

EAST HERTS COUNCIL

COUNCIL – 9 DECEMBER 2009

REPORT BY THE EXECUTIVE MEMBER
FOR RESOURCES AND INTERNAL SUPPORT

10. COUNCIL TAX - CALCULATION OF COUNCIL TAX BASE 2010/11

WARDS AFFECTED: All

Purpose/Summary of Report

1.1 To recommend to the Council the calculation of the council tax base for the whole district, and for each parish and town council, for 2010/11

<u>RECOMMENDATIONS FOR DECISION:</u> that			
(A)	the calculation of the Council's tax base for the whole District, and for the parish areas, for 2010/11 be approved, with the continuation of the 90% of the full charge for second homes and long term empty properties, and		
(B)	pursuant to the report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by East Hertfordshire District Council as its council tax base for the whole area for 2010/11 shall be 57790.62 and for the parish areas listed below for 2010/11 shall be as follows:-		
	<u>Table 1</u>		
	ALBURY	277.41	HIGH WYCH
	ANSTEY	154.14	HORMEAD
	ARDELEY	202.56	HUNSDON
	ASPENDEN	125.23	LITTLE BERKHAMSTED
	ASTON	429.88	LITTLE HADHAM
	BAYFORD	218.76	LITTLE MUNDEN
	BENGEO	302.34	MUCH HADHAM
	BENINGTON	390.53	SACOMBE
	BISHOP'S	15122.01	STANSTEAD ST.
			323.00
			328.21
			481.13
			273.34
			529.80
			420.38
			930.56
			90.80
			691.96

STORTFORD		MARGARETS	
BRAMFIELD	123.06	SAWBRIDGEWORTH	3680.57
BRAUGHING	582.60	STANDON	1794.44
BRENT PELHAM / MEESDEN	145.80	STANSTEAD ABBOTTS	735.70
BRICKENDON	289.11	STAPLEFORD	265.05
BUCKLAND	125.60	STOCKING PELHAM	81.65
BUNTINGFORD	1935.32	TEWIN	808.59
COTTERED	310.45	THORLEY	300.94
DATCHWORTH	742.89	THUNDRIDGE	621.18
EASTWICK / GILSTON	193.14	WALKERN	651.48
FURNEUX PELHAM	256.67	WARESIDE	307.67
GREAT AMWELL	1003.99	WARE TOWN	7336.29
GREAT MUNDEN	139.56	WATTON - AT - STONE	989.79
HERTFORD	11327.02	WESTMILL	160.46
HERTFORD HEATH	968.74	WIDFORD	235.57
HERTINGFORDBURY	314.89	WYDDIAL	70.36
		TOTAL	57790.62

1.0 Background

- 1.1 Calculation of the council tax base is governed by statutory regulation and the Council has limited discretion.
- 1.2 As a billing authority the council must notify the County Council and the Police Authority of the tax base and must do this between 1 December and 31 January preceding the tax year. The Council must also tell a parish what their tax base is within 10 working days of any written request
- 1.3 The tax base will be used by the Council when setting the rates of council tax at the March Council meeting.
- 1.4 The tax base calculations must be made by the Authority as a whole.
- 1.5 The regulations set out the following formula to be used to calculate the tax base:-

$$\text{Tax base} = A \times B$$

(A is the total of the “relevant amounts”)

(B is the estimated collection rate)

Item A, the total of “relevant amounts” is found by a second formula:-

$$\text{Item A} = (H - (I \times E) + J) \times \frac{F}{G}$$

where:

H is the estimated number of dwellings, which are shown in the valuation list at 26 October 2009, adjusted for exemptions.

I x E is the number of discounts estimated to be allowed multiplied by the discount rate of 25%.

J is the estimated equated number of new less demolished dwellings plus the estimated change in discounts for 2010/11 and the effect of successful appeals.

$\frac{F}{G}$ converts the number of dwellings in each valuation band to a “Band D” equivalent.

Item A can be summarised as the effective number of equivalent Band D properties after taking the actual number in each valuation band and allowing for valuation changes, for errors and appeals, new properties, periods of exemption, reductions for disabled persons and discounts for single occupiers and unoccupied properties.

2.0 Report

2.1 The assumptions made are as follows:

Number of taxable properties

2.2 In the six years to March 2008 there was a substantial growth in house building, and tax base forecasts anticipated a consistent level of additional new properties becoming taxable. However, the last eighteen months have seen a number of proposed local housing developments mothballed or deferred in response to the recession.

2.3 For 2010/11 it is assumed that there will be limited new completions with a net addition of only 117 new properties by 31 March 2011. These have been allocated to parish areas on the basis of development in hand and planning approvals. It is assumed that all new dwellings will be exempt for the first six months and that a

proportion of discounts will apply thereafter. No valuation increases have been assumed for improvements and extensions as these do not take effect until properties are sold on.

- 2.4 It has been assumed that 263 properties will qualify for disabled persons reductions, based on experience in the current year.
- 2.5 A figure of 1216 exemptions/voids is included in line with the current position. It should be noted that this number has increased by 20% in each of the last two years. Further increases will have a negative impact on the tax base.

Collection Rate

- 2.6 Item B in the tax base formula is the estimate of the collection rate for 2010/11. For 2009/10 a collection rate of 99.00% was agreed and notwithstanding the increase in reminders, summonses and liability orders this is expected to be achieved. However, there is some evidence from benefit applications that some tax payers are running down savings and experiencing increasing difficulty in managing their debts. It would be prudent therefore to allow for at least a marginal fall in the collection rate in 2010/11 and a rate of 98.75% has been used.
- 2.7 This gives an overall tax base of 57,790.62 which is an increase over the previous base of 0.09% i.e. 56 Band 'D' equivalent properties.
- 2.8 Should any Member have detailed questions or comments on the assumptions it would be of great benefit to advise the Director of Internal Services or the Executive Member for Resources and Internal Support well in advance of the meeting.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A' (Page 125)**.

Background Papers

Local Authorities (Calculation of the Tax Base) Regulations 1992 (as amended)

Contact Member: Councillor Michael Tindale - Executive Member for Resources and Internal Support

Contact Officer: Alan Madin – Director of Internal Services, ext 1401

Report Author: Su Tarran - Head of Revenues and Benefits, ext 2075

ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives:	Contributes to the health and sustainability of the organization by recommending the council tax base for the next financial year.
Consultation:	None
Legal:	The Council must set the tax base in accordance with relevant regulations.
Financial:	The S151 officer, has confirmed that the assumptions are prudent.
Human Resources:	None
Risk Management:	The assumptions made are reasonable at the current time but consideration should be given to the fluidity of the current economic climate in reviewing the position during the year.