

1.	Meeting:	Cabinet
2.	Date:	16th January 2013
3.	Title:	Calculation of the Council Tax Base for 2013/14
4.	Directorate:	Resources

5. Summary

This report provides details of the calculation of the Authority's proposed Council Tax base for the 2013/14 financial year. It should be noted that from April with the Localisation of Council Tax Support (now described by the Government as the Council Tax Reduction Scheme (CTRS)) the Council's Tax Base will reduce compared to 2012/13. This is because under the Localisation of CTRS, eligibility to what was previously Council Tax Benefit, will be treated as a discount and (reduction) to the Tax Base. In addition to these changes the Council is using technical amendments in Council Tax Regulations to revise discretionary discounts and exemptions for empty properties and second homes. **Both of these fundamental changes have been taken into account in estimating the Council's Tax Base for 2013/14.**

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 2013/14 is **63,631.44** Band D Equivalent Properties.

6 Recommendation

That Cabinet is asked to:

- **Resolve 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 2013/14 shall be a total of 63,631.44 Band D equivalent properties.**

7 Proposals and Details

- 7.1 Setting the Tax Base is a precursor within the Budget setting process to the determination of the Council Tax level. Regulations under the Local Government Finance Act 1992 require the Council to calculate its annual Council Tax Base before 31 January in the preceding financial year. Since 2003 it has been possible for the determination of the Tax Base to be delegated to Cabinet to determine the Tax Base by resolution and this has been the Council's normal practice. For 2013/14, however it is not possible to delegate the tax base setting decision to Cabinet - due to the Localisation of Council Tax Support, decisions on the Council's own local scheme of CTRS, which must be made by Full Council, will affect the Council Tax Base. This report is therefore being considered at the same meeting as the Local CTRS scheme.
- 7.2 The Regulations set out the formula for the calculation and the estimated 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 2012, which, in the opinion of the Government's Valuation Office Listing Officer, were subject to Council Tax.
- 7.3 In the past the Council Tax Base has included estimates and projections to reflect the changes and adjustments in the tax base that occur during the financial year. These have included:
- Changes in banding as a result of adjustments and appeals;
 - The completion of new properties;
 - Discounts, exemptions and reliefs (for example, single person discounts, and reductions in liabilities for disabled persons).

For 2013/14 it is estimated that 411.20 new properties will be added to the Council Tax base - an increase of 0.5%. This increase was mostly as a result of construction and developments in Wath (102.84 Band D Equivalent new properties), Catcliffe (86.73 Band D Equivalents), Brinsworth (55.42 Band D Equivalent new properties) and Brampton Bierlow (29.78 Band D Equivalent properties).

- 7.4 In addition, the Council has decided to take advantage of technical changes in Council Tax Regulations by reviewing the discretionary discounts and exemptions awarded to empty properties and second homes. These changes have allowed the Council to reduce the discounts awarded and in some cases charge tax premiums (as set out below). The properties affected by the technical changes are spread across the borough and the estimated impact of these changes has been fed into the Council Tax Base for both the Council and Parishes. The overall effect of these changes, is expected to generate around £2m income for the Council in 2013/14.
- Removal of the current 50% discount for second homes. These properties would receive a full charge.
 - Replace the current 100% exemption for homes undergoing major structural repair with a 25% discount.
 - Replace the current 100% exemption for vacant and unfurnished properties in the first 6 months with a 25% discount.
 - Remove the current 50% discount for vacant and unfurnished properties between 6 months and two years. These properties would receive a full charge.
 - Charge an additional 50% premium for vacant and unfurnished properties over two years meaning these properties would receive a 150% charge.

