

# Shadow Executive (Cabinet)

<b>Title of Report:</b>	<b>Council Tax Base for Tax Setting Purposes 2019/2020</b>	
<b>Report No:</b>	<b>EXC/SA/18/018</b>	
<b>Report to and date/s:</b>	<b>Shadow Executive (Cabinet)</b>	27 November 2018
	<b>Shadow Council</b>	18 December 2018
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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 2019/2020.	
<b>Recommendations:</b>	<p><b>It is <u>RECOMMENDED</u> that, subject to the approval of Shadow Council:</b></p> <p>(1) <b>the tax base for 2019/2020, for the whole of West Suffolk is 55,056.11 equivalent Band D dwellings, and for each of the predecessor areas is: Forest Heath 18,313.11 and St Edmundsbury 36,743.00, as detailed in paragraph 1.4.3 of Report No: EXC/SA/18/018; and</b></p> <p>(2) <b>the tax base for 2019/2020 for the different parts of its area, as defined by parish or special expense area boundaries, are as shown in Appendices 3 and 4 to Report No: EXC/SA/18/018.</b></p>	

<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> 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 <b>48 hours</b> and cannot be actioned until <b>five clear working days of the publication of the decision</b> have elapsed. This item is included on the Decisions Plan.</i>			
<b>Consultation:</b>		<ul style="list-style-type: none"> <li>The tax base figures provided within Appendices 3 and 4 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>			
<i>Are there any <b>financial</b> implications? If yes, please give details</i>		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 55,056.11 will be included in the council's Medium Term Financial Strategy.</li> </ul>	
<i>Are there any <b>staffing</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>ICT</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>legal and/or policy</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<i>Are there any <b>equality</b> implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <ul style="list-style-type: none"> <li></li> </ul>	
<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	

**Documents attached:**

**Appendix 1:** Forest Heath CTB Return made to Central Government on 4 October 2018.

**Appendix 2:** St Edmundsbury CTB Return made to Central Government on 4 October 2018.

**Appendix 3:** 2019/2020 Tax Base for each Parish and Town Council within the predecessor area of Forest Heath.

**Appendix 4:** 2019/2020 Tax Base for each Parish and Town Council within the predecessor area of St Edmundsbury.

## **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 one of eight valuation bands (A – H) by the Valuation Office, with a statutorily set fraction then 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 calculation 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 its band D council tax. The same fractions referred to in the previous paragraph are then used to work out the council tax for properties in each of the other bands.
- 1.1.4 Orders have been laid allowing West Suffolk to harmonise the council tax of Forest Heath and St Edmundsbury over a period not exceeding 7 years. Because of this, it is necessary to calculate tax base figures for both areas currently covered by Forest Heath District Council and St Edmundsbury Borough Council (the "predecessor areas").

### **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 1 October 2018 (MHCLG 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 predicted collection rates.

### **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 Appendices 1 and 2). 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 10 September 2018, 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 figures as at 1 October 2018 of 18,749.2 for Forest Heath and 37,354.8 for St Edmundsbury, as quoted in line 33 of the CTB forms, have been updated as at 31 October 2018 to allow for:

- (a) any changes to the Local Council Tax Reduction Support Scheme (outlined in Report No: EXC/SA/18/003, July 2018);
- (b) any technical changes to discounts and exemptions such as empty properties, second homes etc (outlined in Report No: EXC/SA/18/004, July 2018); and
- (c) potential growth in the property base during 2019/2020 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 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 2019/2020 will be 97% for Forest Heath and 98% for St Edmundsbury. 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 Reduction Support scheme, which has been assessed at 85%.

1.4.3 The resulting tax base figures for council tax collection purposes, expressed in terms of the number of Band D Equivalent properties, have been calculated as shown in the following table:

	<b>2018/2019</b>	<b>2019/2020</b>	<b>Increase</b>
<b>Forest Heath</b>	17,964.44	<b>18,313.11</b>	348.67
<b>St Edmundsbury</b>	36,490.95	<b>36,743.00</b>	252.05
<b>West Suffolk</b>	54,455.39	<b>55,056.11</b>	600.71

1.4.4 The tables below show 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.

**Forest Heath:**

<b>Band</b>	<b>Tax Band values as at 01/04/1991 (£)</b>	<b>Actual Number of dwellings (Note 1)</b>	<b>Actual Number of dwellings as a percentage</b>	<b>Number of Chargeable dwellings (Note 2)</b>	<b>Relevant Proportion</b>	<b>Relevant Amount (Note 3)</b>
@ (Note 4)				6.8	5/9	3.8
A	Up to 40,000	6,610	22.0%	4,203.2	6/9	2,802.1
B	40,001 to 52,000	9,924	33.0%	7,519.5	7/9	5,848.5
C	52,001 to 68,000	6,106	20.3%	4,499.9	8/9	3,999.9
D	68,001 to 88,000	4,098	13.6%	2,736.3	9/9	2,736.3
E	88,001 to 120,000	2,086	6.9%	1,385.5	11/9	1,693.4
F	120,001 to 160,000	762	2.5%	624.5	13/9	902.1
G	160,001 to 320,000	453	1.5%	405.6	15/9	676.1
H	Over 320,000	54	0.2%	43.5	18/9	87.0
<b>Total</b>		<b>30,093</b>	<b>100.0%</b>	<b>21,424.8</b>		<b>18,749.2</b>
<b>Actual tax base after applying technical changes, an allowance for potential growth and collection rate</b>						<b>18,313.11</b>

**St Edmundsbury:**

<b>Band</b>	<b>Tax Band values as at 01/04/1991 (£)</b>	<b>Actual Number of dwellings (Note 1)</b>	<b>Actual Number of dwellings as a percentage</b>	<b>Number of Chargeable dwellings (Note 2)</b>	<b>Relevant Proportion</b>	<b>Relevant Amount (Note 3)</b>
@ (Note 4)				5.5	5/9	3.1
A	Up to 40,000	5,475	11.2%	3,090.9	6/9	2,060.6
B	40,001 to 52,000	17,883	36.6%	13,732.7	7/9	10,681.0
C	52,001 to 68,000	9,720	19.9%	8,254.6	8/9	7,337.5
D	68,001 to 88,000	7,480	15.3%	6,551.9	9/9	6,551.9
E	88,001 to	4,578	9.4%	4,163.3	11/9	5,088.5

	120,000					
F	120,001 to 160,000	2,015	4.1%	1,870.0	13/9	2,701.1
G	160,001 to 320,000	1,536	3.2%	1,450.0	15/9	2,416.6
H	Over 320,000	134	0.3%	105.7	18/9	211.5
<b>Total</b>		<b>48,821</b>	<b>100.0%</b>	<b>39,224.6</b>		<b>37,051.8</b>
<b>Actual tax base after applying technical changes, an allowance for potential growth and collection rate</b>						<b>36,743.00</b>

Note 1: This is the total number of dwellings on the Valuation List before making any adjustments (line 1 of the CTB returns at Appendices 1 and 2).

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 returns at Appendices 1 and 2).

Note 3: This is the total number of band D equivalent dwellings after applying the relevant proportions (line 31 of the CTB returns at Appendices 1 and 2). The final figure for New Homes Bonus setting purposes (line 33) is arrived at after making an adjustment for contributions in lieu of MOD properties (line 32).

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 2019/2020**

- 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 2019/2020, will be determined by the Assistant Director (Resources and Performance) (Chief Financial Officer).
- 1.5.2 It is expected that the payments schedule for all parish and town councils in West Suffolk will be full payment of the precepts by 30 April 2019.