

Cherwell District Council

Executive

5 January 2015

Council Tax Base for 2015/16

Report of Head of Finance and Procurement

This report is public

Purpose of report

To consider the calculation of the Council Tax base for 2015/16.

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 2012 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 2015/16 shall be 48,253.
- 1.3 To resolve that the tax base for parts of the area be in accordance with the figures shown in column 10 of Appendix 2.
- 1.4 To resolve to recommend to full Council that it continue with any discretionary and locally set discount awards which it previously resolved to give as follows:
 - a. Unoccupied and unfurnished discount for maximum period of 6 months without reoccupation of 6 weeks in between – 25% discount.
 - b. Unfurnished and uninhabitable discount for a maximum period of 12 months without reoccupation of 6 weeks in between – 50% discount
 - c. Second home (non work related) discount – 0% discount.
 - d. Furnished properties 0% discount for second homes.
 - e. Empty and unfurnished long term empty property discount - 0% discount.

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

Proposals

- 2.4 To consider the calculation of the tax base for 2015/16 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.
- 2.5 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.

3.0 Report Details

- 3.1 The billing authority is obliged to notify major preceptors of the tax base by 31 January 2015. 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 23 February 2015.
- 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 sets out the necessary calculations and it is a clear intention that the Council should be seen to perform a series of calculations, which are shown at Appendix 1.
- 3.4 Appendix 2 provides the calculation of tax bases for each town and parish.
- 3.5 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%.
- 3.6 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 48,253 compared to 47,609 in 2014/15.
- 3.7 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.

- 3.8 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 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.
- 3.9 Column 2 adds the MOD property back in to arrive at the relevant amount in Column 3.
- 3.10 Column 4 shows new property being built in the district. These adjustments have been estimated as part of a year only.
- 3.11 Column 5 is adjusted band D equivalents.
- 3.12 Column 6 takes MOD property back out to give a net figure in column 7.
- 3.13 Column 8 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.
- 3.14 Column 9 adds the MOD property back in and Column 10 shows the final tax base for 2015/16.
- 3.15 Column 11 shows the 2014/15 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 2015/16. 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 2015/16.
- 4.2 The change from council tax benefit to a local council tax reduction scheme has had little impact on ability to pay and as the scheme remains the same for 2015/16 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.

- 4.6 To delegate final approval of the Council Tax Base for 2015-2016 to the Section 151 Officer in consultation with the Lead Member for Financial Management.

5.0 Consultation

Councillor Ken Attack

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 as at 1st December 2014. 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 £48,253 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 2015/16 would result in the Council being unable to set its council tax for 2015/16.

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 2015/16 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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