

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 18

meeting date: 20 NOVEMBER 2012
title: COUNCIL TAX BASE 2013/14
submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

- 1.1 To inform members of the latest position regarding the calculation of the council taxbase for the next financial year i.e. 2013/14.
- 1.2 Relevance to the Council's ambitions and priorities:
 - The Council has a statutory duty to set its tax base. The revenue raised from council tax is used to finance the Council's priorities, objectives and ambitions.

2 BACKGROUND

- 2.1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the council tax base regulations), 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.
- 2.2 The council tax base is the 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 major precepting authority's band D council tax.
- 2.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 2.4 The relevant amounts are calculated as
 - number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those dwellings

3 TAXBASE 2013/14

- 3.1 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.
- 3.2 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.
- 3.3 The number of dwellings to which council tax is chargeable in an area or part of an area is normally calculated by the billing authority and represent the estimated number of dwellings in each valuation band to which council tax will be charged, after allowing for discounts (for example - such as single person discount).

- 3.4 The current legislation requires the existing discounts and reductions to be taken into account as percentage reductions to the council tax base. For example, if there are four dwellings each occupied by a single person in receipt of 25 per cent single person discount, they would be represented as 1 dwelling removed from the council tax base (4×0.25 (single person discount) = 1). The billing authority will, in effect, receive the equivalent of full council tax liability from 3 of the 4 dwellings.
- 3.5 Under the existing council tax benefit system, the council tax base is unaffected by changes in council tax benefit granted, because the billing authority receives payment for element of the liability eligible to be covered by council tax benefit.
- 3.6 However, under the new local council tax reduction schemes, the council tax base will be affected by whether persons living in a dwelling within an authority area are in receipt of a council tax reduction awarded under the scheme, as the billing authority will be foregoing council tax income from those dwellings.
- 3.7 These local council tax reductions will need to be reflected in the calculation of the council tax base, in order to calculate the correct amount of band D council tax for the billing or major precepting authority area.
- 3.8 The Government are well aware of the impact on local precepting authorities (parishes) of localising council tax support and it is likely that purely for precepting purposes the tax base will disregard the impact of this.

4 REGULATORY PROPOSALS

- 4.1 Government intends to amend the calculation under regulation 5AA of the council tax base regulations to allow for an adjustment for the council tax reduction schemes (under section 13A of the Local Government Finance Act 1992, as inserted by the Local Government Finance Bill).
- 4.2 This amendment will not set out the underlying calculation and it will be up to each billing authority to estimate the impact in their area based upon the local schemes they will have adopted.
- 4.3 For example, to arrive at the total value number of dwellings to be removed from the council tax base as a result of local council tax reduction schemes a billing authority may need for the following year to:
- estimate the total amount of reductions granted in each band; and
 - divide that figure by the estimated council tax bill for the band.
- 4.4 For example: if the total cash value reductions for band D is estimated by the billing authority at £27,000 and the band D council tax bill is estimated to be £1,350, the estimated number of dwellings removed from the council tax base would be:

$$27000 / 1350 = 20 \text{ dwellings}$$

5 NEXT STEPS –TIMETABLE FOR AMENDMENTS

- 5.1 The Government have issued draft regulations for consultation which they intend to come into force by 30 November 2012 to ensure the council tax base setting process is not affected.
- 5.2 Subject to the outcome of this consultation, further amendments will be made to the draft statutory instrument.

5.3 The Government will look to amend sections 34 and 45 of the 1992 Act to give the flexibility required for the proposals.

6 ADDITIONAL PROPOSED AMENDMENTS

6.1 The Government has recently consulted separately on possible further changes to the Council Tax Base Regulations in respect of the empty home premium under new powers in Local Government Finance Bill.

6.2 It is intended the result of that consultation will inform whether further amendments to the Council Tax Base Regulations are needed. Any amendments will be made to the draft statutory instrument and will be laid to ensure the statutory instrument is in force by 30 November 2012.

7 CONCLUSION

7.1 Until the Government publishes the statutory instrument setting out the new council tax base regulations we cannot determine our calculation for 2013/14.

7.2 One important element of the new tax base will be the discount for council tax support which must be agreed by 31 January 2013.

DIRECTOR OF RESOURCES

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