

CABINET

1st December 2016

Tax Base Calculation 2017/18

Cabinet Member: Cllr Peter Hare-Scott
Responsible Officer: Andrew Jarrett – Director of Finance, Assets and Resources.

Reason for Report: This paper details the statutory calculations necessary to determine the Tax Base for the Council Tax. The calculations made follow a formula laid down in Regulations.

RECOMMENDATION TO COUNCIL:

That the calculation of the Council's Tax Base for 2017/18 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at **27,876.12** see Appendix 1.

Relationship to Corporate Plan:

1. This report sets out how the Tax Base is calculated for 2017/18. This calculation is then used as a basis to set the Council's budget for the forthcoming year.
2. This report is in line with the Council's Corporate Plan objectives.

Financial Implications: Mid Devon District Council is a Statutory Billing Authority and must set its Council tax each year. If it were not to set a Council Tax then the Authority and all Precepting authorities would be unable to raise money to pay for all the services they provide.

Legal Implications: This is a statutory function and is a legal requirement. The Council must now set its budget annually using Council Tax information as at 30th November each year in accordance with The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012 calculating the relevant amount by applying the formula set out in the above regulations.

Risk Assessment: If the Council fails to carry this duty out then the Council Tax cannot legally be set. In accordance with the LGF Act 2012 above and SI 2914 of 2012 The Local Authorities(Calculation of Council Tax Base)(England) Regulations 2012, The Council Tax Base calculation includes a deduction for the CTR scheme within its Tax Base calculation.

The calculation shows the estimated annual cost of the CTR scheme, shown as the number of Band D equivalents. For the 2017/18 year this is estimated as 2,372 Band D equivalent properties.

The Collection Rate calculation (A)

It is necessary to estimate a 'collection rate', which is the proportion of Council Tax due that will actually be paid. It is recommended that a collection rate of 98.0% be estimated for the year 2017/18, which is consistent with previous years.

Any variation from the collection rate of 98% is pooled in a collection fund, which is distributed in the next financial year to all precepting authorities.

Calculation of the relevant amount (B)

Number of Properties per Valuation Band

The starting point will be the total number of properties within Mid Devon set out in the Valuation List.

Less Exemptions

Properties are exempt from Council Tax under certain circumstances. The calculated tax base uses the information currently held in deciding the level of exempt properties that are likely to apply for 2017/18.

Add Appeals, new properties and deletions from the Valuation List

The Valuation Officer has dealt with the vast majority of Council Tax appeals to date and so no further allowance is believed to be necessary at this time. At the **3rd October 2016** we have estimated a net increase in properties within Mid Devon of **100** Band D properties to go live on or before 1st April 2017 and a further **200** during the financial year, totalling (300) This estimate is based on the current number of reports outstanding with the Valuation Officer; the actual bandings may differ when the properties are eventually entered into the Council Tax Valuation list.

Disabled Allowance (move down a Band)

Where a disabled resident has made structural alterations to their property to help with their disability or they use a wheelchair internally at the premises, the property is entitled to a reduction and is afforded by moving the property to the next lowest band. Existing Band A properties are also entitled to a reduction by reducing the 6/9ths charge down to 5/9ths Charge.

Less 25% Discounts

Single Persons Discounts

If only one person lives in the dwelling as their main residence then a discount of 25% is allowed.

Less 50% discount

A discount of 50% is allowed where two or more persons who can be disregarded for Council Tax purposes occupy the property, e.g. care workers.

Second homes now pay full Council tax.

Long Term Empties

After a three month free period no further discount is allowed.

50% premium after 2 years

If a property remains empty of furniture and residence for two years or more the Council will apply an additional 50% premium to the Council tax charge, so the Chargepayer will have to pay 150% of the Council Tax charge in in that area.

Estimated cost of the Council Tax Reduction Scheme (CTR)

Before we convert the properties to Net Band D equivalents we must reduce the total properties by the estimated cost of the CTR Scheme amount. This has been calculated in the following way:

Mid Devon's CTR scheme for 2017/18, is estimated to cost in the region of **£4.020m** based on the existing schemes criteria. The average Band D Council Tax charge for 2016/17 was £187.15; divide Mid Devon's proportional cost of the CTR scheme by the total Band D equivalents to arrive at **3046.70** properties equivalent to **2372** Band D properties for 2017/18. The total Band D equivalents for the other precepting authorities will be calculated proportionally. It should be noted that the 8 recommended changes to the CTR scheme for 2017/18, if implemented, have not been accounted for in the above calculation as this is an unknown factor at this time.

The cost of the CTR scheme must be reflected in the Tax Base calculation so the following calculation is carried out for each valuation band to arrive at the net chargeable Dwellings:

Calculation of the Relevant Amount

	2016/17	2017/18
Number of Properties per valuation list	35,056.00	35,384.00
Exemptions	-433.00	-413.00
Single Occupier and 25% Disregards	-2,696.75	-2744.00
50% Discount	-27.00	-35.50
100% exempt 3 months only	-70.50	-48.75
Additional LTE at 150%	+52.00	+66.00
Additional net new properties	+300.00	+300.00
58 properties Class D 50% loss	-29.00	-23.00
Annexes (new)	-6.50	-6.50
Chargeable Dwellings before CTR	32,145.25	32,479.25

Conversion to Band D equivalents

The net chargeable dwellings are then converted to Band D equivalents. This is carried out by multiplying the Net chargeable dwellings by the appropriate factor (A=6, B=7, C=8, D=9, E=11, F=13, G=15, H=18) for the band and dividing by that for Band D (9). The Table below details the Net Chargeable Dwellings converted to Band D equivalents.

The Tax Base is finally calculated by applying the collection rate to the total Band D equivalents when summarised below for the 2017/18 financial year. The properties within each band are as follows:

Band	Properties	CTR Properties	Revised Properties	Band D Equivalent
@	10.00	-6.90	3.10	1.72
A	5180.50	-1330.70	3849.80	2566.53
B	8263.00	-948.00	7315.00	5689.44
C	5995.50	-448.60	5546.90	4930.58
D	5644.50	-208.80	5435.70	5435.70
E	4223.00	-70.50	4152.50	5075.28
F	2216.75	-25.70	2191.05	3164.85
G	895.25	-7.00	888.25	1480.42
H	50.75	-0.50	50.25	100.50
	32,479.25	-3046.70	29,432.55	28,445.02

Therefore, in accordance with SI 2914 of 2012 the Tax Base is to be calculated as:
Total relevant amounts (A) **28,445.02** X Estimated collection rate (B) (98%)

And Mid Devon District Council's Council Tax Base for 2016/17 will be 27,876.12

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Background Papers: CTB1 and supporting documentation

File Reference: JFC/G/CTB1

Circulation of Report: Cabinet Member for Finance