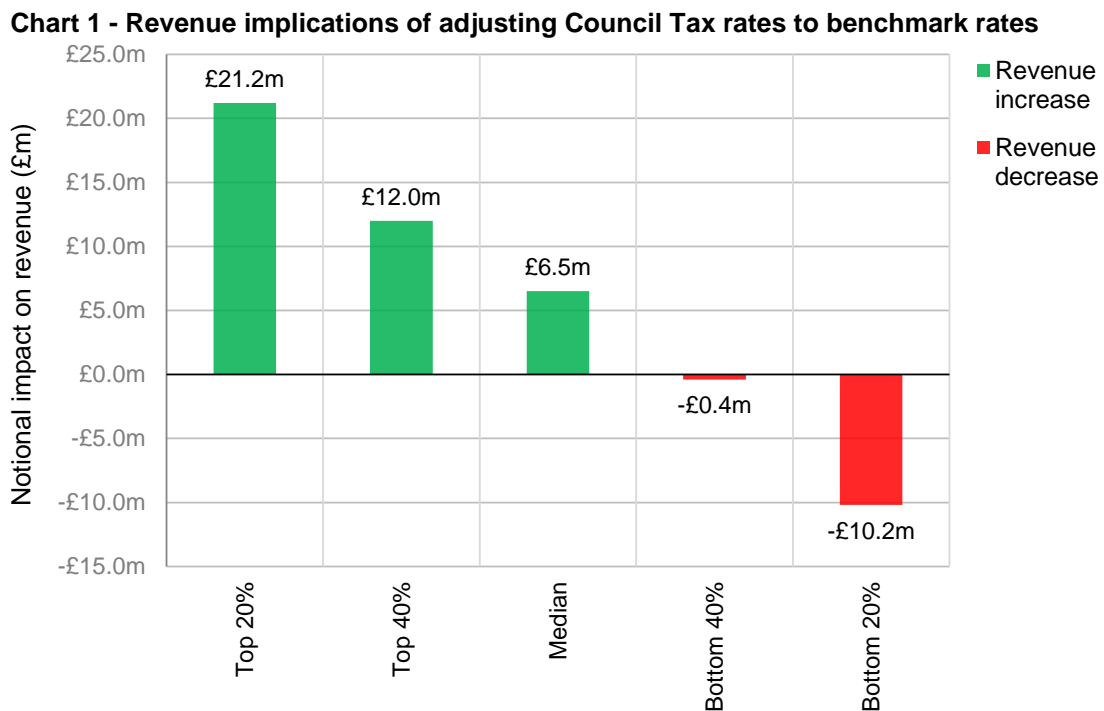
2. Potential Revenue Gains/Losses

This section considers the notional gain or loss in revenue associated with setting your authority's Council Tax rate to certain benchmark rates.

In most cases, these benchmark rates will be of theoretical interest only, given the government's policy of requiring a local referendum for Council Tax rises exceeding certain amounts.

Benchmark rates are set relative to your authority's national comparator group, as identified in Table 2.

The chart below shows the revenue implications of applying these benchmark tax rates to Newtimber's Council Tax base. For example, setting its tax rates so that it was at the cut-off point for the top 20% of authorities would generate notional revenue gains of £21.2m. Setting rates equal to the bottom 20% of authorities would result in revenue losses of £10.2m.



The following sections provide more details on your authority's Council Tax rates relative to others.

3. Council Tax Revenue

Please note: All Council Tax rates referred to in this report exclude parish precepts.

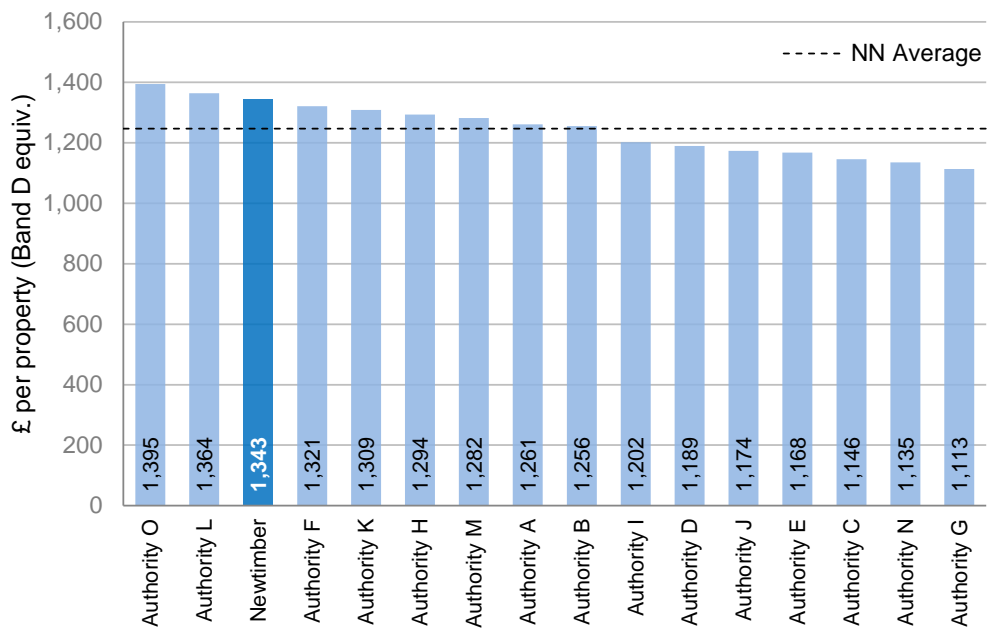
This section examines:

- Your authority's relative council tax rate in 2018/19
- The change in your authority's tax rate over time
- The change in your authority's tax base over time

Council Tax rates in 2018/19

In 2018/19, the Council Tax rate for Newtimber was £1,343 per Band D property, 7.7% higher than the NN average of £1,247. It was ranked 3rd highest in the NN group, as shown in the chart below.

