

CANNOCK CHASE COUNCIL

COUNCIL

14 DECEMBER 2011

REPORT OF HEAD OF FINANCIAL MANAGEMENT

DETERMINATION OF COUNCIL TAX BASE – YEAR COMMENCING 1 APRIL 2012

KEY DECISION – YES

1. Purpose of Report

- 1.1 The purpose of this report is to afford members an opportunity to consider and to determine the tax base for the Council's area and the several areas within the District subject to Parish Council precepts.

2. Recommendations

- 2.1 That members review the policy in terms of Second Homes and determine the level of discount (10% to 50%) it wishes to apply from April 2012.
- 2.2 That subject to the above Members approve the report and the associated calculation (as determined from Annex 1 – Discount Options) of the Council's tax base for the year commencing 1 April 2012 be approved.
- 2.3 That pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by the Cannock Chase District Council as its tax base for the year commencing 1 April 2012 shall be the total equivalent Band D properties of the relevant option, and that for the various parts of the District, the amounts so calculated shall be as stated.

3. Summary

- 3.1 This report determines the amount to be used as the basis for the calculation of the Council Tax to be levied within the district for the financial year commencing 1 April 2012. The Council is required, by virtue of paragraph 7 (3) of the Levying Bodies (General) Regulations 1992, issued in accordance with Section 33 (5) of the Local Government Finance Act, 1992, to determine, between 1 December and 31 January following, the amount to be used as the basis for the calculation of the several amounts of Council Tax to be levied within the District in the financial year commencing on the next 1 April.
- 3.2 This does not mean that the charge has to be set at this time, but that the resource over which the budget requirement is to be spread must be calculated.

4. Key Issues and Implications

- 4.1 The Council is required, by virtue of paragraph 7 (3) of the Levying Bodies (General) Regulations 1992, issued in accordance with Section 33 (5) of the Local Government Finance Act, 1992, to determine, between 1 December and 31 January following, the amount to be used as the basis for the calculation of the several amounts of Council Tax to be levied within the District in the financial year commencing on the next 1 April.
- 4.2 This does not mean that the charge has to be set at this time, but that the resource over which the budget requirement is to be spread must be calculated.
- 4.3 This involves adjusting the valuation list figures to take account of reducing the banding of those properties eligible for disability relief, single occupancy and other discounts, exemptions, new and removed properties and any other appropriate adjustments, as detailed on background paper, Annex 2, attached. The Local Government Act 2003 introduced a number of changes that impact upon the council tax base and the General Fund Revenue Budget. These changes give local authorities the discretion to:
- reduce the existing council tax discount from 50% to a minimum of 10% for second homes,
 - remove or reduce the existing discount for unfurnished long term empty homes, and
 - Grant additional discounts or exemptions, to be borne locally, in response to local factors, for example flooding.
- 4.4 The implications of discounts for second homes and long term empty properties were considered in detail as part of determining the Council Tax Base for 2011-12 and Council determined to remove the discount on long term empty properties. The legislation in terms of discounts for second homes is primarily aimed at local authorities with a large number of second homes and for the 132 estimated second homes in this area the amount of income likely to be achieved is considered as part of the options in this report.
- 4.5 The number of second homes has changed since the removal of the discount on long term empty properties from April 2011 from an estimated 6 when the 2011 tax base was determined to an estimated 132 now.
- 4.6 The current range of Discounts for second Homes is 10%- 50% however the Government is currently consulting on amending its discounts to 0% to 50% enabling authorities to remove the discount completely and assist in keeping the overall level of Council Tax down.
- 4.7 Members are requested to review its Second Homes discount policy in setting this year's Council Tax base.

The table indicates the impact of various discount levels on the Council Tax Base. The 10% discount is for illustrative purposes and would be dependant upon the government implementing its reform of Council Tax discounts for second homes.

Discount	Number of Properties	Band D Equivalents
0%	37,552.95	30,909.43
10%	37,539.73	30,898.87
20%	37,526.47	30,888.23
30%	37,513.22	30,877.61
40%	37,499.97	30,866.93
50%	37,486.73	30,856.35

- 4.8 The Local Government Act 2003 also introduced a local discount. This direction gives billing authorities the power to reduce the amount of Council Tax payable in respect of any chargeable dwelling in their area. This may be reduced to nil and can be applied either on an individual or class of dwelling basis. This effectively allows the authority the power to introduce local discounts and exemptions for unusual circumstances. For example, to give relief in the event of a natural disaster such as serious flooding in part of a council's area, or to select, a class or group of taxpayers, such as pensioners, disabled etc.
- 4.9 However any such loss in revenue must be met by the billing authority and not passed onto the major precepting authorities and hence does not form part of the Council Tax Base calculation as such but is determined as part of the budget setting process with the billing authorities being required to transfer from its general fund to its collection fund the amount by which the council tax has been reduced by local discounts and exemptions.
- 4.10 In determining the Council Tax Base it is also necessary to determine the appropriate allowance for losses on collection. As previously, it is possible, with extreme optimism, to predict an ultimate collection rate approaching 100 %, but reality indicates that a collection rate of 99% ought to be anticipated in the initial stages. It is therefore recommended that the collection rate estimate of 99% be agreed for the year commencing 1 April 2012.
- 4.11 On the assumption that this is acceptable to the Council, the attached schedules show the result of the above deliberations on each of the Parishes, the un-parished area and the District as a whole.
- 4.12 For the year 1993-94, the Council determined that, in respect of Special Expenses, any expenses incurred by the Council in performing, in part of its area, a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting, would not be treated as special expenses for the purpose of Section 35 of Local Government Finance Act, 1992, and that this resolution would remain in force for the current and successive financial years until expressly rescinded, and, as it is not suggested that this decision be changed, no further action is necessary.

