

POLICY & RESOURCES COMMITTEE

16 DECEMBER 2015

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

COUNCIL TAX – TAX BASE 2016/17

Final Decision-Maker	Policy & Resources Committee
Lead Head of Service	Head Of Finance & Resources
Lead Officer and Report Author	Head Of Finance & Resources
Classification	Public Report
Wards affected	All

This report makes the following recommendations to this Committee:

That the Committee agrees:

1. Pursuant to this report and in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, that the amount calculated by this Authority as its Council Tax Base for the year 2016/17 will be 58525.4;
2. In accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, that the amount calculated by this Authority as the Council Tax Base for each parish area for the year 2016/17 will be as identified in Appendix B to this report.

This report relates to the following corporate priorities:

The tax base is an integral part of the council tax collection process which is a basic financial function of this Authority. It is essential for the efficient funding of all Local Authorities in the area. The income received from Council Tax, within the overall context of the budget process, provides resources for the achievement of all the Council's priorities.

Timetable

Meeting	Date
Policy & Resources Committee	16 December 2015

COUNCIL TAX – TAX BASE 2016/17

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report advises Members of the information available on the tax base as at 17 October 2015 for Council Tax purposes. It identifies potential changes to that tax base that can be expected in the forthcoming year and recommends the tax base for 2016/17.
-

2. INTRODUCTION AND BACKGROUND

- 2.1 In accordance with the statutory timetable a decision on the tax base must be made between 1st December and 31st January each financial year.
- 2.2 The basis of the calculation of the tax base is the valuation information received from the Valuation Office as at 8 September 2015 and the latest information on exemptions and discounts available as at 17 October 2015. This information has been collated for the whole of the Borough area and for individual Parish areas. Information for the whole area has been supplied to the Government for their use in the monitoring of:
- The Local Council Tax Support Scheme;
 - This Council's needs baseline, which was fixed by Central Government in 2013/14 as part of the new system of retained business rates; and
 - Property changes that will be used to calculate the Council's New Homes Bonus award next year.
- 2.3 The tax base figure supplied to Central Government is given at **Appendix A**. This shows a net tax base of 58740.7 as at 17 October 2015. Starting from this figure an estimate of the tax base for 2016/17 can be made by considering movements that may occur in the factors that influence the tax base over the forthcoming year.
- 2.4 It is necessary that a realistic assessment is made of the potential changes to the tax base for 2016/17 as an under or over recovery of Council Tax income will affect this Authority's cash flow. If the tax base is overestimated, there will inevitably be a deficit on the Collection Fund which will need to be recovered through the Council Tax in the following financial year. In addition, during the course of the year, the borrowing necessary to cover the under recovery of the tax would need to be paid for by this Authority. If the tax base is underestimated there will be a surplus on the collection fund because the Council will have asked tax payers to contribute more than necessary in this financial year. The surplus would then be used to reduce the need for resources in the following year.
- 2.5 It is also necessary at this time to provide the Parish Councils, which set a precept, with the element of the tax base of the borough that equates to

their area. Attached at **Appendix B** to this report is the detail of the calculation of the tax base for each parish.

3. AVAILABLE OPTIONS

Option 1

- 3.1 An assessment of the information held by both the Revenues Service and the Planning Service suggests that between October 2015 and March 2017 a total of 710 properties will be added to the council tax records. Distributing this sum evenly over the period and taking the average, to identify the effect on the tax base for 2016/17, the result suggests an increase of 417.6 band D equivalent properties. Adjusting this figure for the current levels of discount and other allowances suggests a net tax base increase of 375.9.
- 3.2 This figure is significantly lower than the 710 new properties identified because they will not all be band D properties, they will not all start to pay Council Tax at the beginning of the year and some will receive the discounts and allowances that are part of the system.
- 3.3 Finally the revised total tax base must be adjusted to allow for non-collection for which the Council currently targets 1% of total debt.
- 3.4 The calculation is set out in the table below:

Tax Base as Appendix A	58740.7
New properties (Avg: by band D & time)	417.6
Adjustment for potential allowances	-41.7
Non-collection allowance (1% of above)	-591.2
Proposed Tax Base	58525.4

Table 1: Summary of proposed tax base calculation 2016/17

- 3.5 Appendix B to this report provides details of the tax base for each parish based on an identical calculation.

Option 2

- 3.6 It would be possible to vary some of the factors set out above. The exception is the figure from Appendix A as this is reconciled to the District Valuers' records and has been reported to central government. The other figures given above are current known data and though they could rise or fall during the year they are based on accurate knowledge.
- 3.7 The risk of making an inaccurate calculation are set out in paragraph 2.4 above and the data used in calculating option 1 is accurate and evidenced any variation the committee may wish to make should be similarly evidence based.

Option 3

3.8 The do nothing option is not available to the Council as it is statutorily obliged to set a tax base after 1 December each year.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 The recommended option is Option 1 above as this calculation is based on current known data and collection rates.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 No consultation is necessary on this specific issue but consultation has occurred with the public and with service committees on the wider issues relating to the budget and council tax for 2016/17.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 The tax bases approved as part of this decision will be provided, as appropriate, to relevant preceptors.

6.2 The Council will use this tax base in setting its 2016/17 budget on 2 March 2016.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The tax base is an integral part of the Council Tax collection process which is a basic financial function of this Authority. It is essential for the efficient funding of all Local Authorities in the area.</p> <p>The income received from Council Tax, within the overall context of the budget process, provides resources for the achievement of all the Council's priorities.</p>	Head of Finance & Resources
Risk Management	<p>The major risk relates to an over optimistic estimate of the tax base, as this would lead to cash flow problems during the</p>	Head of Finance & Resources

	<p>year. As a direct consequence this would reduce investment income.</p> <p>An over pessimistic estimate would lead to increased balances on the Collection Fund. When fed into the overall budget process this can produce yearly variations which need to be managed as part of the Budget Strategy and place unnecessary burdens on tax payers in advance of need.</p>	
Financial	<p>The setting of the tax base is an essential part of the budget process and is required by legislation. Any increase in the tax base effectively means that the cost of services provided by this Authority and others in the area is being spread over more Council Tax payers and would effectively reduce the Council Tax burden on any individual tax payer. This relationship however must be realistic in that any underachievement on the collection of Council Tax will result in cash flow problems for this Authority and a loss of investment income.</p>	Head of Finance & Resources
Staffing	None identified	Head of Finance & Resources
Legal	<p>Setting the tax base is a statutory obligation of this Council and is calculated under the provisions of the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012.</p>	Head of Finance & Resources
Equality Impact Needs Assessment	<p>The council tax system includes discounts and allowances that ensure that any impact arising from changes is minimised.</p>	Head of Finance & Resources
Environmental/Sustainable Development	None identified	Head of Finance & Resources

Community Safety	None identified	Head of Finance & Resources
Human Rights Act	None identified	Head of Finance & Resources
Procurement	None identified	Head of Finance & Resources
Asset Management	None identified.	Head of Finance & Resources

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A – Calculation of Council Tax Base 2016/17 (CTB1 Return)
- Appendix B – Calculation of Individual Parish Tax Bases 2016/17

9. BACKGROUND PAPERS

None