

Appendix 13 – Council Tax Base Report

Haringey Council

Written Statement/Record of a decision made by an officer under delegated authority

Decision Maker (Post Title)	Director of Finance and Section 151 Officer
Subject of the decision	2020-21 Council Tax Base Report
Date of decision	31 st January 2020
Decision	<p>I approve the recommendation as set out in the attached report:</p> <p>That, the council tax base for 2021-21 is set at 78,543 in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012; and</p> <p>That, the assumed collection rate is set at 96.5% for 2020-21.</p>
Reasons for the decision	<p>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.</p> <p>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 Council and when multiplied by the band D council tax rate indicates the Council's tax generating potential for that year.</p>
Details of any alternative options considered and rejected by the officer when making the decision	No alternatives were considered as this is a requirement of a Statutory Instrument.
<p><u>Conflicts of interest – Executive decisions</u></p> <p>Details of any conflict of interest declared by a Cabinet Member who is consulted by the officer which relates to the decision and details of dispensation granted by the Council's Head of Paid Service</p>	None
<u>Conflicts of interest – Non executive decisions</u>	N/A

<p>Where the decision is taken under an express delegation e.g. by a Committee, the name of any Member who declared a conflict of interest in relation to this matter at the committee meeting,</p>	
<p>Title of any document(s), including reports, considered by the officer and relevant to the above decision or where only part of the report is relevant to the above decision, that part)</p> <p>These documents need to be attached to the copy of this record/statement kept by the Authority but must not be published if they contain exempt information</p>	<p>2020-21 Local government finance settlement report including the 2020-21 council tax report that sets the referendum principle.</p> <p>https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2020-to-2021</p>
<p>Reasons for exemption with reference to categories of exemption specified overleaf, or</p> <p>Reason why decision is confidential (see overleaf)</p> <p>Note: decisions containing exempt or confidential information falling within the categories specified overleaf are not required to be published.</p>	<p>N/A</p>
<p>Communicating your decision: Who needs to know about this decision and is a plan in place to tell them? (officers in your department, in other departments where necessary, members, external stakeholders).</p>	<p>In accordance with the Council's constitution, the Cabinet Member for Finance has been consulted on the contents of this report.</p>
<p>Signature of Decision Maker</p>	
<p>Name of Decision Maker</p>	<p>Jon Warlow, Director of Finance and Section 151 Officer</p>
<p>Does the decision need to be published?</p> <p>Yes <input checked="" type="checkbox"/></p> <p>No <input type="checkbox"/></p>	

Title: Council Tax base for 2020/21

Report

authorised by: Jon Warlow, Director of Finance and Section 151 Officer

Lead Officer: Andrei Moclinda, Principal Accountant

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 2020/21. Regulations require the council tax base to be set by 31st January each year.

2. 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 tax/precept that the Council will collect in 2020/21.

2.2. A key element of the council tax base calculation is the projected collection rate. The collection rate for 2020/21 has been set at 96.5%, in line with the previous year's rate.

2.3. The Council has also experienced growth in its council tax base due to a net 309 additional homes coming into rating. The latest forecast of the number of CTRS claimants is lower than the number forecast last year. After taking into the consideration the estimated impact of the CTRS in 2020/21 and a retained collection rate of 96.5%, the average Band D property count is projected to increase by 1,278 dwellings. This equates to an increase in income of approximately £1.69m when compared to last financial year (excluding any additional income that will arise from the proposed 1.99% increase in council tax amount in 2020/21 or the proposed 2% ASC Precept).

3. Recommendations

3.1. That:

- the London Borough of Haringey's council tax base is **78,543** for the year 2020/21 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 96.5% for 2020/21.

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 Section 151 Officer in consultation with the Cabinet Member for Finance.
- 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 Council 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 and is also required to notify this figure by 31st January each year to any major precepting authority (the Greater London Authority) as well as the levying bodies (Environment Agency, Lee Valley Regional Park Authority, North London Waste Authority and London Pension Fund Authority) 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 latest forecast of the number of CTRS claimants is lower than the number forecast last year which impacts on the level of taxbase proposed in this report. This change looks to be driven by changes in the national benefits system and the rollout of Universal Credit in Haringey.
- 6.4. The calculation below sets the tax base and not the council tax amount itself which is due to be set on 24th February 2020 at Full Council.

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 several 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	2,976
B	9,345
C	21,991
D	20,332
E	11,053
F	6,880
G	7,427
H	1,390
TOTAL	81,392

*Relevant amounts have been rounded for presentation purposes

7.3. The relevant amount (i.e. total number of properties after adjusting for estimated impact of proposed changes to CTRS) is 1,324 higher than the relevant amount for 2019/20. This increase is attributed to approximately 1.7% growth in the number of taxable properties against the 2019/20 original base position.

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 2020/21 collection rates are forecast at 96.5%.

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 2020/21 is as follows:

2020/21	
Total Amount of Relevantants (A)	81,392
X	
Collection Rate (B)	96.5%
Council Tax Base (T)	78,543

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 goals, 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 base set out in this report and any projected surplus/deficit on the council tax collection fund as at 31 March 2020 will be used to set the council tax amount for 2020/21 that will be recommended to Full Council on 24th February 2020.

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.

9.3. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 contain rules for the calculation of the council tax base, which is an amount required

by the Local Government Finance Act 1992 to be used in the calculation of council tax by the Council and major precepting authorities and in the calculation of the amount of a precept payable by the Council to a major precepting authority. The 2012 Regulations 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 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

The Council as Billing Authority has a statutory duty to calculate the tax base for the borough and notify this figure to the relevant authorities annually on the 3rd of January.

