

Wiltshire Council

Cabinet

18 December 2012

Subject: Council Tax Base 2013-2014

Cabinet Member: Councillor John Brady – Finance, Performance & Risk

Key Decision: No

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 2013-2014 has to be notified to major precepting authorities by 31 January 2013. Each Parish and Town council is also notified of the figure for its area.

Proposal

For Cabinet to consider and approve the Council Tax Base 2013-2014; and approve in principle, subject to any further announcements, regulations or guidance, a new local grant arrangement as set out under the Government's published response to the outcome of its consultation on providing certainty for local precepting authorities funding.

Reason for Proposal

Before the Council Tax can be set by the Council in February 2013 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.

In addition, under new guidance to account for coalition's imposed changes to Wiltshire's tax base arising from a need to introduce a new local Council Tax Support Scheme, the Council is required to agree a local arrangement with local precepting authorities to pass down funding to these bodies to ensure they do not suffer financial loss from the unintended consequences of this new scheme.

Michael Hudson
Service Director Finance

Wiltshire Council

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18 December 2012

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Key Decision: No

Purpose of Report

1. To ensure that the Council Tax Base for 2013-2014 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 has to approve its Council Tax Base annually and notify any precepting authorities e.g. police authority before 31 January 2013. Parish and Town Councils will also be notified of the tax base for their area.
4. The Coalition Government decided that from April 2013, Council Tax support (formerly Council Tax Benefit) will take the form of Council Tax reductions which will have the effect of reducing the Council Tax Base.
5. Central Government will provide billing and major precepting authorities directly with Localising Council Tax Support funding which will offset the majority of the funding lost through the reduction in the Council Tax Base.
6. Central Government has no mechanism with which to provide direct funding to local precepting authorities. As such, Central Government will provide the funding attributable to local precepting authorities to billing authorities (Wiltshire Council). The Government has published provisional funding allocations, setting out how much funding might be attributable to the local precepting authorities, based on its share of council tax in the billing authority area. The billing authority is then expected to pass funding down to the Local Precepting Authorities in order to offset some or all of the funding lost through reduction in the Council Tax Base, however in line with the localism agenda there is no legislative duty to do so nor is any amount prescribed. It is down to the billing authority to agree funding arrangements with its local precepting authorities.

7. Wiltshire Council's Local Council Tax Support Scheme, approved by Members on 13 November 2012, and was designed to offset the remainder of the funding lost through the reduction in the Council Tax Base. The guidance and regulations to bring this into law were later issued and laid before Parliament respectively on 27th November 2013. This has required changes to the way we had considered passing funding to Parish and Town Councils.
8. Given the lack of any mechanism to fund Parish / Town Councils direct it is proposed that officers work with representatives of these bodies to design a local scheme. It is estimated that to ensure no impact of Wiltshire's local Council Tax Support scheme will cost £1.4 million. It is noted that the indicative grant reported as allocated by the coalition for this is only £1.1 million. Officers will pursue further funding support from DCLG. The Council will undertake if this is not forthcoming to make up this shortfall in 2013/14, and will work with its Parish and Town Council partners during 2013 to design a new local scheme that addresses the limitations of the coalitions guidance and support.

Council Tax Base Calculation

9. This is essentially a two stage process:

Completion of CTB1 Form to Central Government

10. The starting point for the calculation is the list of properties and their tax band as at 10 September 2012 which has been supplied to the Council by the external Valuation Officer.
11. 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 1 October 2012:
 - 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.
 - Properties which will be treated as being in a lower band because they have been adapted for a severely disabled person. The regulations have been amended to take account of the reduction available to those in band A properties.
 - Properties which will be on the valuation list but which attract discounts or disablement relief or are exempt, for only part of the year.
12. This results in an estimate of the number of full year equivalents within each band.

13. Each band is then converted into "band D equivalents" by applying the factor laid down by legislation. 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".
14. The total is then adjusted in respect of class O exempt dwellings (MOD properties). This figure provides a tax base that is submitted to Central Government and is used for formula grant purposes.