5. **Conclusions and Reasons for the Recommendations**

- 5.1 This report determines the amount to be used as the basis for the calculation of the Council Tax to be levied within the district for the financial year commencing 1 April 2012.

6. Other Options Considered

6.1 The options in respect of this report are detailed in Annex 1.

7. Report Author Details

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Section 1**Contribution to Council Priorities**

The determination of the Council Tax Base is an important part of the setting of an approved budget for 2012-13 and future years. The approved budget represents the agreed priorities of the council as determined by the Delivering Change process and hence have directly contributed to Council Priorities as part of a medium term financial strategy.

Section 2**Contribution to Promoting Community Engagement**

There is no contribution to Promoting Community Engagement.

Section 3**Financial Implications**

It is important that the tax base is estimated as accurately as possible since it will be used to calculate the level of Council Tax determined by Council at its February/March meeting. Any errors will have the following effects:

- a A too optimistic view of the base will mean that insufficient funds are raised to meet outgoings, whilst
- b A too pessimistic view will mean that the Council Tax charge will be set too high, requiring tax payers to have to contribute more than is necessary.

The Council Tax Base, with discounts remaining as at present, is estimated to be 30,547.79 as compared to the Medium Term Projection forecast of 30,727 a reduction of 179.21 properties. The reduction reflects an increase in single person discounts (58 Band D equivalents) and Second Homes (48) together with a downturn in new properties.

The financial impact of varying long term empty property discounts, reflecting Band D Council Tax accounts, is as follows:

Discount	Gross Tax base before applying collection rate	Collection Rate	2012-13 Potential Savings
0%	30,909.43	99%	10,460
10%	30,898.87	99%	8,380
20%	30,888.23	99%	6,280
30%	30,877.61	99%	4,190
40%	30,866.93	99%	2,080
50%	30,856.35	99%	0

The revised Council Tax Base will be reflected in the draft General Fund Budget report to be considered by Cabinet at its meeting on the 15th December 2011.

Section 4

Legal Implications

There are no direct legal implications arising from this report.

Section 5

Human Resource Implications

There are no direct resource implications arising from this report.

Section 6

Section 17 Implications

There are no direct Section 17 implications arising from this report.

Section 7

Human Rights Act Implications

There are no Human Rights Act implications arising from this report.

Section 8

Data Protection Act Implications

There are no identified implications arising from this report.

Section 9

Risk Management Implications

There are no direct risk management implications arising from this report.

Section 10

Equality and Diversity Implications

There are no direct equality and diversity implications arising from this report.

Section 11

List of Background Papers

Return CTB1 as at October 2011.

Annexes

Annex 1 – Tax base based upon varying Second Homes discounts

Annex 2 – Council Tax Base Calculation

ANNEX 1

Tax Base based upon varying Second Homes Discounts						
	50%	40%	30%	20%	10%	0%
Brereton & Ravenhill	2,046.67	2,047.44	2,048.23	2,048.99	2,049.77	2,050.53
Bridgtown	457.72	458.31	458.90	459.48	460.06	460.64
Brindley Heath	256.39	256.39	256.39	256.39	256.39	256.39
Cannock Wood	415.45	415.57	415.69	415.81	415.94	416.06
Heath Hayes & Wimblebury	4,353.74	4,354.59	4,355.47	4,356.34	4,357.20	4,358.06
Hednesford	5,263.94	5,265.35	5,266.76	5,268.18	5,269.58	5,270.99
Norton Canes	2,337.13	2,338.01	2,338.91	2,339.80	2,340.69	2,341.57
Rugeley	5,707.09	5,708.42	5,709.75	5,711.08	5,712.41	5,713.72
Balance of the Area	10,018.22	10,022.85	10,027.51	10,032.16	10,036.83	10,041.47
Total	30,856.35	30,866.93	30,877.61	30,888.23	30,898.87	30,909.43