Forecast calculations have been modelled using data gathered from previous years and information on new properties in the borough.

It is forecast that the number of Council Tax Reduction Scheme (CTRS) claimants will be lower than the number forecast in previous years, with this impacting on the level of tax base proposed in the report. This is likely driven by changes in the national benefit system and the rollout of Universal Credit in Haringey.

Calculating the boroughs tax base does not impact on a resident's ability to access the CTRS and will have a neutral or no impact on those with a protected characteristic.

10. Use of Appendices

10.1. Appendix 1 & 2 – Calculation of the estimated adjusted band D properties for the London Borough Haringey 2020/21.

11. Local Government (Access to Information) Act 1985

11.1. For access to the background papers or any further information please contact Andrei Moclinda, Principal Accountant.

Appendix 1 - 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:

$((H - Q + E + J) - Z) / G$ 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:-

Calculation Item	Disabled Band A	A	B	C	D	E	F	G	H	2020/21 Total
H	-1	7,757	18,763	33,724	26,226	10,941	5,353	4,672	707	108,142
Q	0	-1,093	-2,392	-2,992	-1,639	-586	-218	-148	-17	-9,084
E	0	20	29	19	34	7	9	5	9	132
J	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
(H-Q+E+J)	-1	6,684	16,400	30,751	24,622	10,362	5,144	4,530	700	99,191
Z	0	-2,220	-4,386	-6,011	-4,290	-1,319	-381	-73	-5	-18,685
(H-Q+E+J) - Z	-1	4,464	12,014	24,739	20,332	9,043	4,763	4,456	695	80,505
F/G		0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
((H-Q+E+J) - Z) x (F/G)		2,976	9,345	21,991	20,332	11,053	6,880	7,427	1,390	81,392

The table below compares the 2020/21 calculations with those for 2019/20 and highlights where the biggest changes are estimated to occur.

Calculation Item	2019/20 Tax Base	2020/21 Tax Base	Change
H	107,805	108,142	337
Q	-9,092	-9,084	9
E	156	132	-24
J	0	0	0
(H-Q+E+J)	98,869	99,191	322
Z	-18,929	-18,685	244
(H-Q+E+J) - Z	79,095	80,505	1,410
F/G			
((H-Q+E+J) - Z) x (F/G)	80,067	81,392	1,324
Collection Rate	96.50%	96.50%	
Council tax base	77,265	78,543	1,278

Calculation of the Council Taxbase for 2020-2021

Line	Band	@	A	B	C	D	E	F	G	H	Total	
Actual current properties												
1		0	7,996	19,158	34,266	26,637	11,062	5,393	4,689	715	109,916	
2		0	-224	-368	-486	-433	-164	-47	-35	-17	-1774	
Disabled Reductions of Band:												
3		0	1	16	43	99	77	34	27	9	306	
4		-1	-16	-43	-99	-77	-34	-27	-9	0	-306	
5	Line 1-2+3-4 = H		-1	7,757	18,763	33,724	26,226	10,941	5,353	4,672	707	108,142
6	Number in H above Entitled to One 25% Discount			-4,371	-9,565	-11,935	-6,508	-2,306	-843	-562	-58	-36,148
7	Line 6 x 25%			-1092.75	-2391.25	-2983.75	-1627.00	-576.50	-210.75	-140.50	-14.50	-9037.00
8	Number in H above Entitled to two 25% (50%) Discount		0	-1	-1	-17	-23	-19	-14	-14	-4	-93
9	Line 8 X 50%			-0.50	-0.50	-8.50	-11.50	-9.50	-7.00	-7.00	-2.00	-46.50
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
12	Total Discounts = Q			-1093.25	-2391.75	-2992.25	-1638.50	-586.00	-217.75	-147.50	-16.50	-9083.50
13	Line 5+ Line 12		-1.00	6,663.75	16,371.25	30,731.75	24,587.50	10,355.00	5,135.25	4,524.50	690.50	99,058.50
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											
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 100% (E)			20	29	19	34	7	9	5	9	132
22	Debt movement (J)											
23	Estimated change total		0	20.00	29.00	19.00	34.00	7.00	9.00	5.00	9.00	132.00
CTR Discount												
Band reduction based on total monetary award												
		0	-2,220.24	-4,385.80	-6,011.37	-4,290.00	-1,318.65	-381.33	-73.41	-4.53	-18,685.33	
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		0.00	-2,220.24	-4,385.80	-6,011.37	-4,290.00	-1,318.65	-381.33	-73.41	-4.53	-18,685.33
	Z total CTR Discount		0.00	-2,220.24	-4,385.80	-6,011.37	-4,290.00	-1,318.65	-381.33	-73.41	-4.53	-18,685.33
25	H - Q + J - Z		-1.00	4,463.51	12,014.45	24,739.38	20,331.50	9,043.35	4,762.92	4,456.09	694.97	80,505.17
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	2,975.67	9,344.57	21,990.56	20,331.50	11,052.98	6,879.77	7,426.82	1,389.94	81,391.82
28	Band D equivalent for Taxbase calculation											
											81,392	
30	Band D Equivalent for Taxbase Calculation											
											81,392	
	Before allowance for collection rate											
	Band D equivalent for Taxbase calculation after non-collection allowance (3.50%) applied											
											78,543	