



**General Purposes Committee**  
21 January 2014

**Report from the Chief Finance  
Officer**

Wards Affected:  
ALL

**Calculation of Council Tax Base 2014/15**

**1. Summary**

- 1.1 This report sets out council tax base calculations to be used for 2014/15. The level of council tax base set is used in the calculation of the council tax for 2014/15. Regulations require that the council tax base is set by 31<sup>st</sup> 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 2014/15 is set at 96.25%.
- (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 2014/15 is set at 79,205.

**3. Detail**

**3.1. Background**

- 3.1.1. The calculation of the tax base is one of the main stages in the process of setting the council tax, which is scheduled for the Council Meeting on 3<sup>rd</sup> March 2014.
- 3.1.2. Under regulations issued in 1992, the calculation must be carried out by 31<sup>st</sup> January prior to the start of the financial year
- 3.1.3. The calculation is initially based on the council tax base return submitted to the Department of Communities and Local Government in October 2013, which is used in Government grant calculations. For 2014/15 the tax base used in grant calculations is 81,900 Band D equivalent properties. This reflects the decision taken at the Council meeting on 18 November 2013

regarding discounts and premiums and the proposed council tax support scheme being considered by Council on 20 January 2014.

- 3.1.4. The 81,900 figure assumes 100% collection of council tax. In practice, actual amounts collected will vary principally due to non-collection of council tax and changes in the numbers of properties in the borough. The council tax base set by the council takes account of what is expected to be collected eventually, not just by the end of the financial year in question.
- 3.1.5. Any adjustment to the tax base figure will have an effect on the precept from the GLA (i.e. if the tax base figure increases, then the precept from the GLA would increase accordingly – currently the GLA precept accounts for 22.25% of the total council tax bills in Brent).

### **3.2. Council Tax Collection Rate**

- 3.2.1 Between 2001/02 and 2012/13 the council's 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.
- 3.2.2 In-year collection levels have improved in recent years from 93.2% in 2006/07 to 95.9% in 2012/13 (arrears collection will continue for several years after the end of the financial year). However as anticipated the rate has dropped in 2013/14. By the end of November 2013, 74.3% of 2013/14 council tax had been collected, as against a comparable figure of 76.0% at November 2012. The estimate at the start of the year was that the final in year collection figure would be 94.0%. Given the instalment payments due to the end of March, it is now anticipated that the final figure will be around 94.5%. (people formerly receiving Council Tax Benefit have been allowed to pay over 12 monthly instalments, rather than ten from April to January, so the reduction in collection compared to last year should narrow). Therefore collection has held up slightly better than expected, so there is some scope to increase the eventual collection assumption. It is possible that collecting arrears on former CTB cases may still be difficult, but there is some scope to increase the 96% collection assumption to 96.25%. This has the effect of increasing the Council Tax income assumption feeding in to the overall budget for the Council.
- 3.2.3 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 2014/15 it is considered prudent to assume an overall eventual collection level of 96.25%.
- 3.2.4 It is therefore recommended that the Council Tax collection rate be set at 96.25%.

### 3.3 Setting the Council Tax Base

3.3.1 The tax base for 2014/15 is as follows:

- Band D equivalent properties on the return to the DCLG (attached as Appendix A = 81,900);

Plus

- 281 (relating to the Band D equivalents of extra income from having no discount for long term furnished properties. The DCLG form assumes 50%, but authorities have the discretion to give a zero discount, as Brent does)

Plus

- 110 (relating to additional amounts raised from charging a premium of 50% on long term unfurnished empty properties)

Multiplied by:

- The estimated rate of collection (96.25%)

3.3.2. This produces the following calculation:

$$(81,900 + 281 + 110) \times 96.25 = 79,205$$

## 4 Financial Implications

4.1 The proposed council tax base for 2014/15 of 79,205 represents an increase of 2,014 over the figure for 2013/14. This will form part of the overall calculation of the Council's budget.

## 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 25th February 2013 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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