

CABINET

21 DECEMBER 2010

REPORT OF THE CABINET MEMBER FOR FINANCE, REVENUES & BENEFITS

Title: Calculation and Setting of the Council Tax Base for 2011/12	For Decision
<p>Summary:</p> <p>This report seeks approval of the Authority's Council Tax Base for 2011-12, which is the responsibility of the Cabinet.</p> <p>This report sets out the calculation of the Council Tax Base for 2011-12 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 Cabinet 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 2011-12 shall be 52,723.7 Band 'D' properties;2. That the discount 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 2011-12 but reconsidered for possible implementation in 2012-13.4. That there should be no award of reductions for prompt payment during 2011-12 but reconsidered for possible implementation from 2012-13 onwards	
<p>Reason(s)</p> <p>In order to comply with statute and assist in the calculation of the Authority's Council Tax for 2011-12.</p>	
<p>Comments of the Chief Financial Officer</p> <p>The Corporate Director of Finance and Resources has confirmed that relevant financial issues are set out in Appendix A of the report</p>	
<p>Comments of the Legal Partner</p>	

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1. 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 Cabinet.
- 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 2011-12, consideration will be given to the establishing a policy for a locally determined discount on the basis of hardship from 2012-13.

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 in future years.
- 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. Background Papers Used in the Preparation of the Report:

Not Applicable

5. List of appendices:

- Appendix A – Council Tax Base 2011-12
- Appendix A1- Council Tax Base Data 2011-12