- 7.5 The major change in the way the Council Tax Base is calculated is, however, in the treatment of Council Tax Benefits. For the first time in 2013/14 the Council has to include estimates of the numbers of benefit claimants and the value of the benefits they will receive in calculating its Tax Base. This is because, with the introduction of the local Council Tax Reduction Scheme these benefits will be converted to Council Tax discounts (like that awarded to single persons) which will reduce the Council Tax Base.
- 7.6 The Localisation of Council Tax Support – now known as the Council Tax Reduction Scheme (CTRS) requires that the Council determine its own local benefit scheme and a report setting out the proposals is being considered elsewhere on this agenda. Until this scheme is formally approved it is not possible for the Council to determine its Council Tax Base. For this reason, although in the past the calculation of the Council Tax Base has been delegated to Cabinet this year the Tax Base will be determined by Full Council meeting on 30th January. It is the intention, that, in future years the calculation of the Council Tax Base will once more be delegated to Cabinet.
- 7.7 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. Under the proposed local CTRS scheme to be approved by Members, around £1m Council Tax requirement will be passed through to working age claimants and this estimate is included in the Council Tax Base.
- 7.8 To compensate for this reduction in the Tax Base, the Council will receive a grant of £17.51m. The Police and Fire and Rescue Authority will also receive grant and the Council has been allocated resources to be distributed to Parishes in line with the number and value of claims in a parish area.
- 7.9 After allowing for the additions, discounts and reliefs the estimated property base is converted into Band D Equivalent properties, giving a total of **65,599.43** Band D Equivalents. Appendix A provides details of the total for both parished and non-parished areas. Overall the changes have reduced the Council Tax base by 12,266.62 Band D equivalent properties a fall of **16.2% compared to 2012/13**. The reduction is not spread evenly across the borough:
- In 2012/13, 53% of Band D Equivalent properties were in parished areas and 47% in unparished areas (i.e. Rotherham Borough)- the comparable figures for 2013/14 are 59% and 41%.
 - In absolute terms, the parished areas have lost 2,585.23 Band D Equivalent properties, whilst the number within Rotherham borough has fallen by 10,060.75 a reduction of 27.3% in the unparished area compared to 6.2% within parishes.
 - The impact on property types has also varied. Most of the reduction relates to Band A properties – which have reduced by 30.2%. There are also 9% and 4.4% reductions in Band B properties and Band C properties respectively. These changes have not greatly altered the distribution of properties within Tax Bands - the proportion of properties in the three lowest Tax Bands on the Council's Tax Base has reduced from 80% in 2012/13 to 76% for 2013/14.
- 7.10 Although current Council Tax Collection Rates remain high at over 97%, it should be noted however, that there is considered to be a greater risk with collecting Council Tax income in future as:
- We will be collecting payments from claimants and owners of empty properties etc who have not previously been required to contribute to their Council Tax

- The amounts to be collected from working age claimants are relatively small (c£81 per annum or £1.56 per week).

7.11 Taking into account these factors, it is nevertheless recommended that, as in previous years an adjustment of 3% should be made to the Tax Base in respect of non-collection, giving a total of **63,631.44** Band D equivalents. The result of applying the 97% collection rate to the Band D Equivalents for each of the parishes within the Borough and for the Borough as a whole is shown in the final column of Appendix A attached. 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	24,110.03
Band B	13,405.57
Band C	10,878.39
Band D	7,362.73
Band E	4,739.27
Band F	2,122.44
Band G	946.56
Band H	66.45
TOTAL	63,631.44

8 Finance

There are no direct implications arising from this report – however determining the Council Tax Base is a fundamental part of the determining the level of Council Tax set, which is a significant element of the Council's resources for the coming financial year.

9 Risks and Uncertainties

As the Council Tax Base must be set by the 31 January 2013, it contains projections in respect of the additions, adjustments, discounts and reliefs to be granted before the 31 March 2013 and during 2013/14. As this is the first year of the localisation of CTRS and the introduction of the technical changes there is likely to be additional recovery action required and a possibility that the overall actual collection rate may reduce. However, given that current collection rate (97.70%) exceeds the proposed estimated collection rate of 97% it is considered to be a robust estimate (albeit challenging) for setting the Council Tax Base. This estimate will be reviewed in 2014/15 in light of collection performance during 2013/14 which will be closely monitored throughout the year.

10. Policy and Performance Agenda Implications

The setting of the Council Tax Base is essential in underpinning all parts of the Council's activities. Given the significance of the changes in the way the Council calculates its Tax Base there has been extensive consultation on the proposals for a Local CTRS Scheme and the planned technical changes to Council Tax discounts and exemptions.

11. Background Papers and Consultation

- 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

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