

## **CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES**

### **Cabinet – 9 January 2014**

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Council – 18 February 2014

Key Decision: No

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#### **Executive Summary:**

This report sets out details of the calculation of the District's tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council's budget requirement is known. The report also advises Members of the timetable for setting the 2014/15 council tax.

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**This report supports the Key Aim of efficient management of the Council's resources.**

**Portfolio Holder** Cllr. Ramsay

**Contact Officer** Roy Parsons. Principal Accountant – Ext 7204

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**Recommendation to Cabinet:** That it be recommended to Council that:

- (a) the report of the Chief Finance Officer for the calculation of the Council's tax base for the year 2014/15 be approved;
- (b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2014/15 shall be 47,629.02;
- (c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2014/15 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,379.72
Brasted	741.77
Chevening	1,433.20

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Chiddingstone	577.53
Cowden	409.91
Crockenhill	625.29
Dunton Green	855.57
Edenbridge	3,383.75
Eynsford	899.56
Farningham	600.77
Fawkham	276.45
Halstead	743.16
Hartley	2,455.79
Hever	588.95
Hextable	1,621.77
Horton Kirby & South Darent	1,253.76
Kemsing	1,791.17
Knockholt	610.99
Leigh	781.09
Otford	1,663.77
Penshurst	810.88
Riverhead	1,204.11
Seal	1,167.07
Sevenoaks Town	8,926.87
Sevenoaks Weald	606.62
Shoreham	976.02
Sundridge	901.54
Swanley	5,165.78
Westerham	1,932.18
West Kingsdown	2,243.98

- (d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

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**Reason for recommendations:** As part of the tax setting process for 2014/15, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

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## **Introduction**

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Department for Communities & Local Government (DCLG) for Revenue Support Grant (RSG) purposes. This is based on the valuation list as at 9th September 2013 and occupancy information at 7th October 2013. The tax base for tax setting purposes is based on information available in December 2013. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2014/15. These factors include:-
  - An allowance for changes in the amount of disabled relief
  - An allowance for changes in the number of exempt properties
  - An estimate of the number of new properties liable to council tax
  - An estimate of the number of properties ceasing to be liable to council tax
  - An allowance for changes in the number of single person discounts
  - An allowance for the effect of appeals by taxpayers on the banding of their properties
- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built. However, the rate of increase is not significant enough to warrant a change from the self-balancing assumption.

## **Changes to the Council Tax Support (CTS) scheme**

- 6 The 2013/14 tax base includes adjustments for the effects of localising council tax support. The result is that the tax base has dropped significantly because they are now treated as a discount from the council tax rather than a benefit deduction.
- 7 From 2014/15, people of working age in receipt of CTS will have to pay a minimum of 18.5% of the council tax, rather than 8.5% in the current financial year. As a result, the tax base for 2014/15 has increased by more than would otherwise have been expected. Details appear in the following two paragraphs.

## Detailed Tax Base Calculations

- 8 The current year's tax base calculation assumes a 99.3% collection rate (reduced from 99.5% in 2012/13), which also allows for some movement in the items mentioned in Paragraph 4. The impact of the current economic downturn on the future collection rate has been assessed along with the likely effect of the changes to council tax support and it is considered prudent to maintain the assumed collection rate at 99.3% for 2014/15.
- 9 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1st December 2013 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2013/14 appear in column 5.

<b>(1) Parish</b>	<b>(2) Band D Equivalents</b>	<b>(3) Collection Rate Multipliers</b>	<b>(4) Tax base 2014/15</b>	<b>(5) Tax base 2013/14</b>
Ash-cum-Ridley	2,396.50	0.993	2,379.72	2,342.51
Brasted	747.00	0.993	741.77	729.63
Chevening	1,443.30	0.993	1,433.20	1,427.85
Chiddingstone	581.60	0.993	577.53	570.29
Cowden	412.80	0.993	409.91	398.28
Crockenhill	629.70	0.993	625.29	623.31
Dunton Green	861.60	0.993	855.57	806.71
Edenbridge	3,407.60	0.993	3,383.75	3,320.50
Eynsford	905.90	0.993	899.56	893.09
Farningham	605.00	0.993	600.77	594.73
Fawkham	278.40	0.993	276.45	269.51
Halstead	748.40	0.993	743.16	713.52
Hartley	2,473.10	0.993	2,455.79	2,436.35
Hever	593.10	0.993	588.95	584.92
Hextable	1,633.20	0.993	1,621.77	1,608.47
Horton Kirby & South Darenth	1,262.60	0.993	1,253.76	1,239.75
Kemsing	1,803.80	0.993	1,791.17	1,773.07
Knockholt	615.30	0.993	610.99	601.93
Leigh	786.60	0.993	781.09	778.76
Otford	1,675.50	0.993	1,663.77	1,647.13

