

REPORT FOR: **CABINET**

Date of Meeting:	15 December 2010
Subject:	Calculation of Tax Base for 2011/12
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett, Corporate Director Finance
Portfolio Holder:	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 – Calculation of Council Tax Base 2011/12

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 2011-2012 and pass this information to precepting authorities by 31 January 2011. The tax base must be set between 1 December 2010 and 31 January 2011.

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 2011-2012 is agreed at 1.75% producing an expected collection rate of 98.25%;

(c) Subject to (a) & (b) above, a Council Tax Base for 2011-2012 of 87,148 Band D equivalent properties (being 88,700 x 98.25%) be approved, allowing for payment in lieu of Ministry of Defence properties.

Reason:

To fulfil Council's statutory obligation to set the Council Tax Base for 2011-2012.

Section 2 – Report

1. Introduction

1.1 The Local Government Finance Act 1992, as amended by the Local Government Act 2003, requires the Authority to calculate the Council Tax Base for 2011-2012 and pass this information by 31 January 2011 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 2011-2012, at 87,148 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 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 2010 for the financial year 2011-2012). 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 2011-2012.

- 2.2 For 2010-2011 the percentage collection rate used was 98.25%. For 2011-2012 a budgeted collection rate of 98.25% is again 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.
- 2.3 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

- 2.4. The Council must legally agree the Council Tax Base for 2011-2012 by 31 January 2011.
- 2.5. 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.
- 2.6. 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.
- 2.7. 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.
- 2.8. 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

This is a report of the Corporate Director of Finance and deals with financial matters throughout. The tax base of 87,148 is reflected in the Draft Revenue Budget for 2011-12.

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.

Environmental Impact

None

Risk Management Implications

Risk Included on Directorate risk register? No
Separate Risk Register in Place? No

Equalities implications

None

Corporate Priorities

The Tax Base allows the Council to raise local taxation which is fundamental in supporting all corporate priorities as Council Tax is a key element of the Council's overall budget.

Section 3 - Statutory Officer Clearance

Name: Myfanwy Barrett	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 01/12/2010		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 01/12/2010		on behalf of the

Section 4 – Performance Officer Clearance

Name: Martin Randall	<input checked="" type="checkbox"/>	Divisional Director
Date: 01/12/2012		on behalf of the Partnership, Development and Performance

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards



Divisional Director
(Environmental
Services)

Date: 01/12/2010

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, SI No.3012 of 2003, LGFA 1992, LGA 2003,
- Council resolutions of meetings held 16/12/2003 & 20/10/2005.

Appendix 1

Calculation of the Council Tax Base for 2011/12

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

NOT APPLICABLE