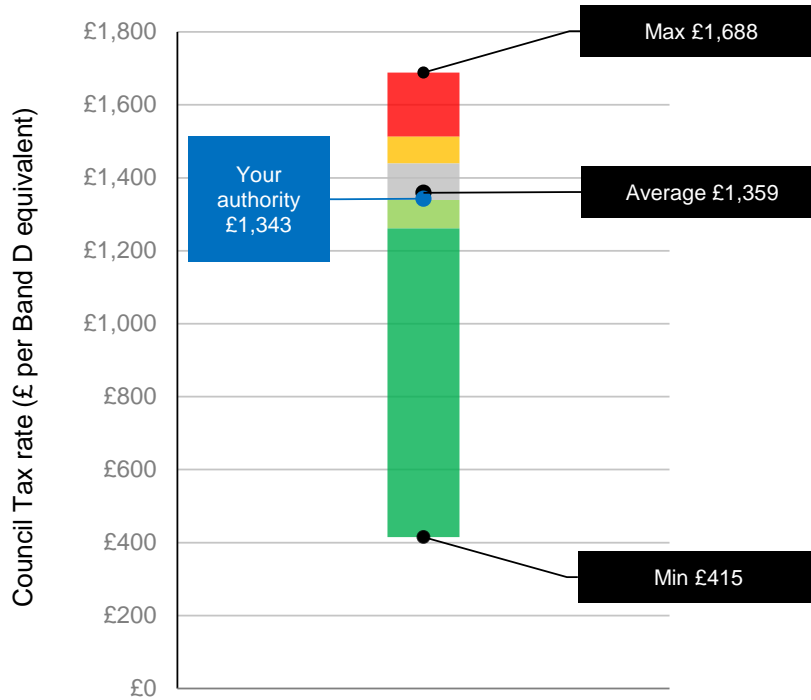
Chart 2 - Council Tax rates compared to nearest neighbours, 2018/19



Compared nationally, Newtimber's own Council Tax rate was 1.2% lower than the average for all comparable authorities (of £1,359 per property). It was ranked 71st highest out of 123 authorities, with its relative position illustrated in the chart below.

Chart 3 - Council Tax rates compared to all comparable authorities, 2018/19

Bottom 20% of authorities ●●●● top 20% of authorities



Changes in council tax rates

This section examines changes in your authority's Council Tax rate over two periods:

- Changes in the most recent year (2018/19); and
- Over the past five years (since 2013/14).

Change in the tax rate in 2018/19

In 2018/19, local authorities were able to increase their basic Council Tax by up to 3% without triggering a local referendum. In the case of shire districts, the permitted increase was up to 3% or £5 per Band D equivalent property, whichever was greater.

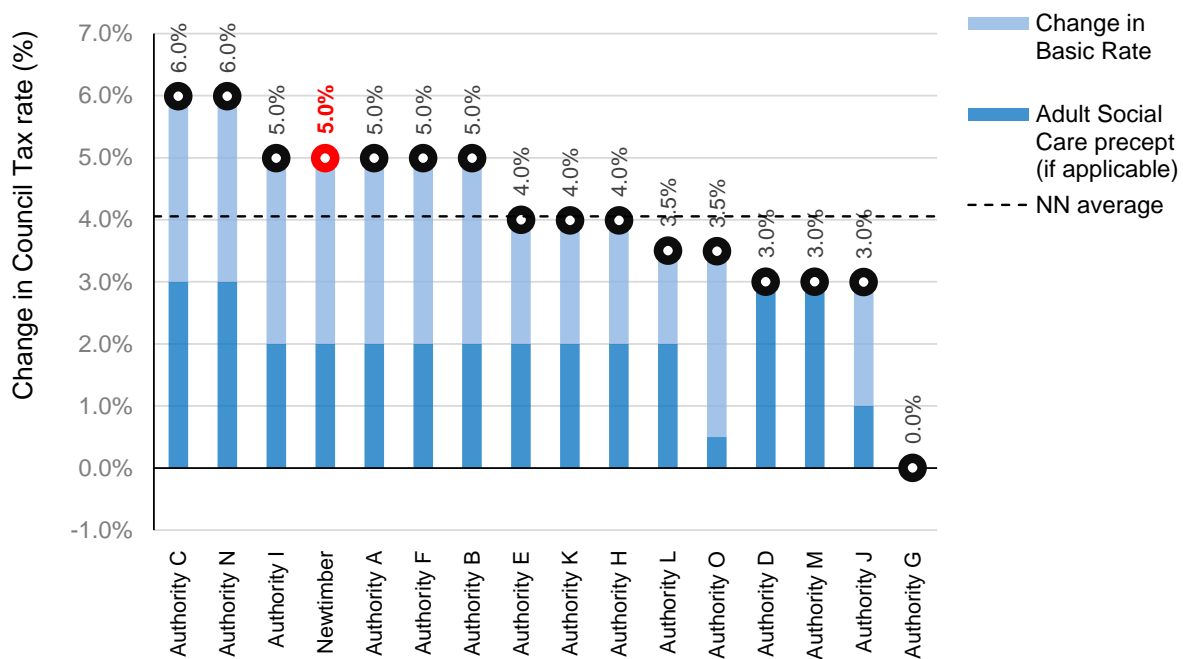
Additionally, authorities with adult social care responsibilities were able to increase their Council Tax rate by a further 3% to fund adult social care only. Overall, 97% of adult social care authorities (i.e. all but four) chose to utilise all or some of this precept.

To enable a like-for-like comparison, in this section, Newtimber is compared against 150 local authorities with adult social care responsibilities.

In 2018/19, Newtimber increased its Council Tax rate by 5.0%. This compared to a 4.1% average increase among its nearest neighbours, and a 4.9% increase nationally.

Newtimber's change relative to its nearest neighbours is illustrated below.

