

Cherwell District Council

Executive

6 January 2014

Council Tax Base for 2014/15

Report of Interim Head of Finance and Procurement

This report is public

Purpose of report

To consider the calculation of the Council Tax base for 2014/15.

1.0 Recommendations

The meeting is recommended:

- 1.1 To approve the report of the Head of Finance and Procurement, made pursuant to the Local Authorities [Calculation of Tax Base] [England] regulations and the calculations referred to therein for the purposes of the Regulations.
- 1.2 To resolve that, in accordance with the Regulations, as amended, the amount calculated by Cherwell District Council as its council tax base for the year 2014/15 shall be 47,609.
- 1.3 To resolve that the tax base for parts of the area be in accordance with the figures shown in column 13 of appendix 2.
- 1.4 To resolve to continue with any discretionary and locally set discount awards which it previously has resolved to give.

2.0 Introduction

- 2.1 The Council is required to calculate its tax base for each financial year in advance of the start of the year and notify its major precepting authorities and the local precepting authority accordingly.
- 2.2 The background information forming part of this report provides the necessary calculations together with an explanation of how each figure has been arrived.
- 2.3 There are various powers contained within Council Tax, Housing Benefit and Business Rates legislation all of which must be considered annually.

- 2.4 Any resolution to amend Council Tax discounts must be considered before the Council Tax is set for the next financial year.

Proposals

- 2.5 To consider the calculation of the tax base for 2014/15 as set out in the background information and decide whether to vary the estimated figures of adjustments for changes in property information during the year, eg. New properties or discount changes, as well as the collection rate used in Appendix 2.
- 2.6 It is proposed that no variations be made to the estimated adjustments. These have been made to take account of the new housing being built around the district.
- 2.7 There are no proposals to amend any of the existing discretionary powers or locally set discounts previously agreed by Executive in 2009 and full Council in 2013.

3.0 Report Details

- 3.1 The billing authority is obliged to notify major preceptors of the tax base by 31 January 2014. In practice, it is important that they are given as much time as possible to determine their precepts, in order that they can levy them on this Council before the council tax is set on 24 February 2014.
- 3.2 To give all precepting authorities sufficient time to determine their precept, the provisional figures have already been circulated. The figures will be confirmed following this meeting.
- 3.3 The Local Authorities [Calculation of the Tax Base] [England] Regulations 2012 [SI No. 2914 of 2012] sets out the necessary calculations and it is a clear intention that the Council should be seen to perform a series of calculations, which follow.
- 3.4 The first step is to establish the relevant amount [band D equivalents] for 2014/15. Regulation 4 provides the following formula:

The relevant amount for a valuation band = $([H-Q+J]-Z) \times F/G$

Where:

H = number of chargeable dwellings

Q = factor to take account of discounts and exemptions

J = adjustments to take account of adjustments during the year eg. new property

Z = total amount pursuant to the authorities local council tax reduction scheme in relation to the band, expressed as an equivalent number for that band.

