

CANNOCK CHASE COUNCIL**COUNCIL****9 DECEMBER 2009****REPORT OF HEAD OF FINANCIAL MANAGEMENT****DETERMINATION OF COUNCIL TAX BASE – YEAR COMMENCING 1 APRIL 2010****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 the report and the associated calculation of the Council's tax base for the year commencing 1 April 2010 be approved.
- 2.2 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 2010 shall be 30,043.71 equivalent Band D properties, and that for the various parts of the District described below, the amounts so calculated shall be as stated.

Parish	Base
Brereton & Ravenhill	1,974.66
Bridgtown	329.69
Brindley Heath	250.55
Cannock Wood	408.09
Heath Hayes & Wimblebury	4,273.94
Hednesford	5,130.48
Norton Canes	2,305.26
Rugeley	5,578.64
Balance of the Area	9,792.40
Total	30,043.71

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 2010. 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 1, 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 between 50% to 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 2004-05 and Council determined that no change would be made to the level of existing discounts. 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 4 estimated second homes in this area the amount of income likely to be achieved is considered immaterial in terms of this Council's tax base. Whereas any benefit to the Council in reducing the discount in long term empty properties is now negated by a compensating reduction in Revenue Support Grant. Discounts in relation to the above are therefore recommended to remain in line with previous year determinations.
- 4.5 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.

- 4.6 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.
- 4.7 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 2010.
- 4.8 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.
- 4.9 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 2010.

6. **Other Options Considered**

- 6.1 There are no other options in respect of this report.

7. **Report Author Details**

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Section 1

Contribution to Council Priorities (i.e. CHASE, Corporate Plan)

The determination of the Council Tax Base is an important part of the setting of an approved budget for 2010-11 and future years. The approved budget represent the agreed priorities of the council as determined by the Delivering Change process and hence have directly contributed to CHASE 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 facility now exists to remove or reduce the level of discounts as included in the tax base; however the impact of this change is considered immaterial for this authority due to the very small number of second homes and the corresponding adjustment to the Revenue Support Grant settlement for long term empty properties.

The Council Tax Base before applying collection difficulties is estimated to be 30,347.18 as compared to the Medium Term Projection forecast of 30,630.16 a reduction of 282.98 properties. The reduction reflects both a downturn in new properties but also an increase in unoccupied (exempt) properties.

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 17 December 2009.

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 November 2009.

Annexes

Annex 1 – Council Tax Base Calculation

<u>Cannock Chase Council</u>												
<u>Calculation of Council Tax Base 2009-10</u>												
Band	Band A Disabled	A	B	C	D	E	F	G	H	Total		
List (No. of Properties)		13,761	12,943	7,447	4,569	1,665	565	253	17	41,220		
Exemptions (incl students)		-512	-271	-113	-55	-15	-12	-2	0	-980		
Diplomatic/Demolished		0	0	0	0	0	0	0	0	0		
Disabled - From Band		-59	-114	-80	-53	-16	-9	-16	-9	-356		
- To Band	59	114	80	53	16	9	16	9	0	356		
Chargeable Dwellings (1)	59	13,304	12,638	7,307	4,477	1,643	560	244	8	40,240		
Discounts @ 25% (incl Single Occupancy)	14	6,126	3,939	1,751	720	249	78	31	2	12,910		
Discount at 25% (2)	3.50	1,531.50	984.75	437.75	180.00	62.25	19.50	7.75	0.50	3,227.50		
Discounts @ 50%												
Standard Charge - not class A-U	0	3	8	5	2	2	8	10	0	38		
No Chargeable Occupiers	0	244	151	68	34	19	5	7	1	529		
Total	0	247	159	73	36	21	13	17	1	567		
Discount at 50% (3)	0.00	123.50	79.50	36.50	18.00	10.50	6.50	8.50	0.50	283.50		
Total Discounts (2 + 3) (4)	3.50	1,655.00	1,064.25	474.25	198.00	72.75	26.00	16.25	1.00	3,511.00		
Adjustments :-												
New Properties, etc - fye	0.00	49.26	56.77	20.26	26.39	0.38	0.38	0.00	0.00	153.44		
In-Year Discounts (-)	0.00	-6.02	-5.28	-1.14	-1.31	-0.02	-0.02	0.00	0.00	-13.79		
Other Equivalent Band D Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Total Adjustments (5)	0.00	43.24	51.49	19.12	25.08	0.36	0.36	0.00	0.00	139.65		
		28.826667	40.047778	16.995556	25.08	0.44	0.52	0	0	111.91		
Equivalent Properties (1 - 4 + 5)	55.50	11,692.24	11,625.24	6,851.87	4,304.08	1,570.61	534.36	227.75	7.00			
(Ratio to Band D) (0.5556	0.6667	0.7778	0.8889	1.0000	1.2222	1.4444	1.6667	2.0000)		
Equivalent Band D Properties	30.83	7,794.81	9,041.84	6,090.55	4,304.08	1,919.62	771.86	379.59	14.00			
										Total Base (Equivalent Band D Properties)	30,347.18	
										Allowance	1 %	303.47
										Net Total Tax Base		30,043.71