

Summary Sheet

Council Report

Cabinet and Commissioners Decision Making Meeting – 9 January 2017

Title

Calculation of the Council Tax Base for 2017/18

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Director Approving Submission of the Report

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Ward(s) Affected

All

Summary

This report sets out the calculation of the Council's proposed Council Tax base for the forthcoming financial year 2017/18.

This calculation takes into account: the Council's own Local Council Tax Reduction Scheme (CTRS), discretionary discounts and premiums on second homes, projected future tax collection rate in 2017/18 and estimates of the changes and adjustments in the tax base that occur during the financial year.

In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 governing its calculation, it is determined that the Council's Tax Base for the financial year 2017/18 is 68,235.14 Band D Equivalent Properties.

Recommendations

That Cabinet resolve to recommend to Council:

- That Rotherham's Council Tax Reduction Scheme for 2017/18 is unchanged from 2016/17;
- That Council Tax discounts and premiums are not changed for 2017/18; and
- That the amount calculated by Rotherham Metropolitan Borough Council as its Council Tax Base and those of the Parish Councils shown at Appendix A for 2017/18 shall be a total of 68,235.14 Band D Equivalent Properties.

List of Appendices Included

Appendix A - The Council Tax Base for 2017/18

Background Papers

The Localism Act 2011

Local Government Finance Act 1992.

Local Authorities (Calculation of Council Tax Base) Regulations 2012 (Statutory Instrument 2012 no 2914)

Local Authorities (Calculation of Council Tax Base) Regulations (Statutory Instruments 1992 no.612 and 1999 no.3123).

Local Authorities (Calculation of Council Tax Base/Supply of Information) Regulations 1992 (Statutory Instrument 2904).

Section 84 of the Local Government Act 2003

The Council Tax Reduction Schemes (prescribed requirements)

England)(Amendment) Regulations 2013

Housing Benefit circular A24/2013

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

Yes

Exempt from the Press and Public

No

Calculation of the Council Tax Base for 2017/18

1. Recommendations

1.1 That Cabinet resolve to recommend to Council that:

1.1.1 Rotherham's Council Tax Reduction Scheme for 2017/18 is unchanged from 2016/17;

1.1.2 That Council Tax discounts and premiums are not changed for 2017/18; and

1.1.3 That the amount calculated by Rotherham Metropolitan Borough Council as its Council Tax Base and those of the Parish Councils shown at Appendix A for 2017/18 shall be a total of 68,235.14 Band D Equivalent Properties.

2. Background

2.1 Setting the Tax Base is a precursor within the Budget setting process to the determination of the Council Tax level.

2.2 The formula for calculating the Council's Tax Base is set out by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 and the projected Tax Base is shown in Appendix A. The Council Tax Base is derived from the total number of properties within the Council's area as at the 1st December 2016, which, in the opinion of the Government's Valuation Office Listing Officer, were subject to Council Tax. The Tax base is set in Band D equivalent properties – that is properties are placed into one of 8 valuation bands (A-H) and these are converted to Band D Equivalent properties using the proportions set out in the 1992 Act which are weighted in relation to the Band D property - Band A is 6/9^{ths}, Band B 7/9ths etc.

3. Key Issues

3.1 The calculation of the Tax Base takes into account several factors:

- The Council's own Local Council Tax Reduction Scheme (CTRS),
- Council Tax Discounts and Premiums on second homes;
- The projected level of Council Tax discounts and exemptions;
- Estimates and projections reflecting the changes and adjustments in the Tax Base that occur during the financial year, in particular, newly built properties;
and
- An estimate of the future tax collection rate.

Council Tax Reduction Scheme (CTRS)

3.2 Rotherham's current Council Tax Reduction scheme has been in place since the introduction of local Council Tax Reduction Schemes in 2013/14 and it is proposed that Rotherham's local CTRS for 2017/18 should be unchanged from 2016/17 so that the Council's scheme is retained in its present format. This will include maintaining the disregards of income used in calculating Council Tax Support:

- the DWP means-tested scheme of allowances, premiums and income;
- the disregard of child benefit and child maintenance;
- the disregard of disability allowances; and
- the disregard of 100% of all monies received in respect of war widows and war disablement pensions.

3.3 This means that working age claimants will continue to be required to contribute a minimum 8.5% of their Council Tax liability. Local Council Tax Reduction Schemes are required by statute to protect pensioners and provided their financial circumstances do not change there will be no change in the Council Tax support that a pensioner receives.

