

REPORT TO CABINET

REPORT OF: Head of Finance

REPORT NO: HOF217

DATE: 21st January 2013

TITLE:	COUNCIL TAX BASE 2013/14	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Key Decision	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Councillor Mike Taylor Resources and Assets Portfolio Holder	
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INITIAL IMPACT ASSESSMENT:	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required: N/A
Equality and Diversity		
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk	
BACKGROUND PAPERS		

1. RECOMMENDATION

Cabinet is recommended to approve:

1. The adjusted council tax base for 2013/14 to be set at 43,786.7 Band D equivalent properties.
2. That the provision for uncollectable amounts of Council Tax for 2013/14 to be set at 2.2% producing an expected collection rate of 97.8%.
3. The adjusted Council tax base for each parish as set out in Appendix A.
4. The proposed distribution of the Local Council Tax Support grant for 2013/14 be established that ensures no parish or town council is better or worse off than the 2012/13 base position as set out in Appendix A.

2. PURPOSE OF THE REPORT/DECISION REQUIRED

The requirements of the Local Government Finance Act 1992 amended by s84 of the Local Government Act 2003 allow each local authority to make its own arrangements for adopting the Council Tax base. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012:2914) provides amended statutory guidance to incorporate the changes as a result of the introduction of the Local Council Tax Support Scheme.

The report is a component of setting the Council Tax for the forthcoming financial year and forms a key part of the Councils funding stream in order to meet its service delivery requirements in 2013/14. The setting of a realistic and prudent collection rate for Council Tax in 2013/14 is an essential component of the overall budget strategy

Council Tax Benefit has ended and will be replaced by a local policy to provide discounts against Council Tax. The Local Council Tax Support Scheme (LCTSS) for South Kesteven was approved by Council on 13th December 2012. The changes to the Tax Base as a result of LCTSS are calculated based on the policy Council approved.

3. DETAILS OF REPORT

The Council Tax varies between the different bands according to proportions laid down in legislation. These proportions are based around Band D, and are fixed so that the bill for a dwelling in Band A will be a third of the bill for a dwelling in Band H. Applying the relevant proportion to each bands net property base produces the number of 'band D equivalent' properties for the area.

In determining the Council Tax Base for 2013/14, there are a number of factors that have been taken into consideration;

- The calculation of the tax base for parish purposes is based on the number of properties at 10th September 2012 and the discounts applicable on 1st October 2012 as prescribed by legislation.
- Forecast growth in band D properties of 0.7% for 2013/14 based on current trend analysis and district growth. Forecast increases in tax base as a result of the technical changes approved by Council for the removal of discounts currently awarded at Class A and C, plus removing the remaining 10% discount on second homes and charging an empty property premium on properties that are long-term empty.
- Then adjusting for assumed reductions in the tax base as a result of the move to the LCTSS
- Due to the higher risks associated with collecting the new element under the Local Policy a 30% non collection rate has been built in for these new payers.
- Therefore, an overall average collection rate target for all elements of the LCTSS is 97.8%.

The table below summarises the position with the proposed tax base for South Kesteven 2013/14 is 43,786.7 Band D equivalents and Appendix A outlines the analysis of the figures at a Parish Level in terms of their individual Band D equivalents.

Table 1: Tax Base 2013/14 – Band D Equivalents

Total Band D Equivalents	47,561.1
Forecast growth in Band Properties	332.9
Provision for valuation increase due to technical reforms	491.3
Provision for non collection	(822.6)
Total Band D equivalent properties – before LCTS scheme	47,562.8
Impact of LCTS Discounts and Work Incentive	(4,030.1)
Impact of Local Council Tax Scheme	366.0
Provision for Non Collection on LCTP	(108.8)
Total Band D Equivalent properties – with LCTS Scheme	43,786.7

Government Funding for Parishes

As set out in Table 1, the introduction of the LCTSS reduces the tax base and therefore the Council Tax income collected by individual precepting bodies. Alongside this it will also impact on the local precepting authorities (Parish and Town Councils) ability to raise their own precepts which based on a standstill position would be lower. The Government has therefore proposed to support local precepting authorities by providing funding to meet the potential shortfall based. As there is no mechanism to make payments directly to Parish or Town Councils the Government are providing the funding to billing authority as part of the local Council Tax support Funding allocation. It is then for the billing authority to determine whether the funding should be passed to the local preceptors and the methodology for doing so. The amount will depend on the design of the LCTSS and the number of claimants in each local precepting area.

Appendix A shows how the forecast parish element of the LCTSS grant should be distributed base. Due to the variations across each parish in terms of Council Tax benefit claimants there would be some parishes which would disproportionately gain or lose based on a simplified pro-rata share basis. Therefore it is recommended that the proposed methodology is one where no parish gains or loses as a result of the grant distribution. It should be noted that the recommended grant distribution merely ensures that the parish is no better nor worse off than it was assuming a nil % precept on its 2012/13 base. It should also be noted that due to the Band D equivalent base being reduced as a result of the LCTSS affecting that parish, any future increase in its precept will have a disproportionate % increase impact as outlined in Table 2 below;

Table 2: Parish Grant allocation illustrative example

Current Band D Charge	Band D Base	Precept	
£41.76	359.2	£15,000	Unadjusted Base
£41.76	339.9	£14,193	Adjusted base
		£807	Difference / Grant award

Note: If the parish above aimed to maintain the £15,000 level on the adjusted base of 339.9 that would equate to a Band D charge of £44.14 which would be an increase of 5.7% rather than 0% based on the unadjusted base.

4. OTHER OPTIONS CONSIDERED

None Applicable

5. RESOURCE IMPLICATIONS

None Applicable

6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)

None Applicable

7. COMMENTS OF FINANCIAL SERVICES

My comments are included in the report.

8. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

The Cabinet's approval of the council tax base detailed in this report is required in accordance with the legislation referred to.

9. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None Applicable

10. APPENDIX

None