Penshurst	816.60	0.993	810.88	798.88
Riverhead	1,212.60	0.993	1,204.11	1,200.57
Seal	1,175.30	0.993	1,167.07	1,146.50
Sevenoaks Town	8,989.80	0.993	8,926.87	8,890.62
Sevenoaks Weald	610.90	0.993	606.62	601.48
Shoreham	982.90	0.993	976.02	958.50
Sundridge	907.90	0.993	901.54	887.81
Swanley	5,202.20	0.993	5,165.78	5,103.66
Westerham	1,945.80	0.993	1,932.18	1,892.17
West Kingsdown	2,259.80	0.993	2,243.98	2,212.39
<b>TOTALS</b>	<b>47,964.80</b>		<b>47,629.02</b>	<b>47,052.88</b>

- 10 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

#### **Timetable for Setting the Tax**

- 11 The County Council and Fire and Rescue Service have advised me of their budget meeting dates for 2014/15. Confirmation of the Police & Crime Commissioner's budget meeting date is awaited:

County Council	13th February 2014
Police & Crime Commissioner	Expected by 8th February 2014
Fire and Rescue Service	11th February 2014

- 12 The council tax for the Sevenoaks area cannot be set before the Fire, Police or County precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in the Appendix.
- 13 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15th January 2014 or the first working day after this, for the year ending 31st March 2014.
- 14 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2014/15.
- 15 In estimating any surplus or deficit, items relating to community charge will not be taken into account. These are to remain with the billing authority and will be taken into account by it in calculating its basic amount of council tax for the year.

- 16 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2013/14. Payment is to be made during 2014/15 on the same dates as precept payments.

### **Key Implications**

#### Financial

- 17 There are no financial implications.

#### Community Impact and Outcomes

- 18 There are no community impacts arising from this report.

#### Legal Implications and Risk Assessment Statement

- 19 Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from major precepting authorities in the following year.

#### Equality Impacts

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Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The recommendation is concerned with setting the council tax base for the District and does not directly impact upon a service provided to the community.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required.

## **Conclusions**

- 21 Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2014/15 council tax.

**Appendices:** Appendix A – Key dates in the council tax setting process

**Background Papers:** None

**Adrian Rowbotham**  
**Chief Finance Officer**

## **APPENDIX A**

### **KEY DATES IN THE COUNCIL TAX SETTING PROCESS**

- |       |   |  |
|-------|---|--|
| i)    | By 18th October 2013                            | Notify tax base for grant settlement purposes to Department for Communities & Local Government (DCLG)  |
| ii)   | During December 2013                            | DCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2014/15 |
| iii)  | By 31st December 2013                           | Issue proposed schedule of payment dates to precepting authorities   |
| iv)   | By 31st January 2014                            | Agree actual schedule of precept payment dates   |
| v)    | Between 1st December 2013 and 31st January 2014 | Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner   |
| vi)   | On 15th January 2014                            | Estimate collection fund surplus or deficit for year and calculate the amount to be shared between SDC, KCC, Fire and Police (where applicable)                |
| vii)  | By 22nd January 2014                            | Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2014/15 (where applicable)         |
| viii) | During January and February 2014                | Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request  |
| ix)   | During February 2014                            | DCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR  |
| x)    | By 1st March 2014                               | KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts  |
| xi)   | By 11th March 2014                              | District sets council tax for 2014/15, taking account of its own budget requirement and those of the precepting authorities                                    |