

CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES

Cabinet – 10 January 2013

Report of the: Deputy Chief Executive & Director of Corporate Resources

Status: For Decision

Also considered by: Council – 19 February 2013

Key Decision: No

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 2013/14 council tax.

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

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager – Financial Services - Mr Adrian Rowbotham

Recommendation: It be RESOLVED that:

- (a) The report of the Deputy Chief Executive & Director of Corporate Resources for the calculation of the Council's tax base for the year 2013/14 be approved;
- (b) pursuant to the report of the Deputy Chief Executive & Director of Corporate Resources 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 2013/14 shall be 47,052.88;
- (c) pursuant to the report of the Deputy Chief Executive & Director of Corporate Resources 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 2013/14 for the calculation of local precepts shall be:

| <u>Parish</u> | <u>Tax Base</u> |
|----------------|-----------------|
| Ash-cum-Ridley | 2,342.51 |
| Brasted | 729.63 |

| | |
|-----------------------------|----------|
| Chevening | 1,427.85 |
| Chiddingstone | 570.29 |
| Cowden | 398.28 |
| Crockenhill | 623.31 |
| Dunton Green | 806.71 |
| Edenbridge | 3,320.50 |
| Eynsford | 893.09 |
| Farningham | 594.73 |
| Fawkham | 269.51 |
| Halstead | 713.52 |
| Hartley | 2,436.35 |
| Hever | 584.92 |
| Hextable | 1,608.47 |
| Horton Kirby & South Darent | 1,239.75 |
| Kemsing | 1,773.07 |
| Knockholt | 601.93 |
| Leigh | 778.76 |
| Otford | 1,647.13 |
| Penshurst | 798.88 |
| Riverhead | 1,200.57 |
| Seal | 1,146.50 |
| Sevenoaks Town | 8,890.62 |
| Sevenoaks Weald | 601.48 |
| Shoreham | 958.50 |
| Sundridge | 887.81 |
| Swanley | 5,103.66 |
| Westerham | 1,892.17 |
| West Kingsdown | 2,212.39 |

- (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.

Reason for recommendations: As part of the tax setting process for 2013/14, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

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 10th September 2012 and occupancy information at 1st October 2012. The tax base for tax setting purposes is based on information available in December 2012. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2013/14. 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 resulting from the Local Government Finance Bill

- 6 The Government's response to the consultation on localising council tax support recognised that the proposed approach to implementing local reduction schemes would have the effect of reducing the council tax base.
- 7 It is intended that amendments to the council tax base regulations will require billing authorities to calculate the council tax base taking into account the reductions to be offered under local council tax reduction schemes.

- 8 Under the existing council tax benefit system, the council tax base is unaffected by the amount of benefit granted, because the billing authority receives reimbursement by way of benefit subsidy.
- 9 However, under the new locally determined council tax reduction schemes, the council tax base will be adjusted where dwellings are in receipt of a reduction awarded under the local scheme. It is for the billing authority to estimate the impact in its area based upon the local scheme it has adopted.
- 10 To arrive at the number of dwellings to be discounted from the tax base as a result of the local council tax reduction scheme, the billing authority needs to estimate the total amount of reductions granted in each band and divide that figure by the estimated council tax bill for that band.
- 11 For example, if the total cash value of reductions for band D is estimated to be £27,000 and the band D council tax bill is £1,350, the estimated number of dwellings to be discounted is 20. This process is repeated for each of the other bands as well as at town/parish level.
- 12 Changes have also been made to council tax discounts and exemptions in respect of second homes and certain empty properties. The Government's proposals are to allow the full council tax to be charged on second homes and to allow the Council to set its own level of discounts and time periods for some types of empty property. In addition, there is a power to levy an 'empty homes premium' on properties that have been empty for over two years.

Detailed Tax Base Calculations

- 13 The previous year's tax base calculation assumed a 99.5% collection rate, which also allowed 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 reduce the collection rate to 99.3% for 2013/14.
- 14 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 2012 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 2012/13 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>2013/14</u> | <u>(5)</u> <u>Tax base</u> <u>2012/13</u> |
|-----------------------------|---|--|---|---|
| Ash-cum-Ridley | 2,359.03 | 0.993 | 2,342.51 | 2,550.68 |
| Brasted | 734.78 | 0.993 | 729.63 | 757.79 |
| Chevening | 1,437.91 | 0.993 | 1,427.85 | 1,459.76 |
| Chiddingstone | 574.31 | 0.993 | 570.29 | 601.38 |

