

Title: Council Tax base for 2018/19

Report authorised by: Clive Heaphy, s151 Officer

Lead Officer: Oladapo Shonola, Lead Officer - Budget/MTFS

Ward(s) affected: All
Report for Key/

Non Key Decision: Key decision

1. Describe the issue under consideration

1.1. This report sets out the recommended Council Tax Base for 2018/19. Regulations require the council tax base to be set by 31st January, each year.

2. Cabinet Member Introduction

2.1. The determination of the council tax base is an important element of the Council's budget setting process. This is because, it is the estimated base that is multiplied by the average council tax amount to derive the amount of council/precept that the Council will collect in 2018/19.

2.2. A key element of the council tax base calculation is the projected collection rate. The collection rate for 2018/19 has been set at 96.25% which equates to a 0.75% increase from the rate in 2017/18.

2.3. The Council has also experienced some growth in its council tax base due to new homes being built and a reduction in the number of residents claiming council tax support under the Council Tax Reduction Scheme (CTRS) – there is no change to the CTRS in 2018/19. The growth this year is anticipated to be 1180 properties at Band D average rate compared to last financial year generating additional income of approximately £1.5m.

3. Recommendations

3.1. CAB to note:

- the London Borough of Haringey's tax base as **77,093** for the year 2018/19 in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, detailed in Statutory Instrument 2012:2914 which came into force on 30th November 2012.
- the assumed collection rate of 96.25% for 2018/19.

4. Reason for Decision

- 4.1. The Council is required to set its council tax base by the 31st January each year. The Council has delegated the decision for setting the council tax base to the s151 officer in consultation with the cabinet member for Finance & Health and CAB.
- 4.2. Setting the council tax base is a statutory requirement and a fundamental part of the revenue budget and council tax setting process. It represents a measure of the taxable capacity of the area and when multiplied by the band D council tax rate indicates the Council's tax generating potential for that year.

5. Alternative options considered

- 5.1. No alternatives were considered as this is a statutory requirement.

6. Background information

- 6.1. The Council as Billing Authority is required to calculate the tax base for the Borough in order for it to calculate its own council tax but is also required to notify this figure by 31st January each year to any major precepting authority (the Greater London Authority) as well as any levying body (Environment Agency, Lee Valley Regional Park Authority, North London Waste Authority, London Pension Fund Authority, and Financial Reporting Council) in order for them to calculate and set their own budgets and determine the level of precept / levy to be made to Haringey.
- 6.2. The calculation of the council tax base is prescribed by regulations. It is the aggregate of estimated number of properties in each valuation band each year, subsequently adjusted to take account of the estimated number of discounts, disregards and exemptions which are likely to apply and any estimated increase / decrease in the list in the forthcoming year. The Council levies council tax on the basis of properties in band D and thus the numbers for each valuation band are adjusted to the proportion which their number is to band D; these proportions are set out in statute. Finally, the council must estimate its rate of council tax collection for the year and apply this figure to arrive at the council tax base figure.
- 6.3. The calculation above sets the tax base and not the council tax amount itself which is due to be set on 26th February 2018 at Full Council.
- 6.4. The calculation of the tax base recommended in this report takes into account the agreement by Full Council on 4th December 2017 not to revise the Council Tax Reduction Scheme (CTRS) from April 2017 and to continue to operate the scheme originally agreed in January 2013.

7. Calculation of the Billing Authority's Council Tax base

7.1. The calculation is in two parts; 'A' (the Relevant Amount), which is the calculation of the estimated adjusted band D properties, and 'B', the estimated level of collection.

Relevant Amount

7.2. The calculation of 'A' – the relevant amounts for each band is complex and includes a number of calculations which are shown in detail in Appendices 1 & 2. The resultant relevant number of properties per band is summarised in the table below:

Band	Relevant Amount (i.e. number of dwellings)
A	2,891
B	9,117
C	21,692
D	19,992
E	10,848
F	6,854
G	7,341
H	1,362
TOTAL	80,096

7.3. The relevant amount has increased by 1180 over the original 2017/18 assumptions. This is predominately due to the combined effect of an increase in dwellings achieved during 2017/18 and a reduction in estimated numbers claiming support under the CTRS (the latter which increases the base), and an assumed further increase in dwellings in 2018/19 from planned new homes.

Collection Rate

7.4. The collection rate (B) is the council's estimate of the proportion of the overall council tax collectable for the year that will ultimately be collected. This is expressed as a percentage.