3.4 The impact of the CTRS on the Tax Base across the Borough is determined by assessing the number and value of claims by Tax Band across the Borough (including in parishes) and converting them to Band D Equivalent properties which are then deducted from the Council Tax Base. Experience since 2013/14 indicates that the number of claimants is reducing year on year. During 2016/17 the caseload reduced by 2.9%, leading to the cost of the scheme reducing by around 1%.

Council Tax Discounts and Premiums

3.5 From 2013, technical changes in Council Tax Regulations allowed the Council to reduce the discretionary discounts awarded to empty properties and second homes and in some cases charge tax premiums. The Council Tax premiums charged on long term empty properties have been set at the maximum level for some time but in 2016/17 the discounts the Council allowed for empty and unfurnished properties and properties undergoing major structural repairs were reviewed. As a result the Council Tax discounts for empty and unfurnished properties and those undergoing major structural repairs were reduced from 25% for both 6 months and a year respectively, to 0%. The Council has no further scope to increase the premiums or reduce the discounts on Council Tax and it is proposed to maintain both at current levels for 2017/18.

Changes and adjustments to the Tax Base

3.6 The Council Tax Base in previous years has included estimates and projections reflecting the changes and adjustments in the Tax Base that occur during the financial year. These have included:

- The build and completion of new properties;
- Changes in banding as a result of adjustments and appeals;
- Discounts, exemptions and reliefs (for example, single person discounts, and reductions in liabilities for disabled persons).
- The ending of the discount period on empty properties on their reoccupation.

For 2017/18, it is estimated that overall the Council's Tax Base will increase by 1,085.57 Band D Equivalent properties to 68,235.14 compared to 67,149.57 in 2016/17– a rise of 1.62%.

3.7 The Council's Medium Term Financial Strategy has assumed growth of 0.9% per annum in Rotherham's Council Tax Base for 2017/18, the actual increase in Band D equivalent properties is 1.62%. Within the overall tax base, parish tax bases have increased by 1.72% and unparished areas by 1.5%. The growth is most significant in Orgreave where the continued development on the Waverley site has resulted in a 19.1% growth in tax base and at Catcliffe where the tax base has increased by 6.8%. Around 86% of the new properties fall in the Band A-C.

Council Tax Collection Rate

3.8 An estimated Council Tax collection rate of 97.0% was applied to the Council Tax base in 2016/17, 0.5% higher than had been assumed in the two preceding financial years which had assumed 96.5% collection rates. This change was implemented as the Council has had a good record in respect of Council Tax collection - having been the 4th best performing Metropolitan District in 2015/16, when Rotherham collected 97.30% of Council Tax, a collection rate substantially above the Metropolitan Councils' average of 95.6%. It was, however, considered at the time (March 2016) prudent to retain Council Tax collection rates of 96.5% in the Medium Term Financial Strategy (MTFS) projections for the two subsequent years 2017/18 and 2018/19 respectively.

3.9 As collection rates have remained high during the current financial year and it is expected that the Council should achieve the challenging target of 97% in year collection, it is considered appropriate to revise the MTFS assumptions and to increase the estimated collection rate to 97% for 2017/18 so that the provision for losses on collection in the tax base calculation will be set at 3%.

3.10 However, given the expected continuing effect on payment and default levels of the Government's ongoing welfare reform it is at present considered prudent to retain 96.5% Tax Collection rates for the two subsequent years 2018/19 and 2019/20 respectively within the Council's MTFS. Council Tax collection rates are closely monitored and will continue to be in the coming financial year. In so doing assumptions on Collection Rates will be reviewed in light of the Council's performance.

- 3.11 The combined effect of the higher than forecast growth in the Tax Base and the 0.5% reduction in the estimated level of losses on collection is to increase projected Council Tax income for 2017/18 by £1.1m which will be reflected in the Council's Budget and MTFs.

Council Tax Base

- 3.12 The Tax Base for the Council as a whole (both parished and unparished areas) is made up as follows:

<u>Tax Band</u>	<u>Band D Equivalent Properties</u>
Band A	26,074.35
Band B	14,224.28
Band C	11,482.45
Band D	8,008.81
Band E	5,057.22
Band F	2,258.50
Band G	1,064.54
Band H	64.99
TOTAL	68,235.14

Details of the Council Tax Base by Band for parish Councils are set out in the attached Appendix.