| | | | | |
|---------------------------------|------------------|-------|------------------|------------------|
| Cowden | 401.09 | 0.993 | 398.28 | 422.68 |
| Crockenhill | 627.70 | 0.993 | 623.31 | 704.56 |
| Dunton Green | 812.39 | 0.993 | 806.71 | 908.63 |
| Edenbridge | 3,343.90 | 0.993 | 3,320.50 | 3,651.85 |
| Eynsford | 899.38 | 0.993 | 893.09 | 944.65 |
| Farningham | 598.92 | 0.993 | 594.73 | 636.50 |
| Fawkham | 271.41 | 0.993 | 269.51 | 286.36 |
| Halstead | 718.55 | 0.993 | 713.52 | 780.58 |
| Hartley | 2,453.52 | 0.993 | 2,436.35 | 2,589.29 |
| Hever | 589.04 | 0.993 | 584.92 | 621.48 |
| Hextable | 1,619.81 | 0.993 | 1,608.47 | 1,705.33 |
| Horton Kirby & South Darenth | 1,248.49 | 0.993 | 1,239.75 | 1,379.27 |
| Kemsing | 1,785.57 | 0.993 | 1,773.07 | 1,878.86 |
| Knockholt | 606.18 | 0.993 | 601.93 | 619.39 |
| Leigh | 784.25 | 0.993 | 778.76 | 842.37 |
| Otford | 1,658.74 | 0.993 | 1,647.13 | 1,737.97 |
| Penshurst | 804.52 | 0.993 | 798.88 | 847.24 |
| Riverhead | 1,209.04 | 0.993 | 1,200.57 | 1,241.36 |
| Seal | 1,154.59 | 0.993 | 1,146.50 | 1,237.28 |
| Sevenoaks Town | 8,953.29 | 0.993 | 8,890.62 | 9,282.55 |
| Sevenoaks Weald | 605.72 | 0.993 | 601.48 | 627.15 |
| Shoreham | 965.26 | 0.993 | 958.50 | 1,025.55 |
| Sundridge | 894.07 | 0.993 | 887.81 | 950.23 |
| Swanley | 5,139.64 | 0.993 | 5,103.66 | 6,090.99 |
| Westerham | 1,905.50 | 0.993 | 1,892.17 | 2,072.09 |
| West Kingsdown | 2,227.98 | 0.993 | 2,212.39 | 2,406.21 |
| TOTALS | 47,384.57 | | 47,052.88 | 50,860.03 |

- 15 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

- 16 The County Council and Fire and Rescue Service have advised me of their budget meeting dates for 2013/14. Confirmation of the Police Authority budget meeting date is awaited:

County Council

14th February 2013

Police Authority

To be advised

Fire and Rescue Service

13th February 2013

- 17 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.
- 18 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 2013 or the first working day after this, for the year ending 31st March 2013.
- 19 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 2013/14.
- 20 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.
- 21 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 2012/13. Payment is to be made during 2013/14 on the same dates as precept payments.

Key Implications

Financial

- 22 There are no financial implications.

Community Impact and Outcomes

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

Legal, Human Rights etc.

- 24 None.

Equality Impacts

25

| Consideration of impacts under the Public Sector Equality Duty: | | |
|---|--------|------------------------|
| Question | Answer | Explanation / Evidence |

| 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

- 26 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 2013/14 council tax.

Risk Assessment Statement

- 27 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.

Sources of Information:

Reports from council tax computer system
Returns to DCLG
Correspondence with KCC, Police and Fire Authorities
Collection Fund Accounts.

Contact Officer(s):

Roy Parsons ext. 7204

DR. PAV RAMEWAL

DEPUTY CHIEF EXECUTIVE & DIRECTOR OF CORPORATE RESOURCES

KEY DATES IN THE COUNCIL TAX SETTING PROCESS

- | | | |
|-------|---|--|
| i) | By 12th October 2012 | Notify tax base for grant settlement purposes to Department for Communities & Local Government (DCLG) |
| ii) | During December 2012 | DCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2013/14 |
| iii) | By 31st December 2012 | Issue proposed schedule of payment dates to precepting authorities |
| iv) | By 31st January 2013 | Agree actual schedule of precept payment dates |
| v) | Between 1st December 2012 and 31st January 2013 | Notify tax base for tax setting purposes to KCC, Fire and Police Authorities |
| vi) | On 15th January 2013 | Estimate collection fund surplus or deficit for year and calculate the amount to be shared between SDC, KCC, Fire and Police Authorities (where applicable) |
| vii) | By 22nd January 2013 | Notify KCC, Fire and Police Authorities of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2013/14 (where applicable) |
| viii) | During January and February 2013 | Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request |
| ix) | During February 2013 | DCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR |
| x) | By 1st March 2013 | County, Fire and Police Authorities, Town and Parish Councils issue their precepts |
| xi) | By 11th March 2013 | District sets council tax for 2013/14, taking account of its own budget requirement and those of the precepting authorities |