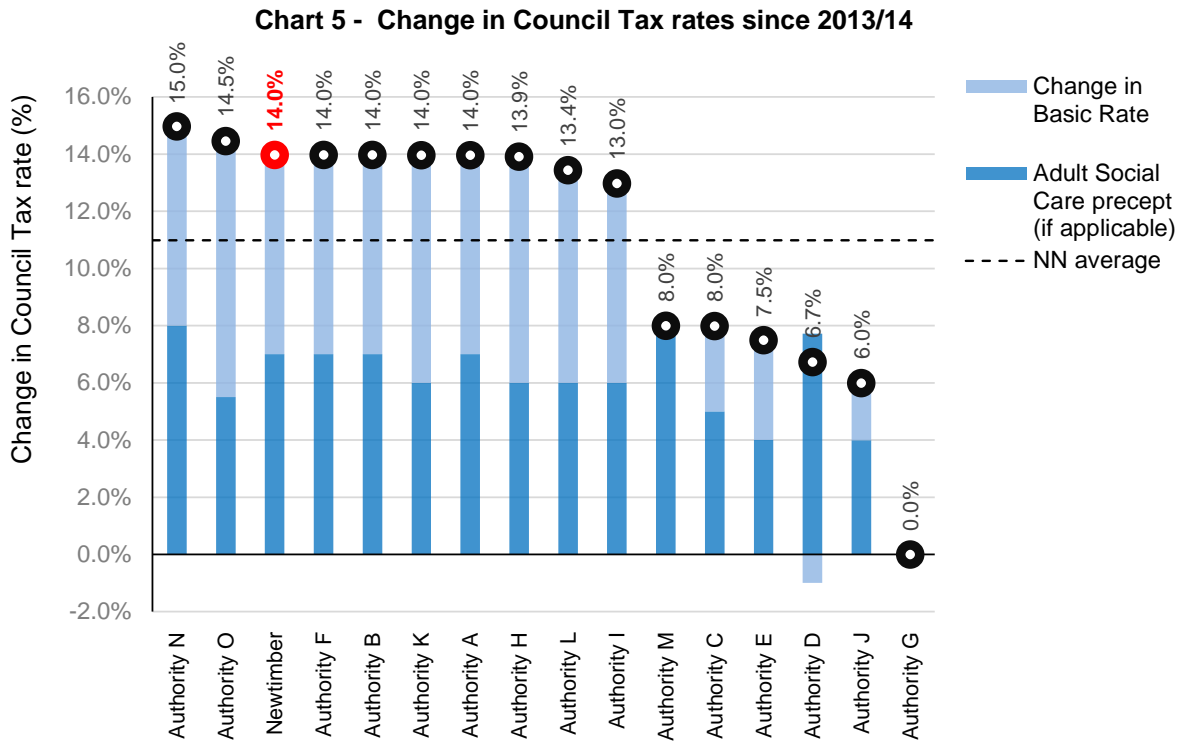
Chart 4 - Annual change in Council Tax rates, 2018/19



Change in the tax rate over the past five years

Over the past five years, Newtimber has increased its Council Tax rate by 14.0%.* This compared to a 11.0% average increase among its nearest neighbours, and a 14.4% increase nationally.

Newtimber's change relative to its nearest neighbours is illustrated below.



* This is based on the simple sum of annual changes, rather than the compounded growth rate.

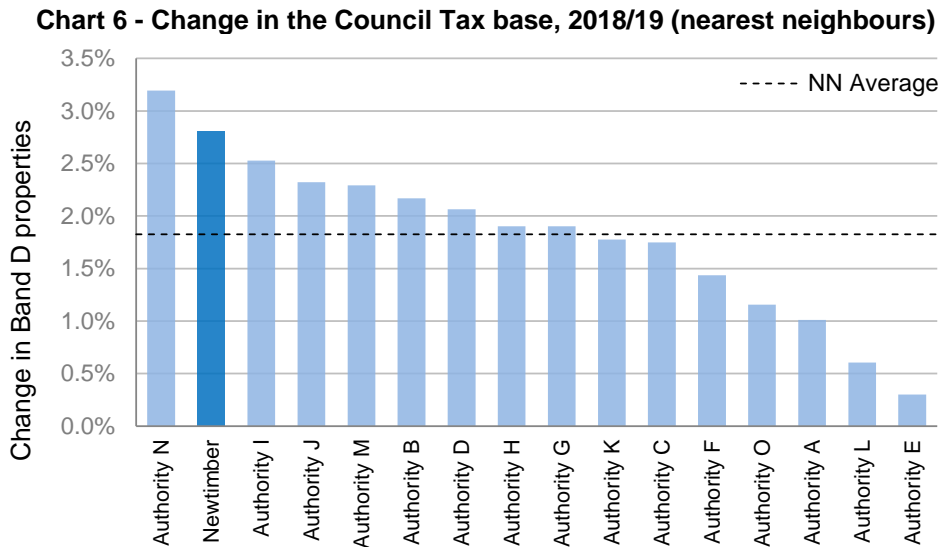
Changes in the council tax base

This section focuses on changes in the council tax base, measured in terms of the number of Band D equivalent properties used for tax setting purposes. Changes will also reflect the impact of local council tax support schemes, discounts and exemptions. We examine changes over two periods:

- In the most recent year (2018/19); and
- Over the past five years (since 2013/14).

