



Report to Council

27 JANUARY 2010

LEADER
Councillor Stephen Greenhalgh

COUNCIL TAX BASE AND COLLECTION RATE 2010/2011 **Wards All**

This report contains an estimate of the Council Tax collection rate and calculates the Council Tax base for 2010/11.

The Council Tax base will be used in the calculation of the Band D Council Tax undertaken in the Revenue Budget Report for 2010/11.

CONTRIBUTORS

DFCS
ADLDS

Recommendations:

That Council agrees for the 2010-2011 financial year:

**HAS A PEIA BEEN COMPLETED?
YES**

- (i) **That the estimated numbers of properties for each Valuation Band as set out in this report be approved.**
- (ii) **That an estimated Collection rate of 97.5% be approved.**
- (iii) **That the Council Tax Base of 79,052 Band "D" equivalent properties be approved.**

1. BACKGROUND

- 1.1 Under Section 33(1) of the Local Government Finance Act 1992 and the Local Authorities (Calculations of Council Tax Base) Regulations 1992, the Council (as billing authority) is required to calculate its Council Tax Base. This comprises both the estimated numbers of properties within each Valuation band plus the Council's estimate of its collection rate for the coming financial year.
- 1.2 For the current financial year the Council approved a Council tax base of 80,795 Band D equivalent dwellings, and an estimated Collection Rate of 98.0%, which resulted in a tax base of 79,179.
- 1.3 Under Section 11A of the Local Government Finance Act 1992 and the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 the Council has reduced discounts for Second Homes and Long Term Empty properties.
- 1.4 For 2005/06 and subsequent years until revoked, the Council approved discount reductions on Second Homes from 50% to 10% and on Long Term Empty properties from 50% to 0%.

2. PURPOSE

- 2.1 The purpose of the report is to make recommendations to Council on the estimated Collection Rate and Council Tax Base for 2010/11.

3. DISCOUNTS

3.1 Second Homes

3.1.1 There are some 2,109 second homes in the borough. The reduction in discount from 50% to 10%, will add an additional 993 Band "D" equivalents to the taxbase for 2010/11.

3.1.2 Based upon 2009/10 Council Tax levels, this reduction in the discount will generate income to the Council of £0.83m. Such additional income will directly benefit the Council and is allowed for within our Medium Term Financial Strategy. Our preceptor, the GLA, will also benefit from the reduction in the discount.

3.2 Long Term Empty Properties

3.2.1 There are some 818 long-term empty properties and these have been reflected in the CTB1 return, which the Council provided to the DCLG on 16 October 2009. The net impact of the reduction in the discount on long term empty properties from 50% to nil, is to add an additional 460 Band D equivalents to the taxbase.

3.2.2 Based upon 2009/10 Council Tax levels this will generate additional income of £0.39m. Unlike the income generated from the reduction in the second homes discount, the Government considers that such additional Council Tax income should not directly benefit the Council. Accordingly, it is taken account of within the Formula (RSG) Grant process. The Government suggests that any decision regarding the long term empty property discount rate should be made for housing, rather than financial, reasons.

4. VALUATION BAND PROPERTIES

- 4.1 The latest information on the number of properties within each valuation band is contained within a return (CTB1), which the Council provided to the DCLG on 16 October 2009.
- 4.2 This return reflected the actual number of properties shown in the Valuation List as at 14 September 2009 and the Council's records as at 5 October 2009.
- 4.3 A detailed analysis of the properties in each valuation band can be summarised as follows. There are a total of 81,140 dwellings on the list with some 32,429 properties estimated to receive a sole occupier discount. The total Band "D" equivalent is approximately 80,525 properties.

Band	Band Size	Total Dwellings	Total after Discounts, Exemptions and Disabled Relief	Ratio	Band "D" Equivalents
	Band A disabled relief	0	0.00	5/9	0.0
A	Values not exceeding £40,000	3,136	2,509.00	6/9	1,672.7
B	Values exceeding £40,000 but not exceeding £52,000	5,473	4,366.00	7/9	3,395.8
C	Values exceeding £52,000 but not exceeding £68,000	13,784	10,985.75	8/9	9,765.1
D	Values exceeding £68,000 but not exceeding £88,000	23,059	19,462.00	9/9	19,462.0
E	Values exceeding £88,000 but not exceeding £120,000	14,385	12,550.50	11/9	15,339.5

Band	Band Size	Total Dwellings	Total after Discounts, Exemptions and Disabled Relief	Ratio	Band "D" Equivalents
F	Values exceeding £120,000 but not exceeding £160,000	8,834	7,853.50	13/9	11,343.9
G	Values exceeding £160,000 but not exceeding £320,000	10,485	9,525.25	15/9	15,875.4
H	Values exceeding £320,000	1,984	1,835.50	18/9	3671.0
		81,140	69088		80,525.4

5. ADJUSTMENTS TO THE VALUATION LIST

5.1 The above table shows the valuation band position at 14 September 2009 but the Council is also required to take into account likely changes during the financial year 2010-2011. The following potential adjustments need to be considered:

(i) New Properties

There are likely to be a number of new properties, conversions etc. added to the valuation list at some point during the year. There are approximately 590 units currently under construction on various sites in the borough that will be added to the tax base sometime during 2010/11. It is estimated after allowing for different completion dates that this will equate to an additional 361 Band 'D' equivalents.

