



## AGENDA ITEM: 12

### SUMMARY

<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>16 December 2014</b>
<b>PART:</b>	<b>I</b>
<b>If Part II, reason:</b>	

<b>Title of report:</b>	<b>Council Tax Base</b>
<b>Contact:</b>	Cllr Nicholas Tiley, Portfolio Holder for Finance & Resources James Deane, Assistant Director Finance and Resources Richard Baker, Group Manager Financial Services
<b>Purpose of report:</b>	1. To agree the estimated Collection Fund surplus as at 31/03/2015 2. To determine the Council Tax Base for 2015/16
<b>Recommendations</b>	1. That Cabinet approves the Collection Fund surplus estimate of £589,504.66 as at 31 March 2015 2. That Cabinet approves the calculation of the Council's tax base for the year 2015/16 incorporating an estimated collection rate of 99.4% 3. That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by the Council as its tax base for the year 2015/16 shall be 54,637.70 and its constituent elements shall be:

	<b>Part of Area - Parished and Non Parished</b>	<b>100% Tax base</b>	<b>99.4% Tax base</b>
	Hemel Hempstead	28,820.0	28,647.1
	Aldbury	453.0	450.3
	Berkhamsted	8,202.9	8,153.7
	Bovingdon	2,049.2	2,036.9
	Chipperfield	842.4	837.3
	Flamstead	619.2	615.5
	Flaunden	175.4	174.3
	Great Gaddesden	443.3	440.6
	Kings Langley	2,281.2	2,267.5
	Little Gaddesden	636.6	632.8
	Markyate	1,233.5	1,226.1
	Nash Mills	979.2	973.3
	Nettleden with Potten End	794.1	789.3
	Northchurch	1,275.5	1,267.8
	Tring Rural	615.3	611.6
	Tring Town	4,871.1	4,841.9
	Wigginton	675.8	671.7
	<b>Total</b>	<b>54,967.7</b>	<b>54,637.7</b>
Implications:	<p><b>Financial</b></p> <p>Providing details of the Collection Fund surplus estimated as at 31 March 2015 assists the Council and other precepting authorities in the setting of their Council Tax for 2015/16.</p> <p>The recommended Council Tax Base shows an increase on the previous year which is due to additional Band D equivalent dwellings in the Borough.</p> <p><b>Legal</b></p> <p>Cabinet has delegated authority to set the Council Tax Base by virtue of Section 67 Local Government Finance Act 1992 (as amended) and the resolution of Council dated 19 January 2005.</p>		
Monitoring Officer/S.151 Officer Comments	<p><b>Deputy Monitoring Officer</b> No further comments to add</p> <p><b>Section 151 Officer</b> This is a Section 151 officer report</p>		
Consultees:	Not applicable		
Background papers:	None		

**1. Executive Summary**

- 1.1 The Council is required to set the Council Tax Base for 2015/16 so that it can be used in budget preparations and for the formal setting of the Council Tax by Full Council in February 2015. It is also necessary to approve the estimated Collection Fund surplus or deficit as at 31 March 2015.

**2. Declaration of Collection Fund Surplus**

**How does a surplus or deficit occur?**

- 2.1 The income due from Council Tax goes into the Collection Fund. Throughout the year the actual number of properties (as well as allowances for exemptions, discounts or appeals) inevitably varies from the figure estimated at the start of the year. This leads to a change in the amount of Council Tax due, and therefore a surplus or deficit on the Collection Fund.
- 2.2 In 2014/15 a surplus position has arisen on the Collection Fund primarily due to an increase in the number of new properties built, coupled with a decrease in the requirement for Council Tax Support. This surplus is shared between the Major Preceptors, i.e. the County, the Police Authority and the Borough, in proportion to their precepts for the year.

**Declaration of Surplus**

- 2.3 The actual surplus or deficit as at 31 March 2014, together with an estimate of the surplus or deficit for the current year, is required to be approved by Cabinet on behalf of the Council.
- 2.4 The actual surplus balance on the Collection Fund as at 31 March 2014 was £652,237.81 compared to an anticipated surplus of £871,925.17 in 2013/14, a difference of £219,687.36.
- 2.5 In 2014/15, the Collection Fund is estimated to achieve a projected surplus of £809,192.02, of which the Council's proportion will be a projected surplus of £104,735.99.
- 2.6 The need for further distribution of the difference between the anticipated surplus and the actual surplus as at 31 March 2014 (£219,687.36 as shown in paragraph 2.4), means that there is now a projected total surplus on the Collection Fund at 31 March 2015 of £589,504.66.
- 2.7 The proportion that each of the Major Preceptors will receive from the Collection Fund when calculating the Council Tax for 2015/16 is as follows:

Dacorum Borough Council	£80,409.28
Hertfordshire County Council	£449,538.21
Hertfordshire Police	£59,557.17
<b>Total Surplus</b>	<b>£589,504.66</b>

2.8 Cabinet approval of the Collection Fund Surplus estimated at 31 March 2015 is sought in Recommendation 1.

**3. Council Tax Base 2015/16**

3.1 On an annual basis, all local authorities are required to calculate a Council Tax Base which is used to set the level of Council Tax. The process is governed by the Local Authorities' (Calculation of Tax Base) Regulations 1992.

3.2 The tax base is set having regard to:

- The Valuation List;
- Current exemptions, reductions and discounts;
- Discretionary discounts;
- Anticipated developments that may occur during the year;
- Expected long term collection rate.

3.3 Local discounts and premiums arising from the Council Tax Support Scheme and Council Tax Reforms brought in from 1 April 2014 have been taken into account in the tax base calculation.

3.4 The basic methodology for calculating the tax base is as follows:

- Calculations are made of the 'relevant amount' for the year in respect of the valuation bands shown in the Council's Valuation List. For each band, this amount represents the estimated full year equivalent number of chargeable dwellings listed in the band after taking into account the impact of disabled band reductions and discounts.
- The 'relevant amounts' for each band are then aggregated and expressed as an equivalent number of band D dwellings.
- The Council then multiplies this aggregate of all relevant amounts by the estimated collection rate for the year. The resulting figure is the Council Tax Base for the year.
- The rules for calculating the Council Tax Base for any part of a Council's area (eg, a parish, or that part of its area to which a levy or special levy relates) are the same as the rules for calculating the Council Tax Base for the whole of its area for that year, and the same estimated collection rate must be used.

3.5 The estimate of the collection rate is the only area over which the Council has any discretion. A collection rate of 99.4% was adopted upon implementation of the Council Tax Support Scheme, and from the data collected so far, there is no reason to deviate from this assumption; but this will continue to be monitored closely. Recommendation 2 seeks Cabinet approval for an estimated collection rate of 99.4%.

- 3.6 Collection rates will be continually monitored and any adjustments will be reflected in the calculation of the 2015/16 surplus or deficit.
- 3.7 The tax base for 2014/15 was 53,809.2 (after adjusting for the estimated impact of Council Tax Support and a 99.4% collection rate), whereas the estimated tax base for 2015/16 is 54,637.7. This represents an increase of 828.5 Band D equivalent properties, or 1.54% on the tax base.

**4. Notification of Tax Base**

- 4.1 Major Precepting Authorities and levying bodies, are required to request their tax base figure (and notify any changes to their tax base area), from the Council, before the end of December 2014. The Council must give notification of all requested tax base figures by the end of January 2015.