7.5. In arriving at a decision on the collection rate a number of factors need to be taken into account which includes:

- Appeals against valuation
- The mobility of the local population, particularly in the private rented sector
- The level and timeliness of information available when properties are sold, or let *and*
- The customer's ability to pay

7.6. For 2018/19 collection rates are forecast to be close to 96.25%.

Council Tax Base

7.7. The tax base is calculated by applying the following formula:

$$A \times B = T$$

Where:

A is the total amount of the relevant amounts for that year

B is the authority's estimate of its collection rate for that year.

T is the calculated tax base for that year

7.8. In accordance with the requirements of the regulations and following the calculations in Appendix 1 to this report and above, the calculation of the Council Tax Base (T) for the London Borough of Haringey in 2018/19 is as follows:

	2018/19
Total of relevant amounts (A)	80,096
X	
Collection Rate (B)	96.25%
Council Tax Base (T)	77,093

8. Contribution to Strategic Outcomes

8.1. The calculation of the council tax base is prescribed in law. Whilst the council tax base may have some impact on the Council's ability to generate revenue and therefore assist with delivery of corporate goal, the Council needs to adhere to the prescribed technical calculation set out by law in deriving its council tax base.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Chief Finance Officer's Comments

9.1. The council tax bases set out in this report and any projected surplus/deficit on the council tax collection fund as at 31 March 2018 will be used to set the council tax amount for 2018/19 that will be recommended to Full Council on 26th February 2018.

Assistant Director of Corporate Governance's Comments

9.2. Article 4, part 2, section 4.01 of the Council's constitution delegates the decision on setting the council tax to the s151 officer in consultation with CAB and the Cabinet Member for Finance and Health.

- 9.3. The Local Government Finance Act 1992 requires the Council to calculate its council tax base by the 31st January in calculating the council tax amount due in the following financial year and to also notify all precepting/levying bodies of its council tax base.

Equality Comments

- 9.4. There are no equality comments directly arising from the setting of the council tax base.

10. Use of Appendices

- 10.1. Appendix 1 & 2 – Calculation of the estimated adjusted band D properties for the London Borough Haringey 2018/19.

11. Local Government (Access to Information) Act 1985

- 11.1. For access to the background papers or any further information please contact Oladapo Shonola, Lead Officer – Budget/MTFS.

Calculation of the Billing Authority's Tax Base

- 1 Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (S.I. 1992 No.612) and amended by (S.I. 2012 No. 2914) states that a Billing Authority's Council Tax Base for a financial year shall be calculated by applying the formula –

'A' x 'B'

Where 'A' is the total of the relevant amounts for each of the Valuation Bands which are shown or likely to be shown in the Authority's Valuation list as at 30 November in the year prior to the year in question, adjusted for estimated discounts, exemptions, disregards, increases / decreases; and where 'B' is the Authority's estimate of its collection rate for that year.

- 2 The Regulations state that item '**A**' should be calculated by applying the following formula:

$$((H - Q + E + J) - Z (F / G) \text{ where}$$

H is the number of chargeable dwellings in that band

Q is a factor to take account of the discounts of council tax payable. It is calculated as $Q = (R \times S)$

R is the number of discounts estimated to be payable in respect of these dwellings

S is the percentage relating to each discount classification

E is a factor to take account of any premiums to be added to the Council tax base

J is the amount of any adjustment in respect of changes in the number of chargeable dwellings, discounts or premiums calculated by the authority in accordance with paragraph 7 due to factors such as:

- (a) New properties and properties being banded
- (b) Variations in number of exempt properties
- (c) Successful Appeal against bandings
- (d) Variations in the number of discounts

Z is the total amount that the authority estimates will be applied in relation to the authority's council tax reduction scheme in relation to the band, expressed as an equivalent number of chargeable dwellings in that band.

F is the relevant prescribed proportion of council tax to be paid for each dwelling in that band.

G is the relevant prescribed proportion of council tax to be paid for Band D

- 3 Appendix 2 sets out the detailed calculations for **A** for the London Borough of Haringey but the summary is set out below:-

APPENDIX 1

Calculation Item	Disabled Band A	A	B	C	D	E	F	G	H	2018/19 Total
H	-1	7,784	18,568	33,231	25,856	10,774	5,337	4,624	701	106,874
Q	0	-1102	-2394	-2982	-1643	-568	-221	-139	-18	-9,067
E	0	15	21	14.5	17	6	2	2	2	80
J	0	0	0	0	0	0	0	0	0	0
(H-Q+E+J)	-1	6,697	16,195	30,264	24,231	10,212	5,118	4,487	685	97,887
Z	-1	-2360	-4473	-5860	-4239	-1337	-373	-82	-4	-18,729
(H-Q+E+J) - Z	-2	4337	11722	24404	19992	8875	4745	4405	681	79,158
F/G		1	1	1	1	1	1	2	2	
((H-Q+E+J) - Z) x (F/G)	0	2891	9117	21692	19992	10848	6854	7341	1362	80,096

The table below compares the 2018/19 calculations with those for 2017/18 and highlights where the biggest changes are estimated to occur.

