
REPORT FOR: CABINET

Date of Meeting:	20 January 2016
Subject:	Calculation of Council Tax Base for 2016 – 2017
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources and Commercial
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	No, the decision is urgent and a waiver of call-in has been obtained
Wards affected:	All
Enclosures:	Appendix 1 – Calculation of the CT Base

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 2016-2017 and pass this information to precepting authorities by 31 January 2016. The tax base must be set between 1 December 2015 and 31 January 2016.

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 2016-2017 be agreed at 2.25% producing an expected collection rate of 97.75%.

(c) Subject to (a) & (b) above, a Council Tax Base for 2016-2017 of **82,000** Band D equivalent properties (being 83,887 x 97.75%) 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 2016-2017.

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 2016-2017 and pass this information by 31 January 2016 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 2016-2017, at 82,000 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 2015 for the financial year 2016-2017). 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 2016-2017.
- 2.2 For 2015-2016 the percentage collection rate used was 97.50%. For 2016-2017 a budgeted collection rate of 97.75% is being recommended. The budgeted or expected collection rate is the percentage of Council Tax to be collected after estimating uncollectable amounts.

The higher figure is due to the fact over the last three years collection rates have performed better than expected with residents having accepted that council tax support is now lower and that they need to pay more. This does not mean that the higher collection expectation will not bring challenges, but it is achievable.

Note - The "budgeted" collection rate differs from the "in year" collection rate. The budgeted collection rate is based on all payments received over 3 years (in year and 24 months after the relevant year closes). The in year collection reflects payments actually received between 1st of April and 31st March of the year for which the council tax relates.

- 2.3 The overall collection rate also takes into account the current improving economic climate, the expected losses and also our historical success in achieving an eventual recovery rate of just over 98% over a period of approximately 36 months.
- 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 2.25%. 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 2016-2017 by 31 January 2016.
- 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 report deals with financial matters throughout. The tax base of 82,000 will be reflected in the Council's Revenue Budget for 2016-17.

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.

In year collection over the last four financial years has been as below;

	2011/12	2012/13	2013/14	2014/15
Council Tax collected %	97.8%	97.7%	97.5%	97.3%

Due to the introduction of localised council tax support from 1/4/2013, the overall in year collection rate has fluctuated slightly. This was expected considering that only 70% was originally expected to be collected from the proportion of the council tax relating to the additional amount due to be paid by working age claimants. However, collection's from this taxpayer category have been higher than expected ensuring that upper quartile in year collection rates have been maintained.

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.

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: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 30 December 2015		
Name: Kalvinder Saib	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 30 December 2015		

Ward Councillors notified:	NO
EqIA carried out:	No
EqIA cleared by:	N/A

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

None.

Call-In Waived by the Chairman of Overview and Scrutiny Committee	YES <i>[Call-in does not apply as the decision is urgent]</i>
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