



SUPPLEMENTARY 3

THE EXECUTIVE

Tuesday, 22 December 2009

**Agenda Item 8. Calculation and Setting of the Council Tax Base
2010/11 (Pages 1 - 11)**

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22 DECEMBER 2009

JOINT REPORT OF THE CORPORATE DIRECTOR OF FINANCE & COMMERCIAL SERVICES AND THE CORPORATE DIRECTOR OF CUSTOMER SERVICES

This report is submitted under Agenda Item 8. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any delay in the setting of the Council Tax Base for 2010/11.

Title: 2010/2011 Council Tax Base	For Decision
<p>Summary: This report seeks approval of the Authority's Council Tax Base for 2010/11, which is the responsibility of the Executive following the decision of the Assembly on 9 December 2009.</p> <p>This report sets out the calculation of the Council Tax Base for 2010/11 and provides information on powers available to the Council to reduce discounts for second homes and long-term empty properties, and to award locally determined discounts. Information is also provided on powers available to the Council to offer discounts for prompt payment, where bills are paid immediately in full without the need for an instalment plan.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s)</p> <p>The Executive is asked to agree:</p> <ol style="list-style-type: none"> 1. That in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by the London Borough of Barking & Dagenham Council as its Tax Base for the year 2010/11 shall be 53,227.4 Band 'D' properties; 2. That the discount on for long-term empty properties and second homes continues to be set at 10% 3. That no locally determined discounts based on categories of property or occupier be awarded for 2010/11 but reconsidered for possible implementation in 2011/12. 4. That there should be no award of reductions for prompt payment during 2010/11 but reconsidered for possible implementation from 2011/12 onwards 	
<p>Reason(s): In order to assist the Council achieve all of its Community Priorities, to comply with statute and assist in the calculation of the Authority's Council Tax for 2010/11.</p>	
<p>Implications:</p> <p>Financial: The financial implications are set out in Appendix A to this report (Calculation of Tax</p>	

Base)

Legal:

The legal context and implications are summarised within sections 1 - 3 of this report.

Contractual

No specific implications.

Risk Management

Conservative financial estimates have been made when taking into account the effects of each of the recommendations in this report. This approach will enable the Council to better manage any risks associated with each recommendation.

Staffing

No specific implications.

Customer Impact

No specific implications.

Safeguarding Children

No specific implications.

Crime and Disorder

No specific implications.

Property/Assets

No specific implications.

Options Appraisal

Not applicable.

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1. Statutory Background

- 1.1 The Council has a duty to set a Tax Base for Council Tax purposes by 31 January each year under Section 67 of the Local Government Finance Act 1992. The setting of the tax base is now a function of the Executive.
- 1.2 The Tax Base must be conveyed to the major precepting Authorities by 31 January prior to the start of the financial year.
- 1.3 The Tax Base must be calculated in accordance with regulations made by the Secretary of State under Section 33(5) of the Local Government Finance Act 1992. i.e. The Local Authorities (Calculation of Tax Base) Regulations 1992.
- 1.4 The regulations set a prescribed period for the calculation of the tax, which is between the 1 December and 31 January in the financial year preceding that for

which the calculation of the council tax base is made. The data used in the calculation must be that held on the Council Tax records at that date.

1.5 Appendix A sets out the Calculation of Tax Base.

2. Locally determined and reduced discounts

2.1 The Local Government Act 2003 gives the Council discretion to vary certain discounts that were previously prescribed. The powers, which came into force for the 2004/05 financial year, are to:

- Reduce the 50% discount on second homes to 10%
- Reduce, or remove entirely, the 50% discount for properties that have been empty for more than six months
- Award 'locally determined discounts' of up to 100%, determined by categories of properties or persons, or on a case by case basis.

2.2 In December 2008 the Assembly accepted a recommendation to continue a 10% discount on long term empty properties and second homes. This is consistent with the approach and application of reduced discounts that has been adopted by most other local authorities.

2.3 In addition, the Assembly also agreed that no locally determined discounts based on category of property or occupier would be awarded for 2009/10 onwards. The decision to agree local discounts is a decision that must be made prior to the start of the financial year. In the current economic climate, the Council are committed to supporting customers through these difficult times and a number of measures have been taken to do this. During 2010/11, consideration will be given to the establishing a policy for a locally determined discount on the basis of hardship from 2011/12.

2.4 Councillors or officers involved in making a decision under new or existing regulations, should give consideration as to whether they need to declare an interest or abstain from the decision making process if they would directly benefit from a decision.

3. Reductions for Prompt Payment and Non-Cash Payments

3.1 In December 2008 the Assembly accepted a recommendation not to award reductions for prompt and non-cash payments for 2009/10 but to reconsider the possibility of this from 2010/11.

3.2 Under reg.25 of the Council Tax Administration and Enforcement Regulations, a billing authority may set a resolution on or before the date that the Council Tax is set, that will allow a scheme to be run which would allow Council Tax payers to receive a discount for paying their Council Tax by a specified date / day, in one lump sum.

