

# Finance Advisory Group

## 13<sup>th</sup> June 2012

Council tax setting and collection  
fund process

# Council tax bands

Band A – Property value up to £40,000

Band B – Property value over £40,000 up to £52,000

Band C – Property value over £52,000 up to £68,000

Band D – Property value over £68,000 up to £88,000

Band E – Property value over £88,000 up to £120,000

Band F – Property value over £120,000 up to £160,000

Band G – Property value over £160,000 up to £320,000

Band H – Property value over £320,000

Property values as at **1<sup>st</sup> April 1991**

Assessed by Valuation Office Agency (HMRC)

# Tax rates

Band A –  $\frac{6}{9}$ ths of band D

Band B –  $\frac{7}{9}$ ths of band D

Band C –  $\frac{8}{9}$ ths of band D

Band D

Band E –  $\frac{11}{9}$ ths of band D

Band F –  $\frac{13}{9}$ ths of band D

Band G –  $\frac{15}{9}$ ths of band D

Band H –  $\frac{18}{9}$ ths of band D

# Council tax exemptions

23 different classes, including, amongst others:

- Some vacant dwellings
  - major repair or substantially unfurnished
  - repossessed by mortgage lender
  - part of the estate of a deceased person
- Some occupied homes
  - occupied only by students
  - annexes occupied by an elderly and/or disabled person
- Armed forces property

# People with disabilities

- Room, extra bathroom or kitchen needed to meet needs of a disabled person
- Extra space to permit use of a wheelchair
- Reduction to next lowest band
- If in band A,  $\frac{5}{9}$ ths of band D applies

# Council tax discounts

- 25% for single adult households
- 10% or 50% for second homes

Discount disregards:-

- Students
- People for whom child benefit payable
- People in prison
- plus others

Long term empty properties are charged in full

# How the tax is set (1)

- Taxbase calculations
- Revenue Support Grant (RSG) purposes in the prior October
- Tax setting purposes in the prior December and approved by Cabinet in January

# How the tax is set (2)

- Gross taxbase for each band
- Adjust for exemptions, discounts and reliefs
- Weight each band to the equivalent of a band D property
- Add weighted bands together
- Band D equivalent



# How the tax is set (3)

- For tax setting purposes, an estimate of changes likely to occur in the year can be added/subtracted
- Collection rate adjustment
- For 2012/13, estimated changes assumed to be self-balancing
- For 2012/13, collection rate adjustment is 99.5%

# How the tax is set (4)

## Town/Parish Councils

- Same exercise, but just the properties in each area
- Estimated changes
- Collection rate adjustment

# How the tax is set (5)

Band D equivalents = 51,115.60

Collection rate adjustment = 99.5%

Taxbase for tax setting purposes = 50,860.03

# How the tax is set (6)

- Net expenditure / taxbase = Band D tax
- Other band charges according to 9ths
- For 2012/13
  - Net expenditure = £9.251m
  - Taxbase = 50,860
  - Band D tax = £181.89

# How the tax is set (7)

Same calculation for major preceptors (KCC, KPA, KF&RS)  
and Town/Parish Councils, based on taxbase

Sevenoaks District Council	£181.89
Kent County Council	£1,047.78
Kent Police Authority	£138.68
Kent & Medway Fire & Rescue Service	£67.95
<u>Average</u> Town/Parish Council	£66.89
<u>Average</u> band D tax for District	£1,503.19

# Taxbase levels for 2012/13

## Town/Parish areas

	<b>Band D Equiv.</b>	<b>Multiplier</b>	<b>Taxbase</b>
<b>Brasted</b>	<b>761.60</b>	<b>99.5%</b>	<b>757.79</b>
<b>Chevening</b>	<b>1,467.10</b>	<b>99.5%</b>	<b>1,459.76</b>
<b>Edenbridge</b>	<b>3,670.20</b>	<b>99.5%</b>	<b>3,651.85</b>
<b>Farningham</b>	<b>639.70</b>	<b>99.5%</b>	<b>636.50</b>
<b>Halstead</b>	<b>784.50</b>	<b>99.5%</b>	<b>780.58</b>
<b>Hartley</b>	<b>2,602.30</b>	<b>99.5%</b>	<b>2,589.29</b>
<b>Horton Kirby &amp; SD</b>	<b>1,386.20</b>	<b>99.5%</b>	<b>1,379.27</b>
<b>Knockholt</b>	<b>622.50</b>	<b>99.5%</b>	<b>619.39</b>
<b>Sundridge</b>	<b>955.00</b>	<b>99.5%</b>	<b>950.23</b>
<b>Swanley</b>	<b>6,121.60</b>	<b>99.5%</b>	<b>6,090.99</b>

# Council tax levels for 2012/13

## Town/Parish areas

	Precept	Taxbase	Band D Tax
Brasted	£35,500	757.79	£46.85
Chevening	£59,809	1,459.76	£40.97
Edenbridge	£438,552	3,651.85	£120.09
Farningham	£33,300	636.50	£52.32
Halstead	£41,523	780.58	£53.20
Hartley	£114,700	2,589.29	£44.30
Horton Kirby & SD	£88,000	1,379.27	£63.80
Knockholt	£35,767	619.39	£57.75
Sundridge	£53,000	950.23	£55.78
Swanley	£630,418	6,090.99	£103.50

# Collection Fund

- Akin to a trust, with assets & liabilities
- Administered by billing authority (SDC)
- Distinct from SDC's own assets & liabilities
- Holds funds pending transfer to other authorities



# Collection Fund

## Key features:

- Council Tax & NNDR receipts
- RSG, NNDR and other grants paid direct to each authority
- Town/Parish precepts met from SDC General Fund; **NOT** Collection Fund
- Interest receivable credited to SDC General Fund

# Collection Fund

## Key features (cont'd):

- Payments to major precepting authorities in 10 instalments
- Payment of NNDR receipts to CLG
- NNDR cost of collection allowance
- Payments to Town/Parish Councils in two equal instalments

# Collection Fund

Key features (cont'd):

- Temporary borrowing from SDC General Fund
- Admin costs met by General Fund
- Surplus/deficit calculations

# Collection Fund

## Surplus/deficit calculation

- Shared by all Major Precepting Authorities in proportion to Precept
- Estimate in January
- Paid in following year
- Bottom line adjustment to following year Council Tax

## THE COLLECTION FUND

### INCOME AND EXPENDITURE ACCOUNT 2010/11

2009/10			2010/11	
£000		Note	£000	£000
	<u>Income</u>			
73,704	Council Tax	1		75,907
30,814	Non-Domestic Rates	2		30,090
281	Reduction in Bad and Doubtful Debts Provision			229
104,799				106,226
	<u>Expenditure</u>			
	Precepts:			
51,335	Kent County Council		52,836	
6,735	Kent Police Authority		6,993	
3,304	Kent Fire and Rescue Service		3,426	
11,958	Sevenoaks District Council (incl. Parishes)		12,445	75,700
	Non Domestic Rates:			
30,639	Payment to National Pool		29,914	
175	Cost of Collection Allowance		176	30,090
335	Bad and Doubtful Debts Provision			345
272	- Write Offs			92
-	Contribution towards previous year's Collection Fund surplus	3		-
104,753				106,227
46	(DEFICIT)/SURPLUS FOR YEAR	3		(1)
	COLLECTION FUND BALANCE			
(46)	Balance at beginning of year			-
46	(Deficit)/Surplus for year			(1)
-	Balance at end of year	4		(1)