Change in the tax base in 2018/19

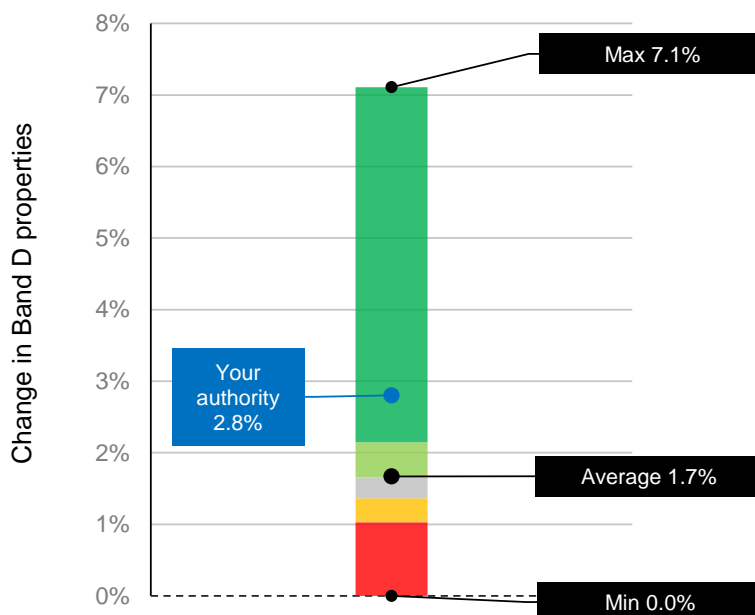
In 2018/19, Newtimber's Council Tax base increased by 2.8%, greater than the nearest neighbour average of 1.8%. This is illustrated in the chart below.



Compared nationally, the increase in Newtimber's Council Tax base of 2.8% was greater than the England average of 1.7%. Its growth rate was ranked 30th highest out of 351 authorities.

Chart 7 - Change in the Council Tax base, 2018/19 (England)

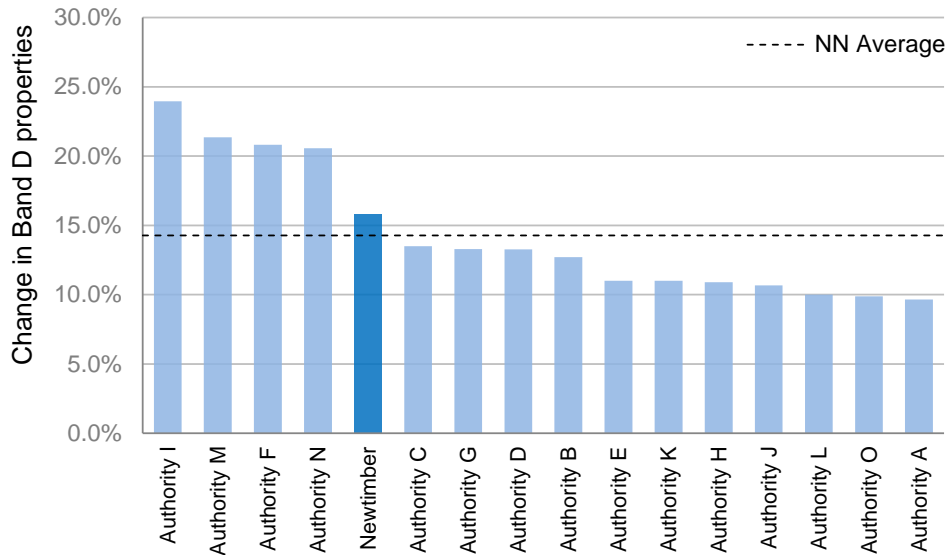
Top 20% of authorities ●●●●● bottom 20% of authorities ●●●●●



Change in the tax base over the past five years

Over the past five years, Newtimber's Council Tax base increased by 15.8%, more than the nearest neighbour average of 14.3%.

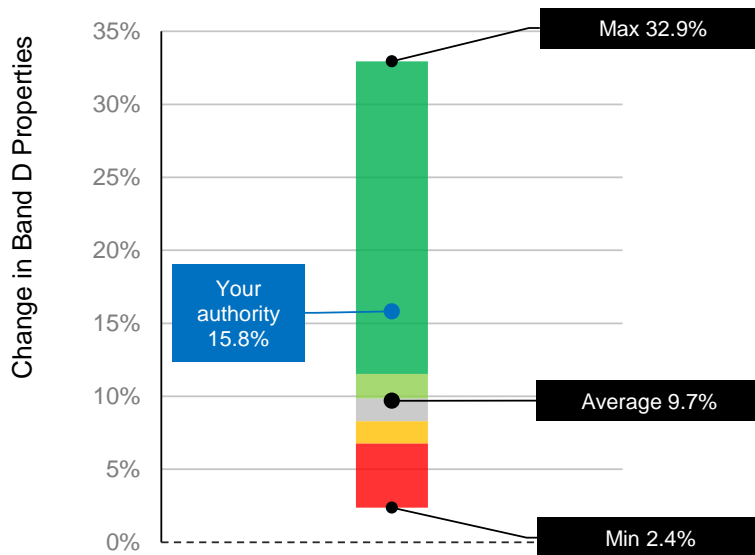
Chart 8 - Change in the Council Tax base since 2013/14 (nearest neighbours)



Compared nationally, Newtimber's increase of 15.8% was more than the England average of 9.7%. Its growth rate was ranked 18th highest out of 351 comparable authorities.

Chart 9 - Change in the Council Tax base since 2013/14 (England)

Top 20% of authorities ●●●●● bottom 20% of authorities ●●●●●



4. Non-domestic rates

The business rates retention scheme was introduced in 2013/14. The scheme allows local authorities to retain a proportion of local business rates income, thereby benefitting from any increased local revenues (but also losing resources from any reduction to revenues). Local authorities only benefit from growth in the physical tax base, as opposed to growth in business rates due to changes in the multiplier, which is linked to inflation, or changes in valuation resulting from Revaluation 2017.

This section provides an indication on your authority's relative performance under the scheme. Two measurements are presented:

- Changes in **rateable value**. This is a proxy for rates of change in the business tax base in your local area.
- Changes in **retained business rates income**. This identifies the change in business rate revenue that has been retained by your authority.

