

(Informal Joint) Cabinet



Forest Heath
District Council

Title of Report:	Council Tax Base for Tax Setting Purposes 2016/2017	
Report No:	CAB/FH/15/060	
Report to and dates:	(Informal Joint) Cabinet	24 November 2015
	Council	9 December 2015
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Purpose of report:	To set out the basis of the formal calculation for the Council Tax Base for the financial year 2016/2017.	
Recommendation:	<p>It is <u>RECOMMENDED</u> that, subject to the approval of full Council:</p> <p>(1) the tax base for 2016/2017, for the whole of Forest Heath is 17,207.93 equivalent Band 'D' dwellings, as detailed in paragraph 1.4 of Report No: CAB/FH/15/060; and</p> <p>(2) the tax base for 2016/2017 for the different parts of its area, as defined by Parish or special expense area boundaries, are as shown in Appendix 2.</p>	
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>	

Consultation:		<ul style="list-style-type: none"> The tax base figures provided within Appendix 2 of the report have been communicated to town and parish councils so they can start to factor these into their budget setting process. 	
Alternative option(s):		<ul style="list-style-type: none"> N/A 	
Implications:			
<p>Are there any financial implications? If yes, please give details</p>		<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> The Council Tax Base calculations are used to determine the New Homes Bonus received by the Council, and the level of Council Tax set by the Council. Once approved, the Tax Base for Council Tax collection purposes of 17,207.93 will be included in the Council's Medium Term Financial Strategy. 	
<p>Are there any staffing implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Are there any ICT implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Are there any legal and/or policy implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Are there any equality implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Council's ability to collect Council Tax income in the current economic climate.	High	Two separate collection rates have been applied to the tax base calculations in respect of collectability. Communication plan in place.	Medium
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	

Documents attached:

Appendix 1: CTB1 Return made to Central Government on 16 October 2015.

Appendix 2: 2016/2017 Tax Base for each Parish and Town Council and for Forest Heath District Council.

1. Key issues and reasons for recommendation(s)

1.1 The Council Tax Base

1.1.1 The Council Tax Base of the Council is the total taxable value at a point in time of all the domestic properties in its area, plus projected changes in the property base and after applying the estimated collection rate.

1.1.2 The total taxable value referred to above is arrived at by each dwelling being placed in an appropriate valuation band determined by the Valuation Office, with a fraction as set by statute being applied in order to convert it to a Band 'D' equivalent figure. These Band 'D' equivalent numbers are then aggregated at a district wide level and are also sub totalled for parishes. This has to be done by the Council responsible for sending the bills out and collecting the council tax ('the billing authority'). In two tier areas, district councils fulfil this function.

1.1.3 The Council Tax Base is used in the calculation of Council Tax. Each authority divides its total Council Tax required to meet its budget requirements by the Tax Base of its area to arrive at a Band 'D' Council Tax.

1.2 Calculation of the tax base for tax setting purposes

1.2.1 The calculation of the tax base for tax setting purposes consists of three stages:

- (a) Calculation of the tax base for New Homes Bonus purposes as at 5 October 2015 (DCLG return – CTB1);
- (b) Analysis of Band 'D' equivalents over each of the Parish areas; and
- (c) Adjustment of the Band 'D' equivalents to reflect changes in the tax base as a result of valuation changes, exemptions, discounts and a collection rate.

1.3 Tax base for New Homes Bonus purposes

1.3.1 The Tax Base return CTB1 is used by central government for data collection and the calculation of New Homes Bonus (see Appendix 1). This return shows the analysis of properties across the eight Bands for the following classifications of liability:

- (a) properties attracting 100% liability;
- (b) properties with an entitlement to a 25% discount;
- (c) properties with an entitlement to a 50% discount;
- (d) properties with an entitlement to a 100% discount;
- (e) exemptions;
- (f) discounts, including local council tax reduction scheme discounts; and
- (g) Disabled Relief Adjustments.

