

## CABINET

14 DECEMBER 2011

<b>Title:</b> Calculation and Setting of the Council Tax Base for 2012/13	
<b>Report of the Cabinet Member for Finance and Education</b>	
Open Report	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> Yes
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<b>Accountable Divisional Director:</b> Sue Lees, Divisional Director of Assets and Commercial Services	
<b>Accountable Director:</b> Tracie Evans, Corporate Director of Finance and Resources	
<b>Summary:</b>  This report seeks approval of the Authority's Council Tax Base for 2012-13, which is the responsibility of the Cabinet.  This report sets out the calculation of the Council Tax Base for 2012-13 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.	
<b>Recommendation(s)</b>  The Cabinet is asked to agree:  (i) 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 2012-13 shall be 53,086.9 Band 'D' properties;  (ii) That the discount for long-term empty properties and second homes continues to be set at 10%;  (iii) That no locally determined discount's based on categories of property or occupier be awarded for 2012-13; and  (iv) That there should be no award of reductions for prompt payment during 2012-13.	
<b>Reason(s)</b>  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.	

## **1. Introduction and Background**

- 1.1 The Tax Base must be conveyed to the major precepting Authorities by 31 January prior to the start of the financial year.
- 1.2 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.
- 1.3 The regulations set a prescribed period for the calculation of the tax, which is between 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 by the Council as at 30 November.
- 1.4 Appendix A sets out the Calculation of Tax Base.

## **2. Proposal and Issues**

- 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.

## **3. Options Appraisal**

- 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. Consultation**

- 4.1 The calculation of the Council Tax Base follows a prescribed process and, as such, does not require consultation. The options relating to discounts and / or reductions were discussed with senior Members and officers.

#### **5. Financial Implications**

The 2012-13 Council Tax Base has increased by 363.20 Band 'D' equivalent properties from the previous year. At the current Band 'D' charge of £1,016.40 this would generate an additional £369,000 of Council Tax income compared to the previous year's base.

#### **6. Legal Implications**

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

#### **7 Background Papers Used in the Preparation of the Report:**

- 7.1 None

#### **List of appendices:**

- Appendix A – Council Tax Base 2012-13
- Appendix A1- Council Tax Base Data 2012-13