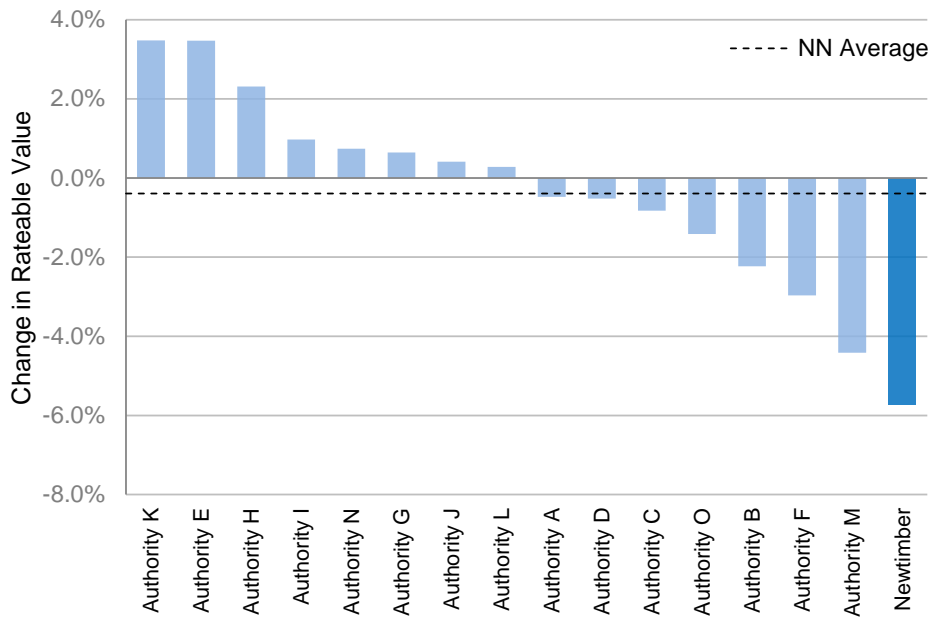
Changes in rateable value

Rateable value is used as a proxy for the size of the tax base in your local area. It reflects the market rent that could be charged on business premises in your local area on a given date.

Change in rateable value in 2018/19

In 2018/19, the annual change in Newtimber's estimated rateable value was -5.7%, lower than the nearest neighbour average of -0.4%. This is illustrated in the chart below.

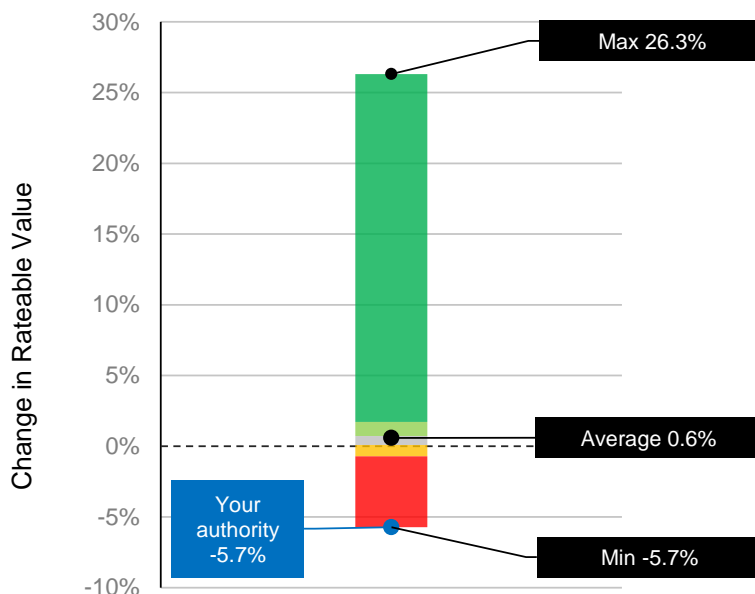
Chart 10 - Change in estimated rateable value, 2018/19 (nearest neighbours)



Compared nationally, the average change in Newtimber's estimated rateable value of -5.7% was lower than the England average of 0.6%. Its growth rate was ranked 351st highest out of 351 authorities.

Chart 11 - Change in estimated rateable value, 2018/19 (England)

Top 20% of authorities (green), bottom 20% of authorities (red)

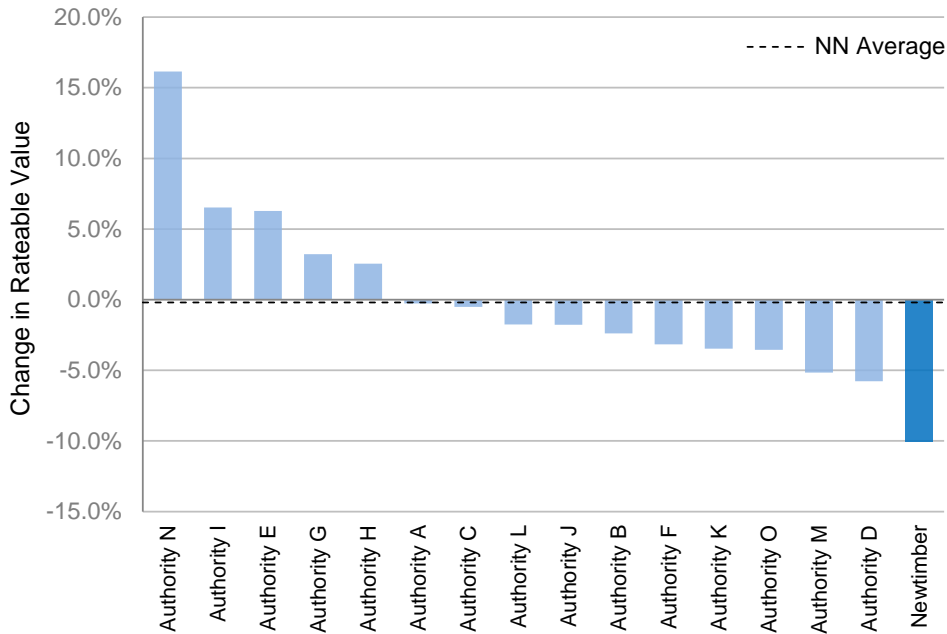


Change in rateable value since 2013/14

When looking at the change in rateable value since 2013/14, we have adjusted the figures to cancel out the effects of revaluation that took place in 2017.