(ii) Banding Appeals

There have been over 9,000 appeals lodged with the valuation office in respect of initial Council Tax bandings. There are now only a small number unsettled so it is not proposed to make any adjustments for these.

(iii) Second Homes

The effect of reducing the discount for second homes from 50% to 10% from 1 April 2010, would add a further 993 Band "D" equivalents as outlined in section 3.1.

(iv) Student Exemptions

Dwellings wholly occupied by students are exempt from Council Tax. The projected Council Tax base needs to be adjusted to allow for students that have yet to prove their exemption for the new academic year. It is estimated that an adjustment of 800 Band "D" equivalents is required.

5.2 The Council is required to set its Tax Base on the total of the relevant amounts for the year for each of the valuation bands shown or is likely to be shown for any day in the year in the authority's valuation list.

5.3 Taking into account the latest information from the CTB1 return to the DCLG and the proposed adjustments, the Cabinet is requested to approve the estimated numbers of properties for each valuation band as set out in the following table:

5.4

Band	Band "D" Equivalent	Adjustments for New Properties	Adjustments for second homes discount	Adjustments for student exemptions	Revised Band "D" Equivalents
A	1,672.7	0	22	-20	1,675
B	3,395.8	18	31	-15	3,430
C	9,765.1	35	102	-103	9,799
D	19,462.0	169	249	-263	19,617
E	15,339.5	38	210	-187	15,400
F	11,343.9	9	139	-134	11,358
G	15,875.4	70	186	-72	16,059
H	3,671.0	22	54	-6	3,741
	80,525.4	361	993	-800	81,079

6. COLLECTION RATE

6.1 The Council is also required to estimate its Collection Rate for 2010/11 at the same time as arriving at the estimated number of properties within the Tax Base. In arriving at a percentage Collection Rate for 2010/11, the Council should take into account the likely sum to be collected, previous collection experience and any other relevant factors.

6.2 The actual sum to be collected from local Council Tax payers cannot be finally determined until, the preceptors' requirements are known and the Council has approved its budget. The Council therefore has to make an estimate of the sums to be collected locally, making estimated allowance for sums from Council Tax Benefits and write-offs/non-collection.

6.3 The actual collection rate for 2009/10 achieved to mid November 2009 is 68.7% comprising cash collection of £52.1m and Council Tax benefit of £17.0m. It is estimated that a further £20.4m (26.9%) will need to be collected by 31 March 2010 and £1.8m (2.4%) thereafter.

- 6.4 Collection performance has been calculated in order to comply with Best Value performance indicator calculations. The collection rate was increased from 97.5% to 98.0% for 2008/09, due to improved collection performance, and continued for 2009/10. However the latest calculations indicate that this level of collection can not be continued for 2010/11, due to the effects of the recession. Collection rates are 0.5% lower compared with 2007/08 and it is suggested that the collection rate for 2010/11 be reduced back to 97.5%.

7. THE TAX BASE

- 7.1 Under Section 33(1) of the Local Government Finance Act 1992 and the Regulations, the Council's tax base is calculated by multiplying the estimated number of Band "D" equivalents by the estimated collection rate.
- 7.2 Based on the number of Band "D" equivalents in the table in paragraph 5.4 above and the estimated collection rate in paragraph 6.4 above, the calculation is as follows:-

(Band D equivalents) x (Collection Rate) = (Tax Base)			
81,079	x	97.5%	= 79,052

8. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 8.1 The tax base is set by 31 January each year, as outlined in the Local Government Finance Act 1992. It is used within the overall Council Tax and budget setting process, due to be reported to Budget Council on 24 February 2010.
- 8.2 The proposed Council Taxbase for 2010/11 of 79,052 is 147 band D equivalents lower than the 79,179 agreed for 2009/10. This will result in a net reduction in forecast 2010/11 Council Tax income, for the Council, of £0.119m. The reduction is due to a lower assumed collection rate and reflects the impact of the recession on collection performance.

9. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL & DEMOCRATIC SERVICES)

- 9.1 The Council is under a statutory duty to set the Council Tax for the forthcoming financial year and to make a budget. This report forms part of that process. The Council is obliged, when making its budget, to act reasonably and in accordance with its statutory duties, the rules of public law and its general duty to Council Tax payers.
- 9.2 The basic amount of Council Tax must be calculated in accordance with Section 31(1) of the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

- 9.3 The Council Tax base has been calculated in accordance with the Act and the Regulations. Reducing the estimated collection rate to 97.5% is a reasonable and realistic estimate.
- 9.4 Regulations under the Local Government Act 2003 allow the Council to reduce Council Tax discount for dwellings that are not the sole or main residence of an individual and which are furnished (second homes) to a minimum of 10%. The regulations also allow the Council to reduce Council Tax discount for dwellings that are unoccupied and substantially unfurnished for more than six months (long term empty properties) to zero.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Local Government Finance Act 1992	A. Lord Ext. 2531	6 th Floor Town Hall Extension
2.	DCLG Return CTB1 (October 2009)	S. Barrett Ext. 1053	2 nd Floor Town Hall Extension
3.	Taxbase Adjustment Calculations	S. Barrett Ext. 1053	2 nd Floor Town Hall Extension
4.	Collection Rate Statistics	S. Barrett Ext. 1053	2 nd Floor Town Hall Extension