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|----------------------|---|
| Meeting:             | Cabinet   |
| Date:                | 18 January 2007   |
| Subject:             | Calculation of Council Tax Base for 2007/2008               |
| Key Decision:        | Yes   |
| Responsible Officer: | Myfanwy Barrett (Director of Financial & Business Strategy) |
| Portfolio Holder:    | Cllr David Ashton (Finance and Business Matters)            |
| Status:              | Part 1  |
| Encs:                | Tax Base Calculation  |

## **Section 1: Summary and Recommendations**

The Local Government Finance Act 1992, as amended by the Local Government Act 2003, requires the Authority to formally calculate its Council Tax Base for 2007-2008 and pass this information to precepting authorities by 31 January 2007. The tax base must be set between the 1 December and 31 January 2007.

### **Recommendations:**

That Cabinet considers the information given in this report and agree 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 2007-2008 is agreed at 1.5% producing an expected collection rate of 98.5%.
- (c) Subject to (a) & (b) above, a Council Tax Taxbase for 2007-2008 of 84,926 Band D equivalent properties (being 86,219 x 98.5%) be approved, allowing for payment in lieu of Ministry of Defence properties.

### **Reason:**

To fulfill Council's statutory obligation to set the Council Tax Base for 2007- 2008

## Section 2: Report

### 2.1 Brief History

The Tax base must be set by the Council each year. Officers have calculated the Council's tax base, according to the relevant procedures and guidance, for 2007-2008 of 84,926 net properties.

The law requires the Council to formally agree its Council Tax Taxbase for 2007-2008 and give this figure to preceptors by 31 January 2007. The tax base has two parts:-

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

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:-

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

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 Regulations state that the calculation of the tax base must be based on the Valuation list produced by the Listing Officer of the Inland Revenue as it stands on 30 November in the year preceding that for which the relevant amount is calculated (i.e. at 30 November 2006 for the financial year 2007-2008). It must show actual numbers of properties at that date and allow for the effects of discounts and exemptions. 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 2007-2008.

The detailed calculation of the band D equivalent properties is shown at **Appendix 1**.

The Taxbase shows new properties being built in Harrow (including in-fill development and conversions).

For 2007-2008 officers are recommending a budgeted collection rate of 98.5%. The expected collection rate is the percentage of Council Tax to be collected after estimating uncollectable amounts. It was previously 98.5% in 2004/2005.

For 2005/2006 & 2006/2007 the percentage used was 99%. However officers are recommending the budgeted collection rate reverts back to 98.5% for the new year, 2007/08, as officers believe this is more realistic as the higher percentage appears unsustainable.

The Provision does not mean that collection efforts will stop once the budgeted collection level has been reached, or that eventual losses will necessarily be

1.5%. It is, however, essential that an adequate provision be made.

## 2.2 Consultation

None. Not applicable

## 2.3 Financial Implications

This is a report from the Director of Financial & Business Strategy and deals with financial matters.

## 2.4 Legal Implications

Section 33(1) Local Government Finance Act 1992 imposes a duty on a billing authority such as Harrow 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

The Local Authority (Calculation of Council Tax Base) Regulations 1992 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 the report.

Section 33 and various statutory instruments also impose 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<sup>st</sup> of December and 31st of January.

Section 67 Local Government Act 1992 was amended by section 84 of the Local Government Act 2003 to enable the 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.

The Council must legally agree the Council Tax Base for 2007-2008 by 31 January 2007. This report recommends that it be set at 84,926.

## **Section 3: Statutory Officer Clearance**

|                       |                                     |                                       |
|-----------------------|-------------------------------------|---------------------------------------|
| Chief Finance Officer | <input checked="" type="checkbox"/> | Name: Myfanwy Barrett<br>Date: 8/1/07 |
| Monitoring Officer    | <input checked="" type="checkbox"/> | Name: Jill Travers<br>Date: 8/1/07    |

## Section 4: Contact details and background papers

**Contact:** Fern Silverio (Group Manager - Revenues) tel: 020-8736-6818

### Background Papers:

The Local Authorities (Calculation of Council Tax Base) Regulations 1992, SI No.612 as amended, SI No.3012 of 2003, LGFA 1992, LGA 2003, Council resolutions of meetings held 16/12/03 & 20/10/2005.

Any person wishing to inspect the background papers should telephone 020 8736 6818

|    |  |         |
|----|--|---------|
| 1. | Consultation                                       | N/A     |
| 2. | Corporate Priorities                               | Yes (D) |
| 3. | Community Safety (s17 Crime and Disorder Act 1998) | N/A     |
| 4. | Manifesto Pledge Reference Number                  | N/A     |