

# Cabinet



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Council Tax Base for Tax Setting Purposes 2017/2018</b>	
<b>Report No:</b>	<b>CAB/FH/16/061</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	13 December 2016
	<b>Council</b>	21 December 2016
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<b>Purpose of report:</b>	To set out the basis of the formal calculation for the Council Tax Base for the financial year 2017/2018.	
<b>Recommendation:</b>	<p><b>It is <u>RECOMMENDED</u> that, subject to the approval of Council:</b></p> <p><b>(1) The tax base for 2017/2018, for the whole of Forest Heath is 17,575.33 equivalent Band 'D' dwellings, as detailed in paragraph 1.4 of Report No: CAB/FH/16/061; and</b></p> <p><b>(2) The tax base for 2017/2018 for the different parts of its area, as defined by parish or special expense area boundaries, are as shown in Appendix 2 of Report No CAB/FH/16/061.</b></p>	
<p><b>Key Decision:</b></p> <p><i>(Check the appropriate box and delete all those that <b>do not</b> 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>	

<b>Consultation:</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>		
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>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 17,575.33 will be included in the Council's Medium Term Financial Strategy.</li> </ul>		
Are there any <b>staffing</b> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Are there any <b>ICT</b> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Are there any <b>legal and/or policy</b> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Are there any <b>equality</b> implications? If yes, please give details	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Risk/opportunity assessment:</b>	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>		
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (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 taxbase calculations in respect of collectability. Communication plan in place.	Medium
<b>Ward(s) affected:</b>	All Wards		
<b>Background papers:</b>	None		
<b>Documents attached:</b>	<b>Appendix 1:</b> CTB1 Return made to Central Government on 14 October 2016. <b>Appendix 2:</b> 2017/2018 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 3 October 2016 (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 12 September 2016, 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 3 October 2016 of 17,958.4 as quoted in the CTB1 form has been updated as at 31 October 2016 to allow for:
- (a) any technical changes outlined in Report No: CAB/FH/16/060, contained elsewhere on this Cabinet agenda; and
  - (b) potential growth in the property base during 2017/2018 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 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 17,575.33** which is an increase of 367.4 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)				6.4	5/9	3.6
A	Up to 40,000	6,580	22.3%	4,062.3	6/9	2,708.2
B	40,001 to 52,000	9,782	33.2%	7,299.5	7/9	5,677.4
C	52,001 to 68,000	5,940	20.1%	4,301.8	8/9	3,823.8
D	68,001 to 88,000	4,012	13.6%	2,632.5	9/9	2,632.5
E	88,001 to 120,000	1,977	6.7%	1,264.5	11/9	1,545.5
F	120,001 to 160,000	703	2.4%	570.5	13/9	824.0
G	160,001 to 320,000	441	1.5%	393.0	15/9	654.9
H	Over 320,000	53	0.2%	44.3	18/9	88.5
<b>Total</b>		<b>29,488</b>	<b>100.0%</b>	<b>20,574.7</b>		<b>17,958.4</b>
<b>Actual Taxbase after applying technical changes, an allowance for potential growth and collection rate</b>						<b>17,575.33</b>

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 31 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 2017/2018**

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 2017/2018, 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:

<b>AMOUNT OF PRECEPT</b>	<b>AMOUNT OF PAYMENTS</b>
Under £4,000	Full payment Friday, before 1 May 2017
£4,000 - £10,000	50% payment Friday, before 1 May 2017 50% payment Friday, before 1 August 2017
Over £10,000	50% payment Friday, before 1 May 2017 15% payment Friday, before 1 August 2017 35% payment Friday, before 1 October 2017