

**10 December 2014**

**Ordinary Council**

**Council Taxbase 2015/16**

**Report of:** *Jo-Anne Ireland – Acting Chief Executive*

**Wards Affected:** *All*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 The Council Taxbase is used in the calculation of the Council Tax for 2015/16. The Taxbase is expressed as the average number of Band D properties in the Borough, even though each property will actually fall into a Band ranging from A to H.
- 1.2 The estimated Taxbase for 2015/16 is 31,155.6.
- 1.3 The Taxbases for Parish Councils will be lower due to the adjustment for Local Council Tax Support. In line with past years, the Council will provide a grant in order to ensure that the Taxbase for 2015/16 is unaffected.

## **2. Recommendation(s)**

- 2.1 That in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Brentwood Borough Council as its Council Taxbase for the year 2015/16 is 31,155.6.**
- 2.2 To agree to make a grant to Parishes for 2015/16 totaling £18,944.49 to compensate them for the effect on their precept income of the Local Council Tax Support Scheme.**
- 2.3 To agree that the collection rate for Council Tax for 2015/16 is set at 98.00%.**

## **3. Introduction and Background**

- 3.1 The Local Authorities (Calculation of Council Taxbase) (England) Regulations 2012 require that the Council Taxbase is notified to the Precepting Authorities.

- 3.2 Regulations made under the powers of the Local Government Finance Act 1992, require Local Authorities to take into account Council Tax discounts (arising from the introduction of the Local Council Tax Support Scheme) when calculating the Council Taxbase.

#### **4 Council Taxbase Setting Methodology**

- 4.1 The starting point for the calculation is the total number of dwellings on the Valuation List as at the 8<sup>th</sup> September 2014. The following factors are then estimated:

- Number of properties receiving disabled relief;
- Number of exempt properties;
- Number of properties receiving Single Occupier Discount (25%);
- Number of properties receiving other discounts (25%);
- Number of properties receiving other discounts (50%).

- 4.2 Once each of the factors has been estimated, calculations are made for each Council Tax Band and for each Parished/Unparished area of the Borough. It is then necessary to estimate the likely collection rate for the year.

- 4.3 A full schedule of the Council Taxbase calculations is attached at Appendix A.

#### **5 Local Council Tax Support Scheme**

- 5.1 From April 2013 those Council Taxpayers that previously received Council Tax Benefit receive a reduction in their Council Tax Bill through the Local Council Tax Support Scheme. The Regulations do not set out a prescribed calculation, and as such it is left to individual local authorities to estimate the impact on their Council Taxbase of the scheme adopted. For 2015/16 no changes to the existing scheme are proposed.

- 5.2 The Taxbases for Parish Councils will be lower as a consequence of this change. The Council's approach has been to make grants to Parishes which, assuming no increase in their precept fully compensates them for the effects of the Local Council Tax Support Scheme. It is recommended that this approach is repeated in 2015/16.

- 5.3 A summary of the calculations and adjustments is attached at Appendix A to this report and this information will be provided to all Local (Parishes) and Major Preceptors in order that they can each calculate their precept levels for 2015/16.

## **6 Collection Rate**

6.1 Since 2010/11 the Council Tax Collection Rates have been as follows:

<b>Financial Year</b>	<b>Target</b>	<b>Actual</b>
2010/11	99.00%	97.86%
2011/12	98.00%	97.90%
2012/13	98.00%	98.39%
2013/14	98.00%	98.02%
2014/15	98.00%	TBA

6.2 Levels of collection are not only affected by non-payment but also by changes to the collectable amount. These changes are due to fluctuations in the number of households which are in receipt of discounts and exemptions.

6.3 A key driver for future resources will be economic activity. Increased economic activity should lead to a growth in Taxbases and reductions in application for support, while falls in economic activity will have the opposite effect.

6.4 It is recommended that the Council Tax collection rate be set at 98.00% for 2015/16.

## **7 Reasons for Recommendation**

7.1 The calculation of the Council Taxbase is an essential part of the budget setting process and is required to set a balanced budget in accordance with the Local Government Finance Act 1992.

## **8 References to Corporate Plan**

8.1 Good financial management underpins all priorities within the Corporate Plan. The setting of the Council Taxbase is an essential part of the budget setting process.

## **9 Implications**

### **Financial Implications**

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- 9.1 The estimated 2015/16 Council Taxbase of 31,155.6 is an increase of 262.2 from 2014/15 (30,893.4). At the current band D charge of £168.14 for the Council this would provide additional income of £44,086.
- 9.2 Council Tax income is affected by the collection rate and the actual income achieved could be higher or lower depending on performance against the 98% collection target. For every 1% change in the collection rate, income changes by £53,452 at the current band D charge.
- 9.3 Due to a reduction in demand for Council Tax Support the grant paid to the Parishes in 2015/16 has reduced to £18,944 from £19,126 in 2014/15. Should demand for support increase in future years the grant would also increase under the existing arrangements.

### **Legal Implications**

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- 9.4 The Council is required under section 31B of the Local Government Finance Act 1992 to calculate each financial year the basic amount of its Council Tax. The basic amount of Council Tax must be calculated according to a prescribed formula that uses: (1) the Council Tax requirement and (2) the amount which is calculated by the Council as its Council Tax base. The Council Tax base is in turn calculated by reference to a formula prescribed in the Local Authorities (Calculated of Council Tax Base) (England) Regulations 2012.
- 9.5 If any Member is more than two months in arrears with payments of their Council Tax, such a Member cannot take part in the item of business by virtue of section 106 of the Local Government Finance Act 1992.

### **10 Background Papers** (include their location and identify whether any are exempt or protected by copyright)

10.1 None

### **11 Appendices to this report**

- Appendix A – Council Taxbase Setting

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