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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	8 December 2016
<b>Subject:</b>	Calculation of Council Tax Base for 2017 – 2018
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Tom Whiting, Corporate Director of Resources and Commercial
<b>Portfolio Holder:</b>	Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 – Calculation of CT Base for 2017/18

**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 2017-2018 and pass this information to precepting authorities by 31 January 2017. The tax base must be set between 1 December 2016 and 31 January 2017.

**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 2017-2018 be agreed at 2% producing an expected collection rate of 98%.

(c) Subject to (a) & (b) above, a Council Tax Base for 2017-2018 of **83,500** Band D equivalent properties (being 85,204 x 98%) 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 2017-2018.

## **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 2017-2018 and pass this information by 31 January 2017 to precepting authorities. The Tax Base must be set between the 1 December and 31 January.

1.2 Harrow has to work out how much next year's band D council tax should be so that the total tax that will be collected equals the budget required to pay for its services. To work out the band D tax, the budget requirement is divided by a figure called the council tax base, which is calculated in this report. In effect, the tax base represents the total taxable value of every property in Harrow. As well as Harrow, the Greater London Authority also needs the tax base figure to work out how much they need to add on to pay for their services.

1.3 The Council's Tax Base has been calculated, according to the relevant procedures and guidance for 2017-2018, at 83,500 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.

1.4 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 2016 for the financial year 2017-2018). 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 2017-2018.
- 2.2 For 2016-2017 the percentage collection rate used was 97.75%. For 2017-2018 a budgeted collection rate of 98% 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 1<sup>st</sup> of April and 31<sup>st</sup> March of the year for which the council tax relates.*

- 2.3 The overall collection rate also takes into account the 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 2.0%. 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 2017-2018 by 31 January 2017.
- 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 83,500 will be reflected in the Council's Revenue Budget for 2017-18. This compares with a tax base of 82,000 for the financial year 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;

	2012/13	2013/14	2014/15	2015/16
Council Tax collected %	97.7%	97.5%	97.3%	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 estimated 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 anticipated 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: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 21 November 2016		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 31 October 2016		

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

## **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](mailto:fern.silverio@harrow.gov.uk)

### **Background Papers:**

None.

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>NOT APPLICABLE</b>  <i>[Call-in applies]</i>
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## Appendix 1:

