

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

Yes**Collection Tax – Tax Base 2017/18**

Final Decision-Maker	Council
Lead Head of Service	Mark Green, Director of Finance & Business Improvement
Lead Officer and Report Author	Ellie Dunnet, Chief Accountant
Classification	Public
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 2017/18 will be 59,439.3;
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 2017/18 will be as identified in Appendix II to this report.
3. To agree the revised council tax adjustment figures as attached at Appendix III.

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	18 January 2017

Council Tax – Tax Base 2017/18

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report advises Members of the information available on the tax base as At 14 October 2016 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 2017/18.
- 1.2 The report also proposes a revision to the council tax adjustment for 2017/18 which is detailed within Appendix III. It is proposed that these figures should replace the projections agreed by this committee on 23 November 2016. The nature of the change is a correction to the Kent County Council precept figure for 2016/17, and this opportunity has been taken to update the other figures with more up to date information.

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 in September 2016 and the latest information on exemptions and discounts available as at 14 October 2016.
- 2.3 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.
- 2.4 The tax base figure supplied to central government is given at Appendix I. This shows 68,519 properties in the borough and a net tax base of 59,300.1 as at 14 October 2016. The pattern of growth in the number of properties over the past few years is shown below:

	2012	2013	2014	2015	2016
Number of properties	66,325	66,924	67,178	67,721	68,519
% increase compared with previous year	1.19%	0.90%	0.38%	0.81%	1.18%

- 2.5 Starting from the tax base figure at Appendix I, an estimate of the tax base for 2017/18 can be made by considering movements that may occur in the factors that influence the tax base over the forthcoming year.
- 2.6 It is necessary that a realistic assessment is made of the potential changes to the tax base for 2017/18 as an under or over recovery of council tax income will affect the council'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 council. 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.

- 2.7 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 II 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 2016 and March 2017 a total of 1,328 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 2017/18, the result suggests an increase of 821.8 band D equivalent properties. Adjusting this figure for the current levels of discount and other allowances suggests a net tax base increase of 739.6.
- 3.2 This figure is significantly lower than the 1,328 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 at Appendix I	59,300.1
New properties (Avg: by band D & time)	821.8
Adjustment for potential allowances	-82.2
Non-collection allowance (1% of above)	-600.4
Proposed Tax Base	59,439.3

Table 1: Summary of proposed tax base calculation 2017/18

- 3.5 Appendix II 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 I 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 2017/18.

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 2017/18 budget on 1 March 2017.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on 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.	Section 151 Officer
Risk Management	The major risk relates to an over optimistic estimate of the tax base, as this would lead to cash flow problems during the year. As a direct consequence this would reduce investment income. An over pessimistic estimate would lead to increased balances on the Collection Fund. When fed into the overall budget	Section 151 Officer

	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.	
Financial	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.	Section 151 Officer
Staffing	None identified	N/A
Legal	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.	Mid Kent Legal
Equality Impact Needs Assessment	The council tax system includes discounts and allowances that ensure that any impact arising from changes is minimised.	N/A
Environmental/Sustainable Development	None identified	N/A
Community Safety	None identified	N/A
Human Rights Act	None identified	N/A
Procurement	None identified	N/A
Asset Management	None identified	N/A

8. REPORT APPENDICES

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

- Appendix I: Calculation of Council Tax Base 2017/18 (CTB1 Return)
- Appendix II: Calculation of Individual Parish Tax Bases 2017/18
- Appendix III: Collection Fund 2016/17 – Council Tax Adjustment

9. BACKGROUND PAPERS

Council Tax and Business Rates – Projected Collection Fund Surplus / Deficit for 2016/17 (Policy & Resources Committee, 23 November 2016)