

Meeting:	Cabinet
Date:	18/12/2008
Subject:	Calculation of Council Tax Base for 2009-2010
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett (Corporate Director of Finance)
Portfolio Holder:	Councillor David Ashton (Leader and Portfolio Holder for Strategy, Partnership and Finance)
Exempt	No
Enclosures	Appendix 1: Calculation of Council Tax Base 2009-2010

### **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 the Council Tax Base for 2009-2010 and pass this information to precepting authorities by 31 January 2009. The tax base must be set between 1 December 2008 and 31 January 2009.

#### **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 2009-2010 is agreed at 1.75% producing an expected collection rate of 98.25%.
- (c) Subject to (a) & (b) above, a Council Tax Taxbase for 2009-2010 of 85,755 Band D equivalent properties (being 87,282 x 98.25%) 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 2009-2010.

## **SECTION 2: REPORT**

### **Council Tax Base calculation 2009-2010**

#### **Introduction**

4. The Local Government Finance Act 1992, as amended by the Local Government Act 2003, requires the Authority to calculate the Council Tax Base for 2009-2010 and pass this information by 31 January 2009 to precepting authorities. The Tax Base must be set between the 1 December and 31 January.
5. The Council's Tax Base has been calculated, according to the relevant procedures and guidance for 2009-2010, at 85,755 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.
6. 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	<b>D</b>	E	F	G	H
Weighting	6/9	7/9	8/9	1	11/9	13/9	15/9	2

7. 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 2008 for the financial year 2009-2010). 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 2009-2010.
8. For 2008-2009 the percentage collection rate used was 98.5%. For 2009-2010 a budgeted collection rate of 98.25% is being recommended. This takes into account the current economic climate and the expected higher losses due to the higher irrecoverable debt expected. The expected collection rate is the percentage of Council Tax to be collected after estimating uncollectable amounts.
9. This does not mean that collection efforts will stop once the budgeted collection levels have been reached, or that eventual losses will necessarily be 1.75%. 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**

10. The Council must legally agree the Council Tax Base for 2009-2010 by 31 January 2009.
11. Section 33 (1) Local Government Finance Act 1992 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.
12. 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 this report.
13. Sections 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 of December and 31 of January.
14. 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.

### **Financial Implications**

22. This is a report from the Corporate Director of Finance and deals with financial matters throughout.

### **Performance Issues**

23. There are no direct implications for individual performance indicators as the Collection Fund does not form part of the General Fund finance of the Council.

### SECTION 3: STATUTORY OFFICER CLEARANCE

Name: Myfanwy Barrett



Chief Finance Officer

Date: 06 December 2008

Name: Helen White



On behalf of the Monitoring Officer

Date: 06 December 2008

### SECTION 4: PERFORMANCE OFFICER CLEARANCE

Name: Tom Whiting



Deputy Chief Executive (Strategy & Improvement)

Date: 06 December 2008

### SECTION 5: CONTACT DETAILS AND BACKGROUND PAPERS

**Contact: Council Tax Base:**

Fern Silverio (Head of Service – Collections)

Tel: 020-8736-6818 / email: [fern.Silverio@harrow.gov.uk](mailto:fern.Silverio@harrow.gov.uk)

**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 16/12/2003 & 20/10/2005.