

REPORT FOR: **CABINET**

Date of Meeting:	12 December 2013
Subject:	Calculation of Council Tax Base for 2014 - 2015
Key Decision:	YES
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Tony Ferrari, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 – Calculation of Council Tax Base 2014-2015

Section 1 – Summary and Recommendations

The Local Government Finance Act (LGFA) 1992, as amended by the LGFA 2003 & LGFA 2012, requires the Authority to formally calculate the Council Tax Base for 2014-2015 and pass this information to precepting authorities by 31 January 2014. The tax base must be set between 1 December 2013 and 31 January 2014.

Recommendations:

That Cabinet considers the information given in this report and agrees that :

- (a) The band D equivalent number of taxable properties is calculated as shown in accordance with the Government regulations;
- (b) The provision for uncollectable amounts of Council Tax for 2014-2015

be agreed at 2.50% producing an expected collection rate of 97.50%.

- (c) Subject to (a) & (b) above, a Council Tax Base for 2014-2015 of **78,550** Band D equivalent properties (being 80,565 x 97.50%) be approved, allowing for payment in lieu of Ministry of Defence properties.

Reason:

To fulfil the Council's statutory obligation to set the Council Tax Base for 2014-2015.

Section 2 – Report

1. Introduction

1.1 The Local Government Finance Act 1992, as amended by the LGFA 2003 & LGFA 2012, requires the Authority to calculate the Council Tax Base for 2014-2015 and pass this information by 31 January 2014 to precepting authorities. The Tax Base must be set between the 1 December and 31 January.

1.2 The Council's Tax Base has been calculated, according to the relevant procedures and guidance for 2014-2015, at 78,550 net properties. The Tax Base has two parts:

- (a) The number of taxable properties shown as 'band D equivalents' and
- (b) The expected collection rate for the year.

1.3 The calculation method is set out in the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended. The regulations require that calculations must be shown for each tax band as well as a total for all bands. The detailed calculation of the band D equivalent properties is shown at Appendix 1. For calculating the Tax Base, (and setting the Council Tax) properties in each of the eight valuation bands are given different weightings. These weightings are shown as a proportion of the band D value. These are shown below:

Band	A	B	C	D	E	F	G	H
Weighting	6/9	7/9	8/9	1	11/9	13/9	15/9	2

2. Background

- 2.1 The Regulations state that the calculation of the Tax Base must be based on the Valuation list produced by the Listing Officer of HM Revenue & Customs as it stands on 30 November in the year preceding that for which the relevant amount is calculated (i.e. at 30 November 2013 for the financial year 2014-2015). It must show actual numbers of properties at that date and allow for the effects of discounts and exemptions including the council tax support scheme discount (CTS). It must also show likely changes to bands, new properties, properties taken off the valuation list and likely changes to discounts, empty properties and exemptions for 2014-2015.
- 2.2 For 2013-2014 the percentage collection rate used was 97.50%. For 2014-2015 a budgeted collection rate of 97.50% is again being recommended. This is due to the fact that reduced council tax support is being awarded to eligible claimants under the localised council tax support scheme which will create collection challenges.
- 2.3 The overall collection rate also takes into account the current economic climate, the expected losses and also our historical success in achieving an eventual recovery rate of just over 98.5% over a period of approximately 36 months (although this is expected to be 1% lower in future because of the introduction of CTS). The expected collection rate is the percentage of Council Tax to be collected after estimating uncollectable amounts.
- 2.4 This does not mean that collection efforts will stop once the budgeted collection levels have been reached, or that eventual losses will necessarily be 2.50%. It is, however, essential that an adequate non-collection allowance be made each year. The Government recognises that no billing authority can collect every pound of Council Tax and that an element of collection will continue after the relevant year. The legislation provides for non-collection to be compensated for by an element within the Council Tax Base itself.