Adjusting CTB1 Tax Base to set Council Tax Base for 2013/2014

15. Additions are made for estimates of new property completions in 2013-2014 and the remaining part of 2012-2013.
16. Additions are made to reflect the differences in the levels of discounts for Second Homes and Long Term Empty Properties between those assumed by the CTB1 form and those actually offered by Wiltshire Council.
17. Reductions are then made in respect of Council Tax Support. As discussed in paragraph 7, these reductions do not impact upon the Council Tax Base for Parish/Town Councils.
18. 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 2011-2012 the Council set its collection rate at 99.25%. When setting the 2012-2013 collection rate the Council felt it was prudent to increase its collection back rate to 99.50%, as it had been in 2010-2011. For 2013-2014 the Council feels that it is prudent to retain the collection rate at 99.50% as this reflects current expectations for collection. However, an adjustment has been deemed prudent for those households impacted by the changes made as part of localising Council Tax support. These households are expected to contribute an additional 20% towards their Council Tax in 2013-2014 and as such the Council feels that it is prudent to set a collection rate of 75% for these households only.
19. The following table helps summarise the calculation:

	Wiltshire Council Taxbase (Number of Band D Equivalent Properties)
Approved Council Tax Base 2012-2013	181,007.02
Council Tax Base 2013-2014:	
Council Tax Base per CTB1 Form (as at 3 October 2012)	182,214.07

Adjustment for New Builds	702.00
Adjustment for Second Homes/Long Term Empty Properties	1,621.44
Adjustment for Council Tax Support	(17,818.84)
Adjustment for Collection Rate	(2,143.08)
Council Tax Base 2013-2014	164,575.59

20. 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 26 February 2013. This date is subject to the Council being notified of the major precepting requirements.
21. An estimate of the surplus or deficit on the Council Tax Collection Fund has to be made, by law, on or before 15 January 2013. Council Tax surplus or deficits will be credited or charged to Wiltshire Council, Wiltshire Police Authority and Wiltshire Fire Authority in proportion to their precepts, and will be taken into account in setting the 2013-2014 Revenue Budget and Council Tax levels.
22. The Council Tax Base 2013-2014 for the whole of Wiltshire broken down for each Town and Parish is set out in Appendix 1. The Council Tax Base for Wiltshire for 2013-2014 is 164,575.59 band D equivalent properties (181,007.02 in 2012-2013).

Main Considerations for the Council

23. The calculation of the Council Tax Base for the year 2013-2014 has to be approved.
24. The Chief Finance Officer is given delegated authority to determine the estimated Collection Fund balance as at 31 March 2013 by 15 January 2013.

Environmental Impact of the Proposal

25. None

Equalities Impact of the Proposal

26. None

Risk Assessment

27. There is a low risk that the Council has overestimated the number of Band D properties as controls are in place to ensure large variations are investigated and assumptions around new builds are prudent.
28. There is a low risk that the actual collection rate of Council Tax due is lower than the anticipated level because of the current economic conditions. This risk has been assessed and as per paragraph 17 has been reflected in the assumptions.
29. In either situation, this could lead to a deficit on the Collection Fund which would result in additional funds having to be added in the following financial year.

Financial Implications

30. The financial implications are outlined in the report.
31. The Council Tax Base is used to calculate the level of Council Tax for the financial year 2013-2014.

Legal Implications

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

Options Considered

33. Assumptions assessed were as follows:
 - a. Determination of number of Band D properties (equivalent).
 - b. Estimation of new property completions.
 - c. Variation in discounts payable 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.

Conclusions

34. Having taken all of the above into account, the Council Tax Base for 2013-2014 be approved and set as 164,575.59 Band D equivalent properties.
35. In principle the Council subject to any further guidance or regulation changes, also is in support of a local grant scheme to ensure no Wiltshire Parish or Town Council suffers any financial loss in setting its precept for 2013/14 as a result of the introduction of the new local Council Tax Support

scheme. The final workings of the local grant will be finalised by officers in conjunction with representatives of the Parish and Town Councils and members will be updated as part of the budget setting report in February 2013.

Michael Hudson
Service Director Finance

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Date of report: 29 November 2012

Background Papers

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

Appendices

Appendix 1 – Council Tax Base for Wiltshire Council 2013-2014
