

Cabinet



Forest Heath
District Council

| | | |
|---|---|------------------|
| Title of Report: | Council Tax Base for Tax Setting Purposes 2018/2019 | |
| Report No: | CAB/FH/17/063 | |
| Report to and dates: | Cabinet | 12 December 2017 |
| | Council | 20 December 2017 |
| Portfolio holder: | Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 07904 389982 Email: stephen.edwards@forest-heath.gov.uk | |
| Lead officer: | Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk | |
| Purpose of report: | To set out the basis of the formal calculation for the council tax base for the financial year 2018/2019. | |
| Recommendation: | <p>It is <u>RECOMMENDED</u> that, subject to the approval of Council:</p> <p>(1) the tax base for 2018/2019, for the whole of Forest Heath is 17,964.44 equivalent Band D dwellings, as detailed in paragraph 1.4 of Report No: CAB/FH/17/063; and</p> <p>(2) the tax base for 2018/2019 for the different parts of its area, as defined by parish or special expense area boundaries, are as shown in Appendix 2.</p> | |
| Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i> | <i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> | |
| <i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Decisions Plan.</i> | | |

| | | | |
|--|---|--|---------------------------------------|
| 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"> Not applicable | | |
| Implications: | | | |
| Are there any financial implications? If yes, please give details | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <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 17,964.44 will be included in the council's Medium Term Financial Strategy. | | |
| Are there any staffing implications? If yes, please give details | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | | |
| Are there any ICT implications? If yes, please give details | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | | |
| Are there any legal and/or policy implications? If yes, please give details | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | | |
| Are there any equality implications? If yes, please give details | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | | |
| 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 taxbase calculations in respect of collectability. Communication plan in place. | Medium |
| Ward(s) affected: | All Wards | | |
| Background papers: | None | | |
| Documents attached: | Appendix 1: CTB Return made to Central Government on 10 October 2017. Appendix 2: 2018/2019 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 is the total taxable value at a point in time of all the domestic properties in the council's area. It is a yearly calculation and represents the estimated number of chargeable dwellings after allowing for exemptions and discounts, projected changes in the property base and after applying an 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 the total council tax income it needs to meet its budget requirement 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 – CTB);
 - (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 any technical changes, projected changes in the property base and a collection rate.

1.3 Tax base for New Homes Bonus purposes

- 1.3.1 The tax base return 'CTB' 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) 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 11 September 2017, and as amended to reflect any errors or omissions so far detected in reviewing that list.

1.4 **Analysis/Adjustment of Band D Equivalent Properties**

- 1.4.1 The band D properties figure as at 2 October 2017 of 18,375.9 as quoted in line 33 of the CTB form has been updated as at 31 October 2017 to allow for:
- (a) any changes to the Local Council Tax Reduction Support Scheme (outlined in Report No: CAB/FH/17/062, contained elsewhere on this Cabinet agenda);
 - (b) any technical changes to discounts and exemptions such as empty properties, second homes etc (see 1.4.2 below); and
 - (c) potential growth in the property base during 2018/2019 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.
- 1.4.2 In 2013, councils were given the discretion to make certain technical changes to some discounts and exemptions: to charge up to 100% for some previously exempt properties; to charge up to 100% in respect of furnished empty properties (usually referred to as holiday homes); to charge up to 100% in respect of second homes; and to charge up to 50% empty homes premium for properties that had been empty for over 2 years, with the aim of bringing them back into use. All of these changes have a direct impact on the taxbase. There are no proposals to make any technical changes to those previously outlined in Report No: CAB/FH/16/060 – Local Council Tax Reduction Scheme and Council Tax Technical Changes 2017/2018.
- 1.4.3 After updating the band D properties figure as detailed above, an allowance is then made for losses on collection, which assumes that the overall collection rate for 2018/19 will be 97%. In addition to this collection rate, a further 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 85%.
- 1.4.4 The resulting tax base for council tax collection purposes has been calculated as 17,964.44 which is an increase of 389.11 on the previous year.
- 1.4.5 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 | Actual Number | Actual Number of | Number of Chargeable | Relevant Proportion | Relevant Amount |
|------|-----------------------|---------------|------------------|----------------------|---------------------|-----------------|
|------|-----------------------|---------------|------------------|----------------------|---------------------|-----------------|

| | 01/04/1991 (£) | of dwellings (Note 1) | dwellings as a percentage | dwellings (Note 2) | | (Note 3) |
|--|---------------------------|--------------------------------------|--|-------------------------------|------|------------------|
| @ (Note 4) | | | | 6.9 | 5/9 | 3.8 |
| A | Up to 40,000 | 6,570 | 22.1% | 4,118.6 | 6/9 | 2,745.7 |
| B | 40,001 to 52,000 | 9,805 | 33.0% | 7,391.4 | 7/9 | 5,748.8 |
| C | 52,001 to 68,000 | 5,989 | 20.2% | 4,418.3 | 8/9 | 3,927.4 |
| D | 68,001 to 88,000 | 4,058 | 13.7% | 2,705.8 | 9/9 | 2,705.8 |
| E | 88,001 to 120,000 | 2,036 | 6.9% | 1,333.4 | 11/9 | 1,629.7 |
| F | 120,001 to 160,000 | 722 | 2.4% | 592.9 | 13/9 | 856.3 |
| G | 160,001 to 320,000 | 450 | 1.5% | 401.3 | 15/9 | 668.9 |
| H | Over 320,000 | 54 | 0.2% | 44.8 | 18/9 | 89.5 |
| Total | | 29,684 | 100.0% | 21,013.2 | | 18,375.9 |
| Actual tax base after applying technical changes, an allowance for potential growth and collection rate | | | | | | 17,964.44 |

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 2018/2019**

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 2018/2019, will be determined by the Assistant Director (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 2018 |

| | |
|------------------|--|
| £4,000 - £10,000 | 50% payment Friday, before 1 May 2018 50% payment Friday, before 1 August 2018 |
| Over £10,000 | 50% payment Friday, before 1 May 2018 15% payment Friday, before 1 August 2018 35% payment Friday, before 1 October 2018 |