

CABINET
17 DECEMBER 2013

COUNCIL TAX BASE 2014/2015

Executive Summary

The Council is required to approve its Council Tax Base annually, in accordance with the Local Government Finance Act 1992 and The Local Authorities (Calculation of Council Tax Base) Regulations 1992.

The Council Tax Base 2014/2015 has to be notified to major precepting authorities by 31 January 2014. These are the Police, Wiltshire Fire and Rescue Authority and the Town and Parish Councils.

Proposal

For Cabinet to

- Consider and approve the Council Tax Base 2014/2015.
- Note that the recommended overall collection rate remains at 99.50% which reflects current expectations for collection.

Reason for Proposal

Before the Council Tax can be set by the Council in February 2014 a calculation has to be made and approved of the Council Tax Base, which is an annual requirement as laid out in the Local Government Act.

Michael Hudson
Associate Director Finance

COUNCIL TAX BASE 2014/2015

Purpose of Report

1. To ensure that the Council Tax Base for 2014/2015 is approved by Cabinet.

Background

2. The Council Tax Base is the taxable capacity of an area (e.g. Wiltshire) or part of an area (e.g. a Parish/Town Council).
3. The Council Tax Base 2014/2015 has to be notified to major precepting authorities by 31 January 2014. These are the Police, Wiltshire Fire and Rescue Authority and the Town and Parish Councils.

Council Tax Base Calculation

4. This is a two stage process:

Completion of CTB1 Form to Central Government

5. The starting point for the calculation is the list of properties and their tax band as at 9 September 2013 which has been supplied to the Council by the external Valuation Office, which is part of the Inland Revenue.
6. The list is broken down into Town and Parish order and then adjusted to allow for the following information, for each band, which it holds on 7 October 2013:
 - Properties which will be entirely exempt so no tax is payable e.g. those occupied entirely by students.
 - Properties which will attract a 25% reduction e.g. those with a single adult occupier.
 - Properties which will attract a 50% reduction e.g. those where all of the adult residents qualify for a reduction (certain Care Homes for example).
 - Properties which will be treated as being in a lower band because they have been adapted for a severely disabled person.

- Properties which will be on the valuation list but which attract discounts or disablement relief or are exempt, for only part of the year.
7. This results in an estimate of the number of full year equivalents within each band.
 8. Each band is then converted into "band D equivalents" by applying the factor laid down by legislation.

| | | | | | | | | |
|--------------|-----|-----|-----|-----|------|------|------|------|
| Band | A | B | C | D | E | F | G | H |
| Ratio | 6/9 | 7/9 | 8/9 | 9/9 | 11/9 | 13/9 | 15/9 | 18/9 |

(For example, a band A property is multiplied by 6 and divided by 9 to arrive at the "band D equivalent" figure, whilst a band H property is multiplied by 2. All these are then added together to give a total of "band D equivalents").

9. The total is then adjusted in respect of class O exempt dwellings (MOD properties).
10. This final figure provides a tax base that is submitted to Central Government and is used to calculate the Settlement Fund Assessment (the funding received from Central Government).

Adjusting CTB1 Tax Base to set Council Tax Base for 2014/2015

11. Additions are made to the tax base for estimates of newly built and occupied properties in 2014/2015 and the remaining part of 2013/2014.
12. Adjustment must also be made to reflect the differences in the assumed levels of discounts for second homes and long term empty properties by the CTB1 form and the fact that Wiltshire Council has removed second home discounts and reduced the discount for long term empty properties.
13. Reductions are then made in respect of the local Council Tax Reductions scheme.
14. The Council is then required to decide what its collection rate is likely to be and multiply its relevant tax base by this percentage to give its Council Tax Base. In 2013/2014 the Council set its collection rate at 99.50% with an adjusted collection rate of 75% for only those households that were expected to contribute an additional 20% towards their 2013/2014 Council Tax following the localisation of Council Tax Support arrangements from 1 April 2013. For 2014/2015 this report recommends that it is prudent to retain the overall collection rate at 99.50% as this reflects current expectations for collection. However, an adjustment to the collection rate for only those households that are now expected to contribute an additional 20% towards their Council Tax has been deemed prudent as a result of in year monitoring of 2013/2014 collection rates to date. The collection rate for these households only has been set at 80%.