3.3 The Council has not previously operated such a scheme. There was some research undertaken previously to establish whether customer interest would be sufficient to justify the introduction of a scheme. The system functionality is available to be able to operate and administer these reductions.

- 3.4 The typical level of discount offered by Authorities who operate these schemes is 2%. Following a survey undertaken previously there did appear to be some level of interest in this type of reduction. However, since the survey was undertaken, the economic climate may have affected this interest and the likely take up is not clear.
- 3.5 Taking account of current economic factors and lack of clarity of interest in a scheme, careful consideration would have to be given to the level of discount allowable. It would be very difficult to calculate an appropriate discount level that could be guaranteed to not significantly disadvantage the Council or appropriately incentivise the Council Tax payer.
- 3.6 It is recommended that this matter be revisited at a time of more stable economic conditions and a clearer understanding of whether interest in the scheme would justify its implementation.

4. Consultees

- 4.1 The following were consulted in the preparation of this report:
- Councillor G Bramley, Cabinet Member for Finance & Human Resources
 - John Hooton – Financial Controller, Corporate Finance
 - Yinka Owa - Legal Partner and Deputy Monitoring Officer

5. List of Appendices

Appendix A - Detailed calculation of the 2010/11 tax base as at 1 December 2009

6. Background Papers

- Council Tax CTB1 return for 2009/10.

Calculation of Tax Base

1. Calculation of Tax Base

- 1.1 The valuation of properties for Council Tax purposes is carried out by the Valuation Office Agency.
- 1.2 For Council Tax purposes each property is placed in a band based on its open market value as at 1st April 1991. The bands are as follows: -

Range of Values Band	Valuation
Values not exceeding £40,000	A
Values exceeding £40,000 but not exceeding £52,000	B
Values exceeding £52,000 but not exceeding £68,000	C
Values exceeding £68,000 but not exceeding £88,000	D
Values exceeding £88,000 but not exceeding £120,000	E
Values exceeding £120,000 but not exceeding £160,000	F
Values exceeding £160,000 but not exceeding £320,000	G
Values exceeding £320,000	H

- 1.3 The Tax Base is calculated in terms of the equivalent number of Band 'D' properties after discounts and exemptions have been taken into account. There are statutory ratios which determine the proportion of the band D charge that will be charged for a property in each band. The ratios are as follows:

A = 6/9ths	E = 11/9ths
B = 7/9ths	F = 13/9ths
C = 8/9ths	G = 15/9ths
D = 1	H = 18/9ths

- 1.4 The standard Council Tax is set in relation to Band 'D' properties, this will mean that somebody living in a Band 'A' property pays 2/3rds of the standard amount whilst somebody in a Band 'H' property pays twice the standard amount.
- 1.5 The full Council Tax charge is based on the assumption that the property is occupied by two or more adults. However, some properties are exempt from any charge, and others qualify for a discount. In determining the Tax Base the following discounts and exemptions are taken into account: -

a) Single Person Discount

Where only one adult lives in the property the Council Tax bill for that property is reduced by 25%. A full and comprehensive review of all of these discounts is undertaken during the year.

b) Status Discounts

For the purpose of determining the number of adults living in the property certain categories of people are not taken into account. Examples include:

- Full time students and student nurses
- Recent school leavers
- People with severe mentally impairment
- People living in a nursing or care home
- Certain care workers
- People in prison

Where the number of adults to be counted after allowing these discounts is one, a 25% discount is allowed. Where the number of adults is nil a 50% discount is allowed. Status discounts are reviewed during the year.

c) Empty Properties

Properties that are unoccupied, but not exempt, are currently entitled to a reduced 10% discount which was previously approved by the Assembly.

d) Exemptions

There are 23 categories of property which are exempt. The main exemptions that apply in Barking and Dagenham are:

- Unoccupied properties (for the first six months they are unoccupied)
- Properties undergoing major repairs
- Properties left unoccupied because the occupier has died
- Properties occupied only by full time students
- Properties occupied only by people with severe mental impairment.

Exemptions are reviewed regularly during the year.

e) Reductions for People with Disabilities

Under certain circumstances, a property that is the home of a person with a disability is charged at the rate for the band below that which would normally be charged. For properties in band A the charge is reduced by 1/9th of the band D charge.

- 1.6 The calculation of the Council Tax Base for Formula Grant Purposes is required to be submitted to the department for Communities and Local Government each year. The calculation was submitted on 16th October 2009 and the tax base for Grant purposes was 53,601.6 band D equivalent properties.
- 1.7 For the purposes of setting the tax base for calculating the Council Tax, the information to be used is that recorded in the valuation list and the Council Tax records as at 1st December 2009. The number of band D equivalents for each property band at that date is shown below with a comparison to the figures at the time the tax base was set for 2009-10.