Over the past five years, Newtimber's change in rateable value was -10.1%, lower than the nearest neighbour average of -0.2%.

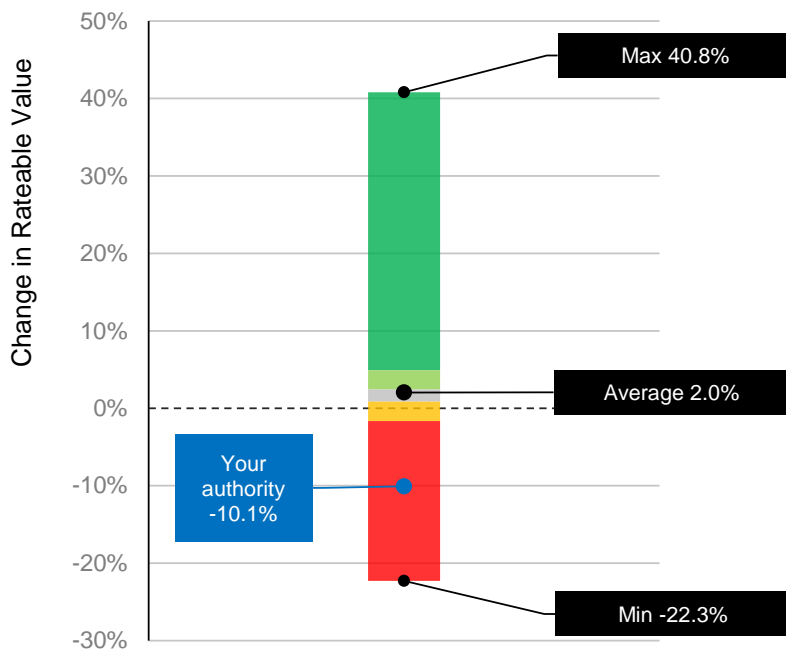
Chart 12 - Change in rateable value since 2013/14 (nearest neighbours)



Compared nationally, Newtimber's change of -10.1% was lower than the England average of 2.0%. Its growth rate was ranked 347th highest out of 351 comparable authorities.

Chart 13 - Change in rateable value since 2013/14 (England)

Top 20% of authorities (green), bottom 20% of authorities (red)



Changes in retained business rates income

This section examines your authority's retained business rates. The figures include the impact of:

- Appeals and provision for appeals
- Levy and safety net payments
- Pilot schemes
- Section 31 grants for government policy changes to local reliefs, e.g. 100% small business rate relief

The figures **do not** include the impact of:

- Pooling arrangements
- Any local alternative arrangements to disperse growth e.g. joint pots under pilot status
- Areas that are exempt, e.g. enterprise zones and income from renewable energy sites
- Amounts received due to the multiplier cap

We present **actual** figures to 2016/17 (based on the NNDR3 returns), and **forecasts** for 2017/18 and 2018/19 (from the 2018/19 NNDR1). Forecasts are subject to uncertainty, particularly the amount needed to meet the cost of appeals arising from the 2017 revaluation. Future years' income could be materially affected by the extent to which authorities are currently under or over providing for these appeals.

The chart below shows the business rate income retained by your local authority. This is compared to its baseline funding level; that is, the amount of needs-based funding, determined by MHCLG, that is to be met through retained business rates (with incentives or penalties for faster or slower growth).

Chart 14 - Retained business rate income (£m)

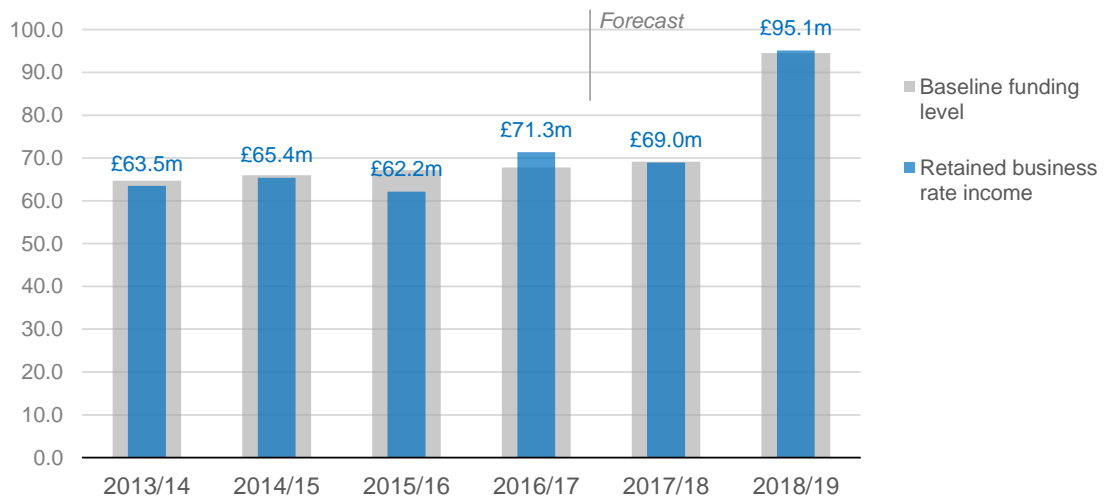
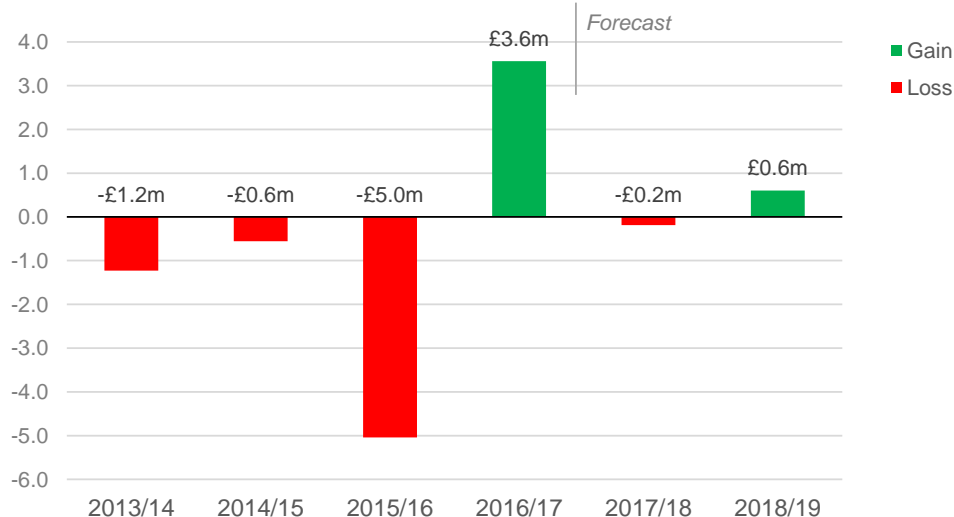