Cannock Chase Council

Calculation of Council Tax Base 2012-13

Band	Band A Disabled	A	B	C	D	E	F	G	H	Total	
List (No. of Properties)		13,840	13,167	7,494	4,626	1,674	567	258	19	41,645	
Exemptions (incl students)		-436	-216	-111	-60	-19	-9	-5	0	-856	
Diplomatic/Demolished		-3	0	0	0	0	0	0	0	-3	
Disabled - From Band		-54	-102	-71	-45	-15	-7	-15	-6	-315	
- To Band		54	102	71	45	15	7	6	0	315	
Chargeable Dwellings	(1)	54	13,449	12,920	7,357	4,536	1,647	566	244	40,786	
Discounts @ 25% (incl Single Occupancy)		12	6,203	4,151	1,774	738	254	82	29	13,247	
Discount at 25%	(2)	3.00	1,550.75	1,037.75	443.50	184.50	63.50	20.50	7.25	3,311.75	
Discounts @ 0%											
Standard Charge - not class A-U		0	194	99	40	29	12	4	4	384	
Discount at 0%	(3)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Discounts @ 50%											
No Chargeable Occupiers		1	4	9	4	4	2	7	6	40	
Discount at 50%	(3)	0.50	2.00	4.50	2.00	2.00	1.00	3.50	3.00	20.00	
Discounts @ 10%											
Second Homes		0	59	34	22	8	5	1	3	132	
Discount at 10%	(4)	0.00	5.90	3.40	2.20	0.80	0.50	0.10	0.30	13.20	
Total Discounts (2 + 3 + 4)	(5)	3.50	1,552.75	1,042.25	445.50	186.50	64.50	24.00	10.25	3,331.75	
Adjustments :-											
New Properties, etc - fye		0.00	-32.99	60.14	42.76	33.76	0.00	0.00	0.00	103.67	
In-Year Discounts (-)		0.00	4.21	-5.27	-2.46	-1.47	0.00	0.00	0.00	-4.99	
Other Equivalent Band D Adjustments		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Adjustments	(6)	0.00	-28.78	54.87	40.30	32.29	0.00	0.00	0.00	98.68	
			-19.186667	42.676667	35.822222	32.29	0	0	0	91.60	
Equivalent Properties (Ratio to Band D)	(1 - 5 + 6)	50.50	11,861.57	11,929.22	6,949.60	4,380.99	1,582.00	541.90	233.45	10.50	
Equivalent Band D Properties	(0.5556	0.6667	0.7778	0.8889	1.0000	1.2222	1.4444	1.6667	2.0000)	
		28.05	7,907.71	9,278.29	6,177.43	4,380.99	1,933.56	782.75	389.09	21.00	
Total Base (Equivalent Band D Properties)										30,898.87	
Allowance										1 %	308.99
Net Total Tax Base										30,589.88	

Cannock Chase Council

Calculation of Council Tax Base 2012-13

Band	Band A Disabled	A	B	C	D	E	F	G	H	Total	
List (No. of Properties)		13,840	13,167	7,494	4,626	1,674	567	258	19	41,645	
Exemptions (incl students)		-436	-216	-111	-60	-19	-9	-5	0	-856	
Diplomatic/Demolished		-3	0	0	0	0	0	0	0	-3	
Disabled - From Band		-54	-102	-71	-45	-15	-7	-15	-6	-315	
- To Band		54	102	71	45	15	7	6	0	315	
Chargeable Dwellings	(1)	54	13,449	12,920	7,357	4,536	1,647	566	244	40,786	
Discounts @ 25% (incl Single Occupancy)		12	6,203	4,151	1,774	738	254	82	29	13,247	
Discount at 25%	(2)	3.00	1,550.75	1,037.75	443.50	184.50	63.50	20.50	7.25	3,311.75	
Discounts @ 0%											
Standard Charge - not class A-U		0	194	99	40	29	12	4	4	384	
Discount at 0%	(3)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Discounts @ 50%											
No Chargeable Occupiers		1	4	9	4	4	2	7	6	40	
Discount at 50%	(3)	0.50	2.00	4.50	2.00	2.00	1.00	3.50	3.00	20.00	
Discounts @ 0%											
Second Homes		0	59	34	22	8	5	1	3	132	
Discount at 0%	(4)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Discounts (2 + 3 + 4)	(5)	3.50	1,552.75	1,042.25	445.50	186.50	64.50	24.00	10.25	3,331.75	
Adjustments :-											
New Properties, etc - fye		0.00	-32.99	60.14	42.76	33.76	0.00	0.00	0.00	103.67	
In-Year Discounts (-)		0.00	4.19	-5.25	-2.45	-1.46	0.00	0.00	0.00	-4.97	
Other Equivalent Band D Adjustments		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Adjustments	(6)	0.00	-28.80	54.89	40.31	32.30	0.00	0.00	0.00	98.70	
			-19.2	42.692222	35.831111	32.3	0	0	0	91.62	
Equivalent Properties (Ratio to Band D)	(1 - 5 + 6)	50.50	11,867.45	11,932.64	6,951.81	4,381.80	1,582.50	542.00	233.75	10.50	
Equivalent Band D Properties	(0.5556	0.6667	0.7778	0.8889	1.0000	1.2222	1.4444	1.6667	2.0000)	
		28.05	7,911.63	9,280.93	6,179.37	4,381.80	1,934.17	782.89	389.59	21.00	
Total Base (Equivalent Band D Properties)										30,909.43	
Allowance										1 %	309.10
Net Total Tax Base										30,600.33	

