

EAST HERTS COUNCIL

THE COUNCIL – 8 DECEMBER 2010

REPORT BY THE EXECUTIVE MEMBER
FOR RESOURCES AND INTERNAL SUPPORT

COUNCIL TAX - CALCULATION OF COUNCIL
TAX BASE 2011/12

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 2011/12

RECOMMENDATIONS FOR DECISION: that:				
(A)	the calculation of the Council's tax base for the whole District, and for the parish areas, for 2011/12 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 2011/12 shall be 58123 and for the parish areas listed below for 2011/12 shall be as follows:-			
	<u>Table 1</u>			
	ALBURY	276.92	HIGH WYCH	323.93
	ANSTEY	154.94	HORMEAD	329.88
	ARDELEY	207.46	HUNSDON	479.27
	ASPENDEN	123.96	LITTLE BERKHAMSTED	277.04
	ASTON	435.05	LITTLE HADHAM	533.47
	BAYFORD	222.15	LITTLE MUNDEN	417.70

BENGEO	298.37	MUCH HADHAM	939.27
BENINGTON	393.64	SACOMBE	88.71
BISHOP'S		STANSTEAD ST.	
STORTFORD	15201.88	MARGARETS	713.13
BRAMFIELD	119.15	SAWBRIDGEWORTH	3719.92
BRAUGHING	579.39	STANDON	1795.16
BRENT PELHAM /			
MEESDEN	148.39	STANSTEAD ABBOTTS	745.83
BRICKENDON	291.17	STAPLEFORD	260.72
BUCKLAND	125.97	STOCKING PELHAM	82.18
BUNTINGFORD	2003.58	TEWIN	815.73
COTTERED	317.22	THORLEY	302.01
DATCHWORTH	747.76	THUNDRIDGE	623.48
EASTWICK /			
GILSTON	195.52	WALKERN	650.95
FURNEUX PELHAM	254.90	WARESIDE	316.49
GREAT AMWELL	1019.77	WARE TOWN	7339.23
GREAT MUNDEN	142.19	WATTON - AT - STONE	989.45
HERTFORD	11361.30	WESTMILL	162.52
HERTFORD HEATH	977.98	WIDFORD	233.95
HERTINGFORDBURY	311.64	WYDDIAL	72.68
		TOTAL	58123

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:-

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

where:

H is the estimated number of dwellings, which are shown in the valuation list at 31 October 2010, 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 2011/12 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 two years have seen some proposed local housing developments mothballed or deferred in response to the recession.

- 2.3 For 2011/12 it is assumed that there will be limited new completions with a net addition of only 144 new properties by 31 March 2012. 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 261 properties will qualify for disabled persons reductions, based on experience in the current year.
- 2.5 A figure of 1228 exemptions/voids is included in line with the current position. 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 2011/12. For 2010/11 a collection rate of 98.75% was agreed and notwithstanding the increased numbers of reminders, summonses and liability orders issued in the year to date this is expected to be achieved. The 2010/11 rate was reduced from the 99% in prior years and the evidence from the benefits case load is that it would be prudent to retain the reduced rate for a further year.
- 2.7 This gives an overall tax base of 58123 which is an increase over the previous base of 0.57% i.e. 332 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'**.

Background Papers

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

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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.