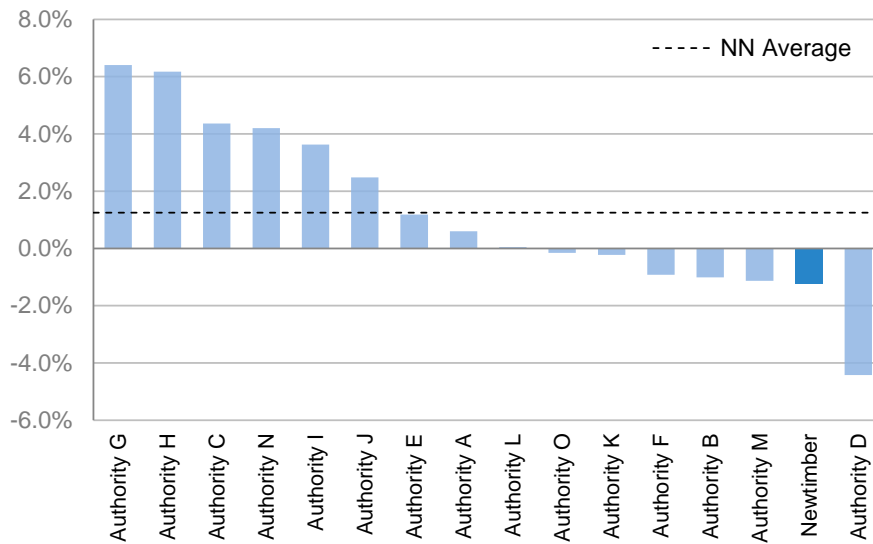
Chart 15 - Difference from baseline funding level (£m)



Your authority experienced a cumulative loss in revenue of £3.3m between 2013/14 and 2016/17, relative to its baseline funding level. This is equivalent to receiving 1.2% less than its baseline funding.

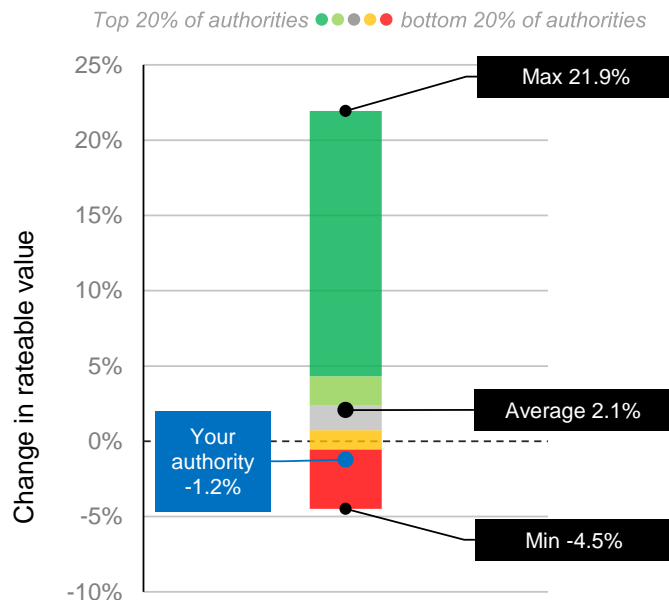
On average, your nearest neighbours received 1.3% more in retained business rates income than their baseline funding levels. Your authority was ranked 15th highest in the group on this measurement.

Chart 16 - Retained business rates relative to baseline funding (2013/14 to 2016/17)



On average, comparable authorities in England received 2.1% more in retained rates than their baseline funding level. Your authority was ranked 111th highest out of 123 authorities.

Chart 17 - Retained business rates relative to baseline funding, England (2013/14 to 2016/17)



5. Collection rates in 2017/18

This final section examines collection rates for Council Tax and non-domestic rates.

