

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

Title: 2010/2011 Council Tax Base	For Decision
<p>Summary:</p> <p>This report has been produced to correct an error on the original Executive Report provided to the Executive on 22 December 2009 (Minute 105 refers).</p> <p>Since the approval of the original report it has been identified that the Council Tax Base figure reported at recommendation 1 of the report incorrectly stated that the Council Tax base figure was 53,227.4 Band D properties. However, this figure did not take into account the 3% loss adjustment provision figure.</p> <p>The correct figure was included in the supporting documentation namely the document 'Council Tax Base 2010-11 Appendix A' however this figure was not transferred correctly to recommendation 1 of the report.</p> <p>This amendment is required to be approved by the statutory deadline of the 31 January 2010.</p> <p>Details</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 51,630.5 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 	

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.

Implications:**Financial:**

The financial implications are set out in **Appendix A** to this report (Calculation of Tax 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
 - Nina Clark – Divisional Director, Legal and Democratic Services
 - 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.