

EAST HERTS COUNCIL

COUNCIL – 14 DECEMBER 2011

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE

COUNCIL TAX - CALCULATION OF COUNCIL TAX BASE
2012/13

WARDS AFFECTED: All

Purpose/Summary of Report

- To recommend to the Council the calculation of the council tax base for the whole district, and for each parish and town council, for 2012/13.

| RECOMMENDATIONS FOR DECISION: that | |
|---|--|
| (A) | from 1 April 2012, 90% of the full council tax continue to be charged in respect of second homes, the charge in respect of long term empty properties be increased from 90% to 100% and the council tax base for East Herts and each of its parish and town councils be calculated as set out in this report; and |
| (B) | in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by East Hertfordshire Council as its council tax base for the whole area for 2012/13 shall be 58576.71 and for the parish areas listed below for 2012/13 the amount shown in column A below, to be increased by 50.97 for the whole area and for each parish or town by the amounts in column B by the removal of the long term empty discount:- <u>Table 1</u> |

| | A | B | | A | B |
|---------------------------|----------|-------|----------------------------|-----------------|--------------|
| ALBURY | 278.78 | 0.63 | HIGH WYCH | 336.13 | 0.69 |
| ANSTEY | 155.94 | 0 | HORMEAD | 329.99 | 0.44 |
| ARDELEY | 201.26 | 0.16 | HUNSDON | 485.32 | 0.16 |
| ASPENDEN | 127.76 | 0.09 | LITTLE BERKHAMSTED | 281.40 | 1.08 |
| ASTON | 436.97 | 0.47 | LITTLE HADHAM | 536.72 | 0.97 |
| BAYFORD | 224.44 | 0.16 | LITTLE MUNDEN | 418.45 | 0.20 |
| BENGE0 | 301.38 | 0 | MUCH HADHAM | 932.14 | 0.91 |
| BENINGTON | 395.64 | 0.29 | SACOMBE | 89.43 | 0.27 |
| BISHOP'S STORTFORD | 15222.77 | 9.62 | STANSTEAD ST. MARGARETS | 714.65 | 0 |
| BRAMFIELD | 122.08 | 0.29 | SAWBRIDGEWORTH | 3733.05 | 3.78 |
| BRAUGHING | 588.89 | 0.43 | STANDON | 1799.43 | 1.82 |
| BRENT PELHAM / MEESDEN | 149.35 | 0.10 | STANSTEAD ABBOTTS | 745.45 | 0.66 |
| BRICKENDON | 289.94 | 0.49 | STAPLEFORD | 265.35 | 0.1 |
| BUCKLAND | 122.48 | 0.38 | STOCKING PELHAM | 80.37 | 0.17 |
| BUNTINGFORD | 2052.64 | 1.76 | TEWIN | 816.75 | 0.52 |
| COTTERED | 314.79 | 1.68 | THORLEY | 304.55 | 0.31 |
| DATCHWORTH | 748.80 | 0.63 | THUNDRIDGE | 626.67 | 0.64 |
| EASTWICK / GILSTON | 195.60 | 0.25 | WALKERN | 661.54 | 0.22 |
| FURNEUX PELHAM | 257.93 | 0.22 | WARESIDE | 318.35 | 0.36 |
| GREAT AMWELL | 1020.11 | 1.05 | WARE TOWN | 7402.84 | 4.11 |
| GREAT MUNDEN | 144.25 | 0.50 | WATTON - AT - STONE | 1013.38 | 0.95 |
| HERTFORD | 11571.33 | 11.68 | WESTMILL | 159.29 | 0.16 |
| HERTFORD HEATH | 976.65 | 0.41 | WIDFORD | 235.92 | 0.09 |
| HERTINGFORDBURY | 316.32 | 0.89 | WYDDIAL | 73.44 | 0.18 |
| | | | | | |
| | | | | | |
| | | | TOTAL | 58576.71 | 50.97 |

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:-

Tax base = A x 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:-

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

where:

H is the estimated number of dwellings, which are shown in the valuation list at 31 October 2011, 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 2012/13 and the effect of successful appeals.

$\frac{E}{G}$ 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 For 2012/13 it is assumed that there will be limited new completions with a net addition of only 323.5 new properties by 31 March 2013. 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.

2.3 It has been assumed that 255 properties will qualify for disabled persons reductions, based on experience in the current year.

2.4 A figure of 1222 exemptions/voids is included in line with the current position. Further increases will have a negative impact on the tax base.

Collection Rate

2.5 Item B in the tax base formula is the estimate of the collection rate for 2012/13. For 2011/12 a collection rate of 98.75% 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 remain at this collection rate in 2012/13 instead of returning to the 2009/10 rate of 99%.

2.6 This gives an overall tax base of 58576.71 which is an increase over the previous base of 0.78% i.e. 453 Band 'D' equivalent properties.

- 2.7 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.

Long Term Empty Properties

- 2.8 The Government is consulting on changes to the Council tax regulations which if approved will provide greater local discretion over the award of some discounts and exemptions. There is potential to increase the tax base in later years should the changes be enacted. Rather than a discount for long term empty homes the proposals provide scope for a premium rate to be applied at the discretion of the billing authority to create an incentive for earlier completion of renovations.
- 2.9 These changes are for the future but the Council has existing discretion to set the long term empty discount at between 0% and 50% and has previously set a 10% discount. At any one time there are between 500 and 600 properties in receipt of the discount and the band D equivalent of such properties at the date of calculating the tax base was 500 with the removal of the 10% this increases the tax base by 50.97 . The additional council tax yield for this Council (i.e. excluding amounts due to precepting authorities) would be £8110

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'**.

Background Papers

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

Contact Member: Councillor M Tindale, Executive Member for Finance

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

Report Author: Su Tarran - Head of Revenues and Benefits

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. |