Collection Rate for Council Tax

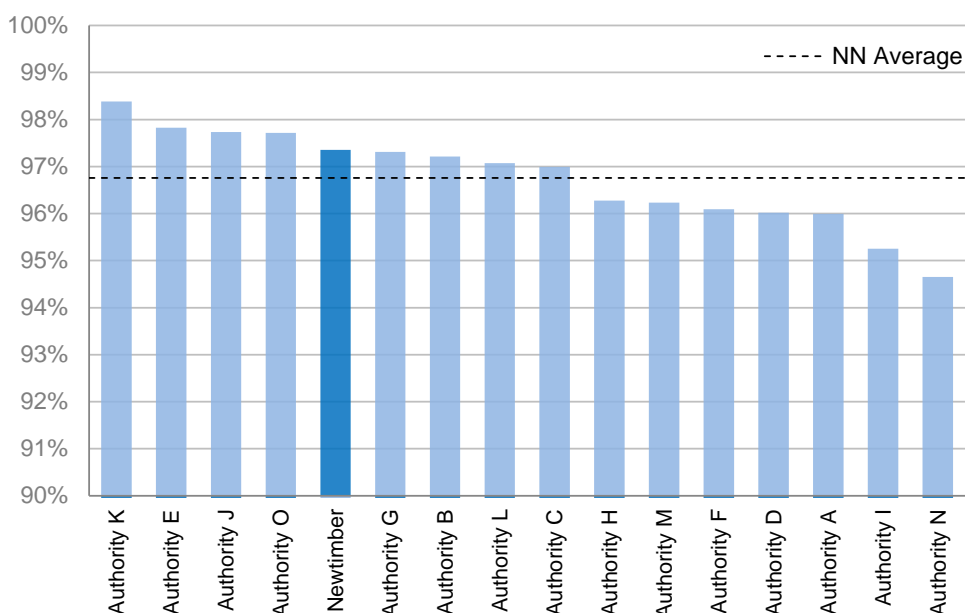
Latest change

In 2017/18, your authority's Council Tax collection rate increased to 97.4%, up from 97.3% in the previous year.

Collection rates measure the receipts of Council Tax (by 31 March 2018) as a percentage of total net collectable debt.*

In 2017/18, Newtimber's collection rate was 97.4%, which was higher than the nearest neighbour average of 96.8%. Your authority's collection rate was 5th highest in the nearest neighbour group, as illustrated in the chart below.

Chart 18 - Council Tax collection rate, 2017/18 (nearest neighbours)



Compared nationally, Newtimber's Council Tax collection rate was higher than the England average of 97.3%, and was ranked 215th highest out of 351 authorities.

Based on Newtimber's Council Tax requirement of £167.4m, every one percentage point increase in its collection rate would translate to an increase in revenue of £1.674m.

* For county councils, collection rates are estimated based on the collection rates of their constituent billing authorities, weighted by their total net collectable debt.

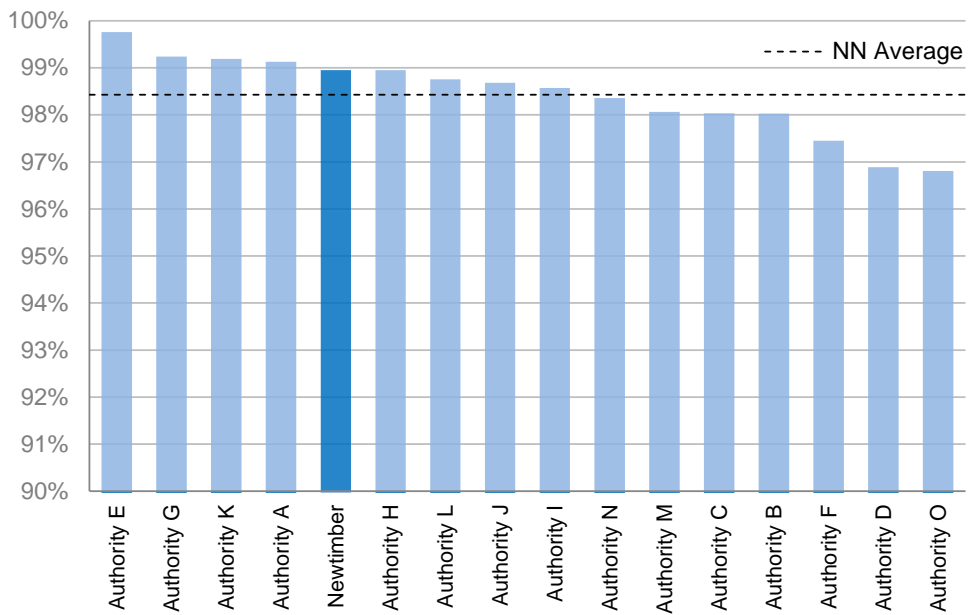
Collection Rate for Non-Domestic Rates (NDR)

Latest change
 In 2017/18, your authority's NDR collection rate decreased to 99.0%, down from 99.9% in the previous year.

NDR collection rates are based on the receipts of the tax (by 31 March 2017) as a percentage of net collectable debt.*

In 2017/18, Newtimber's collection rate was 99.0%, which was higher than the nearest neighbour average of 98.4%. Your authority's collection rate was 5th highest in the nearest neighbour group, as illustrated in the chart below.

Chart 19 - NDR collection rates, 2017/18 (nearest neighbours)



Newtimber's collection rate was also higher than the England average of 98.3%, and was ranked 90th highest out of 351 authorities.

* For county councils, collection rates are estimated based on the collection rates of their constituent billing authorities, weighted by their total net collectable debt.

Annex A - Services provided by nearest neighbours

Please note: This annex is only relevant to county councils.

Table A1 shows the services provided by each member of your authority's NN group. For some NN groups, certain authorities carry out fire functions while others do not, which can affect their relative Council Tax levels. This should be considered when interpreting the Council Tax levels described in this report.

Table A1 - Nearest neighbour group for Newtimber and services provided

Authority	Lower tier	Upper tier	Fire
Newtimber	✓	✓	
Authority A	✓	✓	
Authority B	✓	✓	
Authority C	✓	✓	
Authority D	✓	✓	
Authority E	✓	✓	
Authority F	✓	✓	
Authority G	✓	✓	
Authority H	✓	✓	
Authority I	✓	✓	
Authority J	✓	✓	
Authority K	✓	✓	
Authority L	✓	✓	
Authority M	✓	✓	
Authority N	✓	✓	
Authority O	✓	✓	