4. Options considered and recommended proposals

- 4.1 Council Tax Reduction Scheme (CTRS) – the operation of Rotherham's local CTRS was considered but in light of the expected reduction in claimant numbers and Government's ongoing welfare reform programme, it is recommended that the scheme for 2017/18 should be retained in its present format.
- 4.2 In preparing this report, the reduction in the assumed level of losses on collection was considered, particularly in light of the Council's record of good performance in Council Tax collection and the recommendation to revise the adjustment for losses on collection from the MTFs provision of 3.5% to 3.0% is considered a prudent and realistic target. The Council's MTFs assumptions in respect of Council Tax collection rates and the growth in the tax base for the financial years after 2017/18 will be reviewed and revised in light of the 2017/18 performance, which will be closely monitored during the year.

5. Consultation

- 5.1 The South Yorkshire Police and Crime Commissioner and the South Yorkshire Fire and Rescue Authority will be notified of their Council Tax Bases for 2017/18 by the end of January 2017. Details of the proposed Council Tax base have been circulated to Parish and Town Councils to assist them in preparing their budgets.

- 5.2 As it is intended to retain the Council's current CTRS as unchanged and to maintain the disregards of income used in calculating Council Tax Support (including the DWP means-tested scheme of allowances, premiums and income and the disregard of child benefit and child maintenance, disability allowances and 100% of all monies received in respect of war widows and war disablement pensions) no further consultation is required.

6. Timetable and Accountability for Implementing this Decision

- 6.1 Rotherham's Council Tax Reduction Scheme (CTRS) must be approved annually by Full Council and as the CTRS affects the calculation of the Council Tax Base, approval to retain the 2016/17 scheme for the coming financial year 2017/18 is included in this report.
- 6.2 Regulations under the Local Government Finance Act 1992 require the Council to have determined and approved the Council's annual Council Tax Base before 31 January in the preceding financial year and to notify both major and local precepting authorities of their tax base.

7. Financial and Procurement Implications

- 7.1 Determining the Council Tax Base is also a fundamental part of the Council's budget setting process. The Tax Base is central in determining the amount of Council Tax income to be raised, which represents a significant proportion of the Council's resources for the coming financial year.
- 7.2 The increase in the Council's Tax Base due to the number of additional properties, the reduction in cost of the CTRS and the revised provision for losses on collection plus the consequent £1.1m increase in Council Tax income (before any increase in Tax Rate) will be reflected in the Council's Revenue Budget plans for next year and in the MTFS.

8. Legal Implications

- 8.1 The Calculation of the Council Tax Base and the operation of the Council Tax Reduction Scheme as set out in this report are in compliance with the relevant Regulations.

9. Human Resources Implications

- 9.1 None directly from this report

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 None directly from this report

11 Equalities and Human Rights Implications

- 11.1 The Council must be mindful of the potential impact on service users. Section 149 of the Equality Act 2010 in particular imposes an obligation on Members to have due regard to protecting and promoting the welfare and interests of persons who share a relevant protected characteristic (such as: age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation).
- 11.2 From April 2013, the Government abolished the national Council Tax Benefit (CTB) scheme and asked local authorities to set up their own local schemes to meet the needs of their local area. Rotherham's local scheme was introduced on 1st April 2013 and is known as Council Tax Reduction Scheme (CTRS). Prior to the introduction of the scheme the Council undertook an extensive Public Consultation Exercise and a detailed Equalities Impact Assessment.
- 11.3 The Authority is required to confirm the scheme each year and it is proposed that for 2017/18 the current CTRS is retained unchanged (as it has been for the last three financial years) and that the disregards of income used in calculating Council Tax Support will be maintained. This includes: the DWP means-tested scheme of allowances, premiums and income; the disregard of child benefit and child maintenance; the disregard of disability allowances and 100% of all monies received in respect of war widows and war disablement pensions. This will ensure that the Council's CTRS will retain its original structure keeping the protections for vulnerable groups including claimants with relevant protected characteristics, which were in place when the scheme was established. In light of this no further consultation is required.

12. Implications for Partners and Other Directorates

- 12.1 None directly.

13. Risks and Mitigation

- 13.1 As the Council Tax Base must be set by the 31 January 2017, it contains projections in respect of the additions, adjustments, discounts and reliefs to be granted before the 31 March 2017 and during the financial year 2017/18, including the projected cost of the Council's CTRS and an estimate of future collection rates. As, however, the Council has maintained its position as one of the best performing metropolitan authorities in terms of Council Tax collection nationally over several years these assumptions appear robust and performance in Council Tax Collection will continue to be closely monitored.

14. Accountable Officer(s)

Judith Badger Strategic Director of Finance and Customer Services

Approvals Obtained from:-

Strategic Director of Finance and Customer Services:- Judith Badger

Assistant Director of Legal Services:- Dermot Pearson

Head of Procurement (if appropriate):- Not Applicable