1.3.2 The figures used to make the above calculations are derived from the Valuation List as deposited on 14 September 2015, and as amended to reflect any errors or omissions so far detected in reviewing that list.

1.4 Analysis of Band 'D' Properties

1.4.1 The Band 'D' Properties figure as at 5 October 2015 of 17,551.2 as quoted in the CTB1 form has been updated as at 4 November 2015 to allow for:

- (a) technical changes outlined in Report No: CAB/FH/15/059, contained elsewhere on this Cabinet agenda; and
- (b) potential growth in the property base during 2016/2017 taken from an average of the housing delivery numbers for those sites within the local plan and those that have planning permission, adjusted for an assumed level of discounts/exemptions within that growth of property base.

1.4.2 An allowance is then made for losses on collection, which assumes that overall collection rates will be maintained at approximately 97.5%. In addition to this collection rate change, an adjustment has been made to allow for the collectability of the council tax arising from the Local Council Tax Support scheme, which has been assessed at 90%. **The resulting Tax Base for Council Tax collection purposes has been calculated as 17,207.93** which is an increase of 556.62 on the previous year.

1.4.3 The Table below shows the actual number of dwellings in each tax band based on the current valuations which are discounted to 1 April 1991 and the percentage in each band. There has been no national revaluation since that date.

Band	Tax Band values as at 01/04/1991 (£)	Actual Number of dwellings (Note 1)	Actual Number of dwellings as a percentage	Number of Chargeable dwellings (Note 2)	Relevant Proportion	Relevant Amount (Note 3)
@ (Note 4)				5.2	5/9	2.9
A	Up to 40,000	6,546	22.3%	3,984.2	6/9	2,656.1
B	40,001 to 52,000	9,817	33.4%	7,217.7	7/9	5,613.8
C	52,001 to 68,000	5,914	20.1%	4,214.6	8/9	3,746.3
D	68,001 to 88,000	3,977	13.5%	2,538.6	9/9	2,538.6
E	88,001 to 120,000	1,926	6.6%	1,195.8	11/9	1,461.5
F	120,001 to 160,000	698	2.4%	559.5	13/9	808.1
G	160,001 to 320,000	433	1.5%	382.4	15/9	637.4
H	Over 320,000	53	0.2%	43.3	18/9	86.5
Total		29,364	100.0%	20,141.2		17,551.2
Actual Taxbase after applying technical changes, an allowance for potential growth and collection rate						17,207.93

Note 1: This is the total number of dwellings on the Valuation List before making any adjustments (line 1 of the CTB return at Appendix 1).

Note 2: This is the number of chargeable dwellings after adjusting for discounts, exemptions and local council tax support but before applying the relevant proportion (ratio to Band D) (line 29 of the CTB return at Appendix 1).

Note 3: This is the total number of Band D equivalent dwellings as shown on line 33 of the CTB return at Appendix 1.

Note 4: Disabled reduction results in charging the property at one band lower (1/9th) than its actual band. The "@" figure relates to Band A properties which are eligible for a disabled reduction (1/9th below a band A charge).

1.5 **Precept Payment Arrangements for 2016/2017**

1.5.1 In line with the delegated authority to administer the Council's financial affairs as outlined in the Constitution, the arrangements for the scheduling of the precept payments for 2016/2017, will be determined by the Head of Resources and Performance (Chief Financial Officer).

1.5.2 It is expected that the payments schedule for Parish and Town Councils will take the same form as previous years:

AMOUNT OF PRECEPT	AMOUNT OF PAYMENTS
Under £4,000	Full payment Friday, before 1 May 2016
£4,000 - £10,000	50% payment Friday, before 1 May 2016 50% payment Friday, before 1 August 2016
Over £10,000	50% payment Friday, before 1 May 2016 15% payment Friday, before 1 August 2016 35% payment Friday, before 1 October 2016