15. The following table summarises the calculation:

| | Wiltshire Council Taxbase (Number of band D Equivalent Properties) |
|--|---|
| Approved Council Tax Base 2013/2014 | 164,575.59 |
| Council Tax Base 2014/2015: | |
| Council Tax Base per CTB1 Form (as at 18 October 2013) | 182,566.50 |
| Adjustment for New Builds | 1,293.60 |
| Adjustment for Second Homes/Long Term Empty Properties | 2,093.20 |
| Adjustment for Council Tax Support | (16,393.15) |
| Adjustment for Collection Rate | (2,225.68) |
| Council Tax Base 2014/2015 | 167,334.47 |

16. To calculate the Council Tax for the Council, the Council Tax Base is divided into the Council's budget requirement. This will be finalised during January and February, culminating in the Council Tax being set by Council on 25 February 2014. This date is subject to the Council being notified of the major precepting requirements.
17. An estimate of the surplus or deficit on the Council Tax Collection Fund has to be made, by law, on or before 15 January 2014. Council Tax surplus or deficits will be credited or charged to Wiltshire Council, the Police and the Fire and Rescue Authority in proportion to their precepts, and will be taken into account in setting the 2014/2015 Revenue Budget and Council Tax levels.
18. The Council Tax Base 2014/2015 for the whole of Wiltshire broken down for each Town and Parish is set out in Appendix A. The Council Tax Base for Wiltshire for 2014/2015 is 167,334.47 band D equivalent properties (164,575.59 in 2013/2014).

Main Considerations for the Council

19. The calculation of the Council Tax Base for the year 2014/2015 has to be approved.
20. The Chief Finance Officer is given delegated authority to determine the estimated Collection Fund balance as at 31 March 2014 by 15 January 2014.

Risk Assessment

21. There is a low risk that the Council has overestimated the number of band D properties. However assumptions on new builds and their occupation are prudent and controls are in place to ensure large variations are investigated.
22. There is a low risk that the actual collection rate of Council Tax due is less than the anticipated level because of the current economic conditions. This risk has been assessed within this report has been reflected in the light of previous experience.

Equalities and diversity impact of the proposals

23. None have been identified as arising directly from this report.

Financial Implications

24. The financial implications are outlined in the report.
25. The Council Tax Base is used to calculate the level of Council Tax for the financial year 2014/2015.

Legal Implications

26. The legal implications are outlined in the executive summary of the report.

Public Health Implications

27. None have been identified as arising directly from this report.

Environmental Implications

28. None have been identified as arising directly from this report.

Safeguarding Implications

29. None have been identified as arising directly from this report.

Assumptions

30. Assumptions assessed were as follows:
- a. Determination of number of band D properties (equivalent).
 - b. Estimation of new property completions.
 - c. Variation in discounts awarded and property exemptions.
 - d. Assumption on the level of MOD contribution based on occupancy.
 - e. Estimation of number of band D properties (equivalent) in respect of second homes and long term empty properties to add back into the Council Tax Base
 - f. Estimation of number of band D properties (equivalent) receiving Council Tax Support to reduce from the Council Tax Base
 - g. Consideration on effect of varying levels of collection rate.

Options Considered

31. The setting of the Council Tax Base is not optional, it is a legal requirement.

Conclusions

32. Having taken all of the above into account, the Council Tax Base for 2014/2015 be approved and set as 167,334.47 band D equivalent properties.

Michael Hudson
Associate Director Finance

Report Author: Stuart Donnelly

Date of report: 14 November 2013

Background Papers

The following unpublished documents have been relied on in the preparation of this report: None

Appendices

Appendix A – Council Tax Base for Wiltshire Council 2014/2015