Calculation Item	2017/18 Tax Base	2018/19 Tax Base	Change
H	106,382	106,874	492
Q	-9,134	-9,067	67
E	83	80	-4
J	-542	0	542
(H-Q+E+J)	96,789	97,887	1,098
Z	-18,822	-18,729	93
(H-Q+E+J) - Z	77,967	79,158	1,191
F/G			0
((H-Q+E+J) - Z) x (F/G)	78,916	80,096	1,180

APPENDIX 2

Appendix 2											
Calculation of the Council Taxbase for 2018-2019											
Line	Band	@	A	B	C	D	E	F	G	H	Total
Actual current properties											
1	Dwellings on database @ 11.01.2018	0	7,999	18,966	33,831	26,274	10,911	5,377	4,638	708	108,704
2	Exemptions @ 11.01.18	0	-200	-372	-528	-454	-181	-47	-32	-16	-1830
Disabled Reductions of Band:											
3	Add to Lower Bands	0	1	16	42	114	78	34	27	9	321
	Take from Higher Bands	-1	-16	-42	-114	-78	-34	-27	-9	0	-321
4											
5	Line 1-2+3-4 = H	-1	7,784	18,568	33,231	25,856	10,774	5,337	4,624	701	106,874
6	Number in H above Entitled to One 25% Discount		-4,397	-9,527	-11,871	-6,490	-2,207	-847	-527	-60	-35,926
7	Line 6 x 25%		-1099.25	-2381.75	-2967.75	-1622.50	-551.75	-211.75	-131.75	-15.00	-8981.50
8	Number in H above Entitled to two 25% (50%) Discount	0	0	-1	-14	-20	-20	-15	-15	-6	-91
9	Line 8 X 50%		0.00	-0.50	-7.00	-10.00	-10.00	-7.50	-7.50	-3.00	-45.50
10	No in H above entitled to 10% discount		0	0	0	0	0	0	0	0	0
	10% of above		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	No in H above entitled to 0% discount		0	0	0	0	0	0	0	0	0
	0% of above		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	No in H above entitled to 100% discount (4 weeks or less) (assessed based on total award / amount per band)		-3	-12	-7	-10	-6	-2	0	0	-40
12	Total Discounts = Q		-1102.25	-2394.25	-2981.75	-1642.50	-567.75	-221.25	-139.25	-18.00	-9067.00
13	Line 5+ Line 12	-1.00	6,681.75	16,173.75	30,249.25	24,213.50	10,206.25	5,115.75	4,484.75	683.00	97,807.00
Estimated changes											
14	Properties Awaiting Banding										
16	Line 14		0	0	0	0	0	0	0	0	0
17	Properties to be Deleted										
18	Known Errors in Valuation List		0	0	0	0	0	0	0	0	0
19	Line 17 + Line 18	0	0	0	0	0	0	0	0	0	0
20	Line 16 + Line 19 (J)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	Empty homes premium at 50% (E)		30	42	29	34	12	4	4	4	159
			15	21	14.5	17	6	2	2	2	79.5
22	Debt movement (J)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Estimated change total	0	15.00	21.00	14.50	17.00	6.00	2.00	2.00	2.00	79.50
CTR Discount											
	Band reduction based on total monetary award	-0.9	-2,360.00	-4,473.00	-5,860.00	-4,239.00	-1,337.00	-373.00	-82.00	-4.00	-18,728.00
	Expected in year changes		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	Total CTR Band Equivalent	-0.90	-2,360.00	-4,473.00	-5,860.00	-4,239.00	-1,337.00	-373.00	-82.00	-4.00	-18,728.00
	Z total CTR Discount	-0.90	-2,360.00	-4,473.00	-5,860.00	-4,239.00	-1,337.00	-373.00	-82.00	-4.00	-18,728.00
25	H - Q + J - Z	-1.90	4,336.75	11,721.75	24,403.75	19,991.50	8,875.25	4,744.75	4,404.75	681.00	79,158.50
26	To calculate band equivalents		0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
27	Band D Equivalent: lines 25 x 26	0	2,891.17	9,116.92	21,692.22	19,991.50	10,847.53	6,853.53	7,341.25	1,362.00	80,096.11
28	Band D equivalent for Taxbase calculation										80,096
30	Band D Equivalent for Taxbase Calculation										80,096
<i>Before allowance for collection rate</i>											80,096
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Band D equivalent for Taxbase calculation after non-collection allowance (3.75%) applied											77,093