



General Purposes Committee
8 December 2016

**Report from the Chief Finance
Officer**

Wards Affected:
ALL

Calculation of Council Tax Base 2017/2018

1. Summary

- 1.1. This report sets out council tax base calculations to be used for 2017/18. The level of council tax base set is used in the calculation of the council tax for 2017/18. Regulations require that the council tax base is set by 31st January prior to the start of the financial year.

2. Recommendations

- 2.1. To agree that:
- i. The collection rate for the council tax for 2017/18 is set at 97.63%.
 - ii. In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, the amount calculated by the council as its council tax base for 2017/18 is set at 93,319.

3. Detail

3.1. Background

- 3.1.1. The calculation of the tax base is one of the technical stages in the process of setting the council tax, which is scheduled for the Council Meeting on 27th February 2017.
- 3.1.2. Under regulations issued in 1992, the calculation must be carried out by 31st January prior to the start of the financial year
- 3.1.3. The calculation is based on the council tax base return submitted to the Department of Communities and Local Government in October 2016, which is used in Government grant calculations. This sets out the factual number of Band D properties, after taking account of the level of council tax support

3.1.4. This figure then needs to be adjusted to reflect the fact that 100% collection of council tax will never be achieved. The council tax base set by the council takes account of what is eventually expected to be collected, not just by the end of the financial year in question.

3.2. Council Tax Collection Rate

3.2.1. Between 2001/02 and 2012/13 the council's lifetime collection rate was set at 97.5% as an assessment of the amount to be collected for the relevant year. For 2013/14 this was reduced to 96% to take account of the anticipated impact of households formerly receiving council tax benefit who now have to pay at least part of their council tax bill. In practice the effect of this has been less than anticipated, and an assumption of 97.63% eventual collection is recommended for 2017/18.

3.2.2. Analysis of collection to date for recent years is shown below. To understand the data, it should be noted that that council tax payment collection continues for several years after the payment was first due.

	2015-16	2014-15	2013-14	2012-13	2011-12
Net Collectable Debit (£m)	120.6	117.0	113.5	103.7	103.1
Cash Collected (£m)	116.5	113.3	110.3	101.3	100.5
Percentage collected at 25/11/2016	96.6%	96.8%	97.2%	97.6%	97.5%

3.2.3. Therefore there is scope to increase the eventual collection assumption. It is possible that collecting arrears on former CTB cases may still be difficult, but it is recommended that the 97.5% collection assumption for 2016/17 be slightly increased to 97.63% for 2017/18 as it is believed performance of council tax collection can be increased. This has the effect of increasing the Council Tax income assumption feeding in to the overall budget for the Council.

3.2.4. If an over-optimistic assumption of the achievable collection rate is made, at some later stage a deficit in the Collection Fund will have to be declared, resulting in the need to increase the level of Council Tax in that year. Alternatively if the assumed collection rate is exceeded, a surplus could be declared later on. For 2017/18 it is considered realistic to assume an overall eventual collection level of 97.63%, as outlined above.

3.3. Setting the Council Tax Base

3.3.1. There are currently a number of sizeable new housing developments taking place which will result in a significant number of new properties coming in to rating. The council tax base for 2017/18 has been estimated based on growth in the council tax base set by the council over the past three years.

3.3.2. There has also been a continued reduction in 16/17 in council tax support (CTS) compared to 2015/16, largely due to an increase in full or part-time employment. The total for CTS could increase again however, if economic conditions deteriorate.

3.3.3. There is uncertainty over the government's plan to reduce working tax credits and the extent to which this will reduce the assessed income of Council Tax Support claimants on low incomes. This is very likely to lead to an increase in the total of CTS which will be granted. The extent of this cannot be accurately determined until the reductions are finalised and then come in to effect, as each claimants' circumstances would have to be assessed.

3.3.4. The tax base for 2017/18 is as follows:

Band D equivalent properties = 95,589

Multiplied by:

The estimated rate of collection (97.63%)

3.3.5. This produces the following calculation: $95,589 \times 97.63\% = 93,319$

4. Financial Implications

4.1. The proposed council tax base for 2017/18 of 93,319 represents an increase of 4,065 over the figure for 2016/17. This will form part of the overall calculation of the Council's budget and it is in line with the assumptions made in the provisional budget reported to Cabinet in October 2016.

5. Legal Implications

5.1. The Council Tax Base is the equivalent number of Band D dwellings (after taking account of discounts and exemptions) which would raise the same amount of tax as the actual number of liable dwellings in the borough, with their actual spread of bands. The Band D equivalent total is then multiplied by the estimated collection rate for the year, to give the Council Tax Base figure. In the Council Tax calculation process to be undertaken at Full Council on 27th February 2017 this figure will be used to calculate the amount of tax to be levied for a Band D dwelling. The Council Tax level for each valuation band is then calculated by a fixed ratio which each band bears to the Band D figure. The Council's Constitution currently requires that the calculation of the Council Tax Base be carried out by the General Purposes Committee.

5.2. Section 11A of the 1992 Local Government Act enables the Secretary of State to designate by regulations: (i) Categories of properties in respect of which the discount available in respect of empty properties may be reduced to a percentage of at least 10% (section 11A(3)); and (ii) Categories of properties in respect of which the discount may be reduced to any percentage or eliminated entirely (section 11A(4)). In the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 the Secretary of State has designated furnished

dwellings which are not the sole or main residence of an individual for the purposes of section 11A(3) (except caravan pitches and boat moorings) and unfurnished unoccupied properties for the purposes of section 11A(4). Sections 11 and 12 of the Local Government Finance Act 2012 give billing authorities the discretion to vary the discounts applicable to specific classes of empty properties, second homes and long term empty properties from 1 April 2013.

6. Diversity Implications

- 6.1. The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

7. Staffing Implications

- 7.1. None arising directly from this report.

8. Background Information

Local Government Finance Act 2012

The Local Authorities (Calculation of Council Tax Base) Regulations 2012

Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003

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