2009-10		Band	2010-11	
Last Year Totals	Band 'D' Equivalents		Total	Band 'D' Equivalent
4.50	2.5	A*	4.50	2.5
5,562.45	3,708.3	A	5,625.80	3,750.5
8,725.95	6,786.9	B	8,755.55	6,809.9
37,172.50	33,042.1	C	37,415	33,257.8
7,375.95	7,376.0	D	7,363.8	7,363.8
1,522.40	1,860.7	E	1,505.35	1,839.9
306.45	442.7	F	311.8	450.4
38.90	64.8	G	39.8	66.3
6.70	13.4	H	6.7	13.4
60,715.80	53,297.4		61,028.30	53,554.5

*Disabled person's reductions

2. Adjustments

2.1 When determining the tax base for the purpose of setting the Council Tax an allowance must be made for a number of factors such as:

- New properties expected to be completed
- Properties expected to be demolished
- Anticipated change to the number of discounts and exemptions
- An allowance for non-collection

2.2 For 2010-11, adjustments are required in respect of new properties, changes to exemptions and discounts, and the allowance for losses on collection. The adjustments, expressed as band D equivalents, are shown below.

Basic tax base at 1 st December 2009	53,554.5
Anticipated effect of new properties	+284.8
Anticipated effect of changes to discounts and exemptions	-535.5
Adjustment for anticipated demolitions	-76.4
	<hr/>
	53,227.4
Losses on collection allowance at 3.0%	-1,596.8
Final Tax Base for 2010-11	<hr/> 51,630.6

2.3 The losses on collection allowance for 2010-11 has been assessed as 3.0% which is the same as the previous year.

2.4 When compared to the Tax Base for 2009-10 of 51,527.5, there has been an increase equivalent to 103.1 band D properties (0.2% of the Tax Base).

2.5 Predictions of the change to the tax base over the course of 2010-11 have taken account of the current economic which indicates a continued slow rate of development and building of new properties in 2010-11 and therefore, the estimates

are based on properties which have either started or due to start and be completed during the rest of 2009-10 and 2010-11.

3. Single Person Discount

- 3.1 During 2009-10 a full and comprehensive review of single person discounts has been completed which has resulted in the removal of over 400 discounts. The removal of the discounts has been reflected in the detailed calculation of the tax base in Appendix A/1.
- 3.2 All single person discounts are reviewed annually to ensure that the tax base is accurate and up to date.
- 3.3 A fully detailed calculation of the tax base is contained in **Appendix A/1**

Council Tax Base Calculation 2010-11

ct6140d as at 1st December 2009

	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Totals
Line 1	0	7118	10562	42771	8172	1659	329	44	20	70675
Line 2	0	386	526	1216	192	38	4	3	0	2365
Line 3	0	0	0	0	0	0	0	0	0	0
Line 4	0	6732	10036	41555	7980	1621	325	41	20	68310
Line 5	0	5	14	179	60	20	3	5	12	298
Line 6	5	14	179	60	20	3	5	12	0	298
Line 7	5	6741	10201	41436	7940	1604	327	48	8	68310
Line 8	2	4294	5452	15188	2119	362	45	2	0	27464
Line 9	0	52	135	474	95	9	3	0	0	768
Line 10	0	2	2	13	9	1	5	14	2	48
Line 11	0	29	71	145	28	8	1	1	0	283

Line 12	Number of dwellings adjusted in line 7 classed as long term empty [Class C] receiving 50% discount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Line 13	Number of dwellings adjusted in line 7 entitled to a 50% discount for RSG purposes [lines 10+11+12]	0	31	73	158	37	9	6	15	2	331							
Line 14	Number of dwellings adjusted in line 7 classed as long term empty receiving a 0% discount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Line 15	Number of dwellings adjusted in line 7 classed as long term empty receiving a > 0% and < 50% discount	0	132	122	265	42	14	2	2	3	582							
Line 16	Number of dwellings in line 7 where there is liability to pay 100% Council Tax [lines 7 - 8 - 9 - 13 - 15]	3	2232	4419	25351	5647	1210	271	29	3	39165							
Line 17	Total equivalent dwellings after discounts, exemptions and disabled. [Lines 8 x 0.75 + line 9 x 0.75 + line 13 x 0.5 + line 15 x [100 - %discount]/100 + line 16 [2 decimal places]	4.5	5625.8	8755.55	37415	7363.8	1505.35	311.8	39.8	6.7	61028.3							
Line 18	Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9								
Line 19	No. of Band D equivalents [to 1 decimal place] = Line 17 x Line 18	2.5	3750.5	6809.9	33257.8	7363.8	1839.9	450.4	66.3	13.4	53554.5							
	No. of Band D equivalents of contributions in lieu [Class O] to 1 decimal place																	
	Tax base for Revenue Support Grant purposes [to 1 decimal place]																	53554.5

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