Legal Implications

- 2.5. The Council must legally agree the Council Tax Base for 2014-2015 by 31 January 2014.
- 2.6. Section 31B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, imposes a duty on Harrow, as a billing authority, to calculate its Council Tax by applying a formula laid down in that Section. The formula involves a figure for the Council Tax Base for the year, which must itself be calculated.
- 2.7. The Local Authority (Calculation of Council Tax Base) (England) Regulations 2012 SI.2914, require a billing authority to use a given formula to calculate the Council Tax Base. This is the formula set out and followed in the appendix to this report.

- 2.8 In respect of item Z, which relates to the authority's council tax reduction scheme, the regulations allow for an estimate, rather than a defined formula. To arrive at the total value number of dwellings to be removed from the council tax base as a result of Harrows' local council tax reduction scheme, Harrow has estimated the total amount of reductions granted in each band and divided that figure by the estimated council tax bill for the band.
- 2.9. Legislation also imposes a duty on the Council to calculate the Council Tax Base within a prescribed period which is laid down in the Regulations as between 1 December and 31 January.
- 3.0. Section 67 Local Government Finance Act 1992 was amended by section 84 of the Local Government Act 2003, (and more recently the Localism Act 2011), to enable Full Council to delegate the power to set the tax base to the Executive. The constitution was duly amended at full Council on 20 October 2005.

Financial Implications

This is a report of the Corporate Director of Resources and deals with financial matters throughout. The tax base of 78,550 will be reflected in the Council's Revenue Budget for 2014-15.

Performance Issues

The Council Tax collection rate is no longer a national indicator but is monitored locally. The completion of the Council's statutory obligation to set a Council Tax Base as described contributes to a favourable audit opinion.

Collection over the last three financial years has been as below and in the current year at quarter 2 stands at 56.76%.

	2010/11	2011/12	2012/13
Council Tax collected %	97%	97.8%	97.7%

Due to the introduction of localised council tax support from 1/4/2013, the overall collection rate has changed from 98.5% to 97.5% with effect from 1/4/2013 which has been factored in to the overall tax base calculation. This is due to the fact that only 70% is expected to be collected from the £5.1m proportion of the council tax which relates to the additional amount due to be paid by working age claimants, many of whom are in receipt of income support or job seekers allowances. For the rest, and the large majority of council tax income, a collection rate of 98.5% is still expected and has been used in the taxbase.

Environmental Impact

None

Risk Management Implications

Whilst Officers have estimated the tax base as accurately as possible within the data available, there is a risk that either working age or pensioner claimant

numbers rise above the estimates, potentially causing the scheme to overspend therefore reducing the tax take.

Consideration should be given to leaving a surplus balance in the collection fund in future years. The potential “headroom” this surplus would provide could mitigate against in year variations to localised council tax support spend which may not have been factored in, therefore reducing or eliminating any potential deficit in the collection fund.

Equalities implications

None

Corporate Priorities

Agreeing the tax base allows the Council to set council tax levels which is a fundamental part of the Council’s budget process. Council Tax revenue is an essential part of the Council’s overall budget and helps to support corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 12 November 2013		

Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 18 November 2013		

Section 4 – Performance Officer Clearance

Name: Martin Randall	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 12 November 2013		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker



on behalf of the
Corporate Director of
Environment and
Enterprise

Date: 12 November 2013

Section 6 - Contact Details and Background Papers

Contact: Fern Silverio (Divisional Director – Collections & Housing Benefits)
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

- The Local Authorities (Calculation of Council Tax Base) Regulations 1992, SI No.612 as amended, The Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012, SI No.2914
<http://www.legislation.gov.uk/uksi/2012/2914/body/made>
- SI No.3012 of 2003, LGFA 1992, LGFA 2012, LGA 2003,
<http://legislation.data.gov.uk/uksi/2003/3012/made/data.htm?wrap=true>

Appendix 1

Calculation of the Council Tax Base for 2014/15

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]