F = is the proportion for the relevant band eg 6 for Band A

G = the number relevant to Band D eg. 9

- 3.5 Appendix 1 shows a summary of the information used resulting in the following totals:
59,918 properties in the list
48,245.8 Band D equivalents ((the relevant amount allowing for roundings)
- 3.6 Appendix 2 provides the calculation of tax bases for each town and parish.
- 3.7 Regulation 3 of the Regulations provides that each billing authority will determine a collection rate. It requires the authority to estimate the amounts, which are likely to be paid, expressed as a proportion of its estimate of what should be paid. It is estimated that in accordance with Regulation 3, the collection rate for the authority should be 98%.
- 3.8 Because there is a need to calculate the tax base at an individual town and parish level the collection rate has been applied to the net Band D equivalents in appendix 2 and the MOD property added back in to arrive at a tax base of 47,609 compared to 46,672 in 2013/14.
- 3.9 Regulation 6 requires that the tax base be determined for each local precepting area. Appendix 2 provides this for each of the 78 district parts of the area.
- 3.10 Column 1 shows the Band D equivalents of properties in each part net of exemptions, discounts and disabled relief. The Local Authorities [Calculation of Council Tax Base] [Amendments] [England] Regulations 1999 [SI no. 2123 of 1999] provides for disabled relief to be allowed on Band A property. Instead of being charged 6/9 of a Band D, they are charged 5/9.
- 3.11 Column 2 adds the MOD property back in to arrive at the relevant amount in column 3.
- 3.12 Columns 4-7 deal with expected adjustments during the year. Columns 5-7 are blank as it is impossible to predict changes to discounts or property which will be demolished. However, column 4 shows new property being built in the district. These adjustments have been estimated as part of a year only.
- 3.13 Column 8 is a sub total.
- 3.14 Column 9 takes MOD property back out to give a net figure in column 10.
- 3.15 Column 11 applies the collection rate which has been maintained at 98%. This is considered reasonable as the collection rate in previous years has been around 98.3% and there is no indication that the current year will be significantly different to this figure.
- 3.16 Column 12 adds the MOD property back in and column 13 shows the final tax base for 2014/15.
- 3.17 Column 14 shows the 2013/14 tax base for comparison.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The collection rate used is a best estimate of the percentage of the total amount due for 2014/15. It is based on previous year's collection rates. Over the most recent years, the amount collected has been steady at between 98.25% and 98.5% and there is no suggestion that this will change for 2013/14.
- 4.2 The change from council tax benefit to a local reduction scheme has had little impact on ability to pay and as the scheme remains the same for 2014/15 there should be no effect on the collection levels. New homes and businesses are being created across the district which should aid the economic situation generally.
- 4.3 It is therefore recommended to maintain the 98% collection rate used in previous years.
- 4.4 The estimate of adjustments applied to take account of new properties likely to become available during the year could be varied. However, the estimate is based on conversations with developers and known planning approvals and is factored downwards to allow for delays and other unforeseen problems.
- 4.5 The attached appendices show the most up to date position of the Council Tax base and the adjustments have been made to take account of changes during 2014/15. On this basis, the Executive is invited to approve the recommendations set out at the beginning of this report.

5.0 Consultation

Councillor Ken Atack

Lead Member for Financial Management

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To reject the tax base calculation. The figures in this report could be rejected and a new calculation made. However, this would result in further delays for all preceptors in calculating their own precept to be levied on the Council. The figures used are taken from the Northgate i-World council tax system and are all accurate as at 1 December 2013. All other adjustments and estimates have been calculated using previous years methods.

7.0 Implications

Financial and Resource Implications

- 7.1 The tax base determines the potential income from each £1 of council tax set. If the tax base, as calculated in column 13 of appendix 2, were to be set, it would result in £47,609 being raised per £1 of council tax set, for budget purposes.

(Section 106 of the Local Government Finance Act 1992 applies to decisions taken on matters contained in this report and any Member affected is obliged to disclose the fact and refrain from voting)

Comments checked by:

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Legal Implications

- 7.2 The calculations required to be undertaken by the Council in order to arrive at its tax base are set out in the legislation referred to in this report. Failure to set a council tax base for 2014/15 would result in the Council being unable to set its council tax for 2014/15.

Comments checked by:

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Risk

- 7.3 The adjustments made in columns 4 and 5 of appendix 2, to the data supplied by the council tax system, to allow for new and demolished properties occurring in 2014/15 is an estimate based on discussions with developers and local planning permissions. There is a risk that not all anticipated new properties will be built or that the property may not be sold or occupied. The estimates are therefore reduced by 50% to allow for this factor.

Comments checked by:

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8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

Accessible Value for Money

Lead Councillor

Councillor Ken Atack – Lead Member for Financial Management

Document Information

| Appendix No | Title |
|----------------------------|--|
| 1 and 2 | Council Tax Base Calculations |
| Background Papers | |
| None | |
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