

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

**Cabinet - 9 January 2020**

Report of the: Chief Officer Finance & Trading

Status: For Decision

Also considered by: Council - 25 February 2020

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 2020/21 council tax.

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

**Portfolio Holder** Cllr. Matthew Dickins

**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 Officer Finance & Trading for the calculation of the Council’s tax base for the year 2020/21 be approved;
- (b) pursuant to the report of the Chief Officer Finance & Trading 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 2020/21 shall be 51,207.88;
- (c) pursuant to the report of the Chief Officer Finance & Trading 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 2020/21 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,459.75
Badgers Mount	334.98

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Brasted	778.10
Chevening	1,456.01
Chiddingstone	604.75
Cowden	449.88
Crockenhill	659.12
Dunton Green	1,321.92
Edenbridge	3,697.28
Eynsford	948.87
Farningham	666.28
Fawkham	292.04
Halstead	778.40
Hartley	2,556.57
Hever	620.75
Hextable	1,698.15
Horton Kirby & South Darent	1,302.24
Kemsing	1,853.31
Knockholt	634.27
Leigh	961.50
Otford	1,720.71
Penshurst	837.74
Riverhead	1,247.77
Seal	1,303.53
Sevenoaks Town	9,690.61
Sevenoaks Weald	617.77
Shoreham	683.97
Sundridge	937.54
Swanley	5,663.91
Westerham	2,066.03
West Kingsdown	2,364.13

- (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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**Recommendation to Council:** That the various calculations detailed above be approved.

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**Reason for recommendations:** As part of the tax setting process for 2020/21, 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 and Background**

- 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 Ministry of Housing Communities & Local Government (MHCLG). This is based on the valuation list as at 9 September 2019 and occupancy information at 7 October 2019. The tax base for tax setting purposes is based on information available in December 2019. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2020/21. 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.

## Detailed Tax Base Calculations

- 6 The current year's tax base calculation assumes a 99.4% collection rate, which also allows for some movement in the items mentioned in Paragraph 4. Having assessed previous years' collection rates plus the effect of changes to council tax support, it is considered prudent to maintain the assumed collection rate at 99.4% for 2020/21.
- 7 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1 December 2019 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 2019/20 appear in column 5.

<u>(1)</u> <u>Parish</u>	<u>(2)</u> <u>Band D</u> <u>Equivalents</u>	<u>(3)</u> <u>Collection</u> <u>Rate</u> <u>Multipliers</u>	<u>(4)</u> <u>Tax base</u> <u>2020/21</u>	<u>(5)</u> <u>Tax base</u> <u>2019/20</u>
Ash-cum-Ridley	2,474.60	0.994	2,459.75	2,460.65
Badgers Mount	337.00	0.994	334.98	334.28
Brasted	782.80	0.994	778.10	778.50
Chevening	1,464.80	0.994	1,456.01	1,450.74
Chiddingstone	608.40	0.994	604.75	602.66
Cowden	452.60	0.994	449.88	435.77
Crockenhill	663.10	0.994	659.12	660.41
Dunton Green	1,329.90	0.994	1,321.92	1,323.31
Edenbridge	3,719.60	0.994	3,697.28	3,556.04
Eynsford	954.60	0.994	948.87	945.99
Farningham	670.30	0.994	666.28	664.59
Fawkham	293.80	0.994	292.04	283.39
Halstead	783.10	0.994	778.40	782.28
Hartley	2,572.00	0.994	2,556.57	2,555.38
Hever	624.50	0.994	620.75	610.42
Hextable	1,708.40	0.994	1,698.15	1,666.94
Horton Kirby & South Darent	1,310.10	0.994	1,302.24	1,299.56
Kemsing	1,864.50	0.994	1,853.31	1,839.00
Knockholt	638.10	0.994	634.27	634.77

Leigh	967.30	0.994	961.50	948.18
Otford	1,731.10	0.994	1,720.71	1,709.88
Penshurst	842.80	0.994	837.74	835.95
Riverhead	1,255.30	0.994	1,247.77	1,249.06
Seal	1,311.40	0.994	1,303.53	1,253.83
Sevenoaks Town	9,749.10	0.994	9,690.61	9,637.63
Sevenoaks Weald	621.50	0.994	617.77	615.09
Shoreham	688.10	0.994	683.97	685.46
Sundridge	943.20	0.994	937.54	932.07
Swanley	5,698.10	0.994	5,663.91	5,607.45
Westerham	2,078.50	0.994	2,066.03	2,068.71
West Kingsdown	2,378.40	0.994	2,364.13	2,344.35
TOTALS	51,517.00		51,207.88	50,772.34

- 8 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

- 9 The County Council, Police & Crime Commissioner and Fire and Rescue Service have advised me of their budget meeting dates for 2020/21:

County Council	13 February 2020
Police & Crime Commissioner	6 February 2020
Fire and Rescue Service	14 February 2020

- 10 The council tax for the Sevenoaks area cannot be set before the County, Police and Fire 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.
- 11 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15 January 2020 or the first working day after this, for the year ending 31 March 2020.
- 12 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 2020/21.

- 13 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.
- 14 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 2019/20. Payment is to be made during 2020/21 on the same dates as precept payments.

## **Key Implications**

### Financial

There are no financial implications.

### Community Impact and Outcomes

There are no community impacts arising from this report.

### Legal Implications and Risk Assessment Statement

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 Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **Conclusions**

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 2020/21 council tax.

**Appendix:** Key dates in the council tax setting process

**Background Papers:** None

**Adrian Rowbotham**  
**Chief Officer Finance & Trading**

KEY DATES IN THE COUNCIL TAX SETTING PROCESS

- |       |   |   |
|-------|---|---|
| i)    | By 11 October 2019                          | Notify tax base for grant settlement purposes to the Ministry of Housing Communities & Local Government (MHCLG)   |
| ii)   | During December 2019                        | MHCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2020/21 |
| iii)  | By 31 December 2019                         | Issue proposed schedule of payment dates to precepting authorities  |
| iv)   | By 31 January 2020                          | Agree actual schedule of precept payment dates  |
| v)    | Between 1 December 2019 and 31 January 2020 | Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner  |
| vi)   | On 15 January 2020                          | 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 22 January 2020                          | Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2020/21 (where applicable)          |
| viii) | During January and February 2020            | Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request   |
| ix)   | During February 2020                        | MHCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR  |
| x)    | By 1 March 2020                             | KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts   |
| xi)   | By 11 March 2020                            | District sets council tax for 2020/21, taking account of its own budget requirement and those of the precepting authorities.                                    |