## Calculation of the Council Taxbase for 2017-2018

SI No. 2914 The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012											
((H - Q + E + J) - Z) x (F divided by G)											
Band	@	A	B	C	D	E	F	G	H	Total	
<b>Actual current properties</b>											
Dwellings on database 30/11/16	0	674	3,621	20,115	28,674	21,902	7,901	6,148	1,214	90,249	
Exemptions (minus)	0	16	96	334	326	185	92	79	12	1,140	
Disabled Reductions of Band:											
Add to Lower Bands	0	2	20	127	183	71	50	11	0	464	
Take from Higher Bands (minus)	0	0	2	20	127	183	71	50	11	464	
<b>Line 1-2+3-4 = H</b>	<b>0</b>	<b>660</b>	<b>3,543</b>	<b>19,888</b>	<b>28,404</b>	<b>21,605</b>	<b>7,788</b>	<b>6,030</b>	<b>1,191</b>	<b>89,109</b>	
Number in H above Entitled to											
One 25% Discount		-364	-1,939	-7,074	-5,669	-3,919	-1,338	-813	-105	-21,221	
Line 6 x 25%		-91.00	-484.75	-1768.50	-1417.25	-979.75	-334.50	-203.25	-26.25	-5305.25	
Number in H above Entitled to											
Two 25% (50%) Discount		0	-1	-2	-8	-9	-8	-20	-14	-62	
Line 8 X 50%		0.00	-0.50	-1.00	-4.00	-4.50	-4.00	-10.00	-7.00	-31.00	
No in H above entitled to											
50% discount		0	0	0	0	0	0	0	0	0	
50% of above		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
No in H above entitled to											
0% discount		0	0	0	0	0	0	0	0	0	
0% of above		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Total Discounts = Q</b>		<b>-91.00</b>	<b>-485.25</b>	<b>-1769.50</b>	<b>-1421.25</b>	<b>-984.25</b>	<b>-338.50</b>	<b>-213.25</b>	<b>-33.25</b>	<b>-5336.25</b>	
<b>Line 5+ Line 12</b>	<b>0</b>	<b>569.00</b>	<b>3,057.75</b>	<b>18,118.50</b>	<b>26,982.75</b>	<b>20,620.75</b>	<b>7,449.50</b>	<b>5,816.75</b>	<b>1,157.75</b>	<b>83,772.75</b>	
No entitled to be charged 50% premium											
<b>Total Premiums = E</b>		<b>1.50</b>	<b>0.00</b>	<b>7.50</b>	<b>7.50</b>	<b>9.00</b>	<b>3.00</b>	<b>1.50</b>	<b>1.50</b>	<b>31.50</b>	
<b>Estimated changes likely</b>											
* Properties Awaiting Banding	0	0	0	0	0	0	0	0	0	0	
**New Properties		0	0	0	0	0	0	0	0	0	
<b>Line 14 + Line 15</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Properties to be Deleted											
Known Errors in Valuation List		-12	-28	-32	-54	-46	-18	-8	-2	-200	
<b>Line 17 + Line 18</b>	<b>0</b>	<b>-7</b>	<b>-19</b>	<b>-26</b>	<b>-38</b>	<b>-32</b>	<b>-12</b>	<b>-6</b>	<b>-2</b>	<b>-200</b>	
<b>Line 16 + Line 19</b>	<b>0</b>	<b>-7</b>	<b>-19</b>	<b>-26</b>	<b>-38</b>	<b>-32</b>	<b>-12</b>	<b>-6</b>	<b>-2</b>	<b>-200</b>	
Assumed Exemptions on											
Ratio of Line 2 to 1		0	0	0	0	0	0	0	0	0	
Assumed Discounts on											
Ratio of Line 12 to 5		0	0	0	0	0	0	0	0	0	
Changes to Status of Existing Properties:											
Change in Discounts		0	0	0	0	0	0	0	0	0	
Change in Exemptions		0	0	0	0	0	0	0	0	0	
Expected appeals against bands:											
Add to Lower Bands		5	19	54	34	15	16	7	0	150	
Take from Higher Bands		0	-5	-19	-54	-34	-15	-16	-7	-150	
<b>Line 20+21+22+23+24+25+26 = J</b>	<b>0</b>	<b>-2</b>	<b>-5</b>	<b>9</b>	<b>-58</b>	<b>-51</b>	<b>-11</b>	<b>-15</b>	<b>-9</b>	<b>-200</b>	
<b>CTR Discount</b>											
Ttl Band reduction based on total monetar	0	-130	-962	-3025	-2875	-1373	-275	-76	-2	-8718	
Expected in year changes		0	0	0	0	0	0	0	0	0	
<b>Total CTS Band Equivalent</b>	<b>0</b>	<b>-130</b>	<b>-962</b>	<b>-3025</b>	<b>-2875</b>	<b>-1373</b>	<b>-275</b>	<b>-76</b>	<b>-2</b>	<b>-8718</b>	
<b>Total CTR Discount = Z</b>		<b>-130.00</b>	<b>-962.00</b>	<b>-3025.00</b>	<b>-2875.00</b>	<b>-1373.00</b>	<b>-275.00</b>	<b>-76.00</b>	<b>-2.00</b>	<b>-8718.00</b>	
<b>H - Q + E + J - Z</b>	<b>0.00</b>	<b>438.50</b>	<b>2090.75</b>	<b>15110.00</b>	<b>24057.25</b>	<b>19205.75</b>	<b>7166.50</b>	<b>5727.25</b>	<b>1148.25</b>	<b>74886.25</b>	
To calculate band equivalents											
		0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00		
<b>Band D Equivalent:Lines 29x30</b>	<b>0</b>	<b>292.33</b>	<b>1626.14</b>	<b>13431.11</b>	<b>24057.25</b>	<b>23473.69</b>	<b>10351.61</b>	<b>9545.42</b>	<b>2296.50</b>	<b>85074.06</b>	
Contributions in lieu of Class O											
	0.0	0.0	0.0	42.0	60.0	0.0	12.0	14.0	2.0	130.00	
Band D equivalent for Taxbase calculation											
										<b>85,204</b>	
<b>Band D Equivalent for Taxbase Calculation</b>											
										<i>Before allowance for collection rate</i>	<b>85,204</b>
Band D equivalent for Taxbase calculation after non-collection allowance (2.00%) applied											
										<b>83,500</b>	