



Council Tax Base for 2013/14

SUMMARY

- 1.1 The Council has to calculate its council tax base for 2013/14 as a means of raising council tax income for the 2013/14 financial year from Derby council tax payers.
- 1.2 The tax base is an estimated figure of the number of domestic properties in terms of 'band D' in the Council's area during the financial year concerned. It is used to determine a headline charge for band D properties in the city. Charges for other bands are calculated as defined fractions of the headline charge.
- 1.3 In 2013/14, changes arising from the Government's Welfare Reform programme (specifically the replacing of council tax benefit with local council tax support) and the decision to give local authorities greater discretion over the reliefs from council tax available in respect of second homes and some empty properties will have a significant impact on the Council's tax base. The overall impact of these changes will be to sharply reduce the Council's tax base.
- 1.4 The proposed council tax base for 2013/14 is 61,622.88 band D equivalent properties compared with the 2012/13 council tax base of 72,726.75 This represents a decrease of 11,103.87 band D equivalent properties.

As well as taking into account the changes mentioned in paragraph 1.3, the tax base also includes a prudent estimate of the number of newly built homes between 1 December 2012 and 31 March 2014 that will add to the tax base.

RECOMMENDATION

- 2.1 To approve the council tax base for the year 2013/14 as 61,622.88 band D equivalent properties in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012/2914).
- 2.2 That in accordance with the methodology and estimates shown at Appendix 2, Cabinet recommends to approve this calculation to Full Council at their meeting on 30 January 2013.

REASONS FOR RECOMMENDATION

- 3.1 Agreeing the council tax base is the first step in the process of setting the council tax to be collected in 2013/14 and is an essential part of establishing the 2013/14 budget.



SUPPORTING INFORMATION

- 4.1 The calculation of the council tax base for the City is a key stage in the budget setting process and will form the basis for the council tax charge for the Council's council tax payers for 2013/14. The tax base has to be notified to Derbyshire Police Authority and Derbyshire Fire Authority by 31 January 2013 so that they can set their precept for all the council tax payers in Derbyshire.
- 4.2 The tax base is an estimated figure of the number of domestic properties in terms of band D in the Council's area during the year. It is used to determine a headline charge for band D. Charges for other bands are calculated as defined fractions of the headline charge.
- 4.3 By law, the Council must calculate its council tax base for 2013/14 by no later than 31 January 2013.
- 4.4 The tax base calculations are shown at Appendix 2, which shows our estimated tax base to be 63,202.95 band D equivalent properties. Applying the non-collection allowance of 2.5% to the estimated tax base gives a rounded band D equivalent tax base of 61,622.88 to two decimal places.
- 4.5 The tax base calculation for 2013/14 has two new elements.
 - a. The first takes account of the replacement of council tax benefit in 2013/14 with local council tax support schemes - LCTSS. In effect, reductions in households council tax bills through awards made under LCTSS will be granted as a council tax discount resulting in a significant reduction in the tax base.
 - b. The second change results from the Government's decision to give local authorities greater discretion over the reliefs from council tax available in respect of second homes and some empty properties. In Derby this will reduce the amount of discount for a number of properties within Derby, effectively increasing the tax base.

The overall effect of these two new elements will be to reduce the tax base.

OTHER OPTIONS CONSIDERED

- 5.1 Setting the council tax base is a statutory duty.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Chloe Kenny Kath Gruber Gaynor Valente
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For more information contact: Background papers: List of appendices:	Name 01332 643774 e-mail john.massey@derby.gcsx.gov.uk None Appendix 1 – Implications Appendix 2 - Council Tax Base for 2013/14 – calculation of relevant amounts
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IMPLICATIONS

Financial and Value for Money

- 1.1 The estimated council tax base for 2013/14 of 61,622.88 compares with 72,726.75 used for 2012/13 tax setting purposes.

Legal

- 2.1 The Council is required to calculate its tax base under the Local Government Finance Act 1993, Section 33(1), and The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (S1 2012/2914). The Council has a duty to notify Derbyshire Police Authority and Derbyshire Fire Authority of its council tax base by 31 January 2013.

Personnel

- 3.1 None.

Equalities Impact

- 4.1 None.

Health and Safety

- 5.1 None .

Environmental Sustainability

- 6.1 None.

Asset Management

- 7.1 None.

Risk Management

- 8.1 None.

Corporate objectives and priorities for change

- 9.1 This report is the first step in setting the council tax for the forthcoming financial year. As such, it is part of the income generating process for the Council. It therefore links to all the Council objectives, as the Council needs the income from council tax to fund its activities.

Council Tax Base for 2013/14 – calculation of relevant amounts

Description	Band D Equivalent
Derby City Council tax base as at 30 November expressed as band D equivalents (note 1)	73,750.7
Less reduction from Local Council Tax support scheme (LCTSS)(note 2)	-11,434.99
Add increase for changes to exemptions/discounts arising from Council Tax Technical Reforms (note 3)	669.35
Add increase for other future changes	217.89
Tax Base prior to collection rate factor	63,202.95
Reduction in Tax Base to take account of collection rate at 97.5% (note 4)	1,580.07
Derby City Council Tax Base for 2013/14	<u>61,622.88</u>

Notes

1. This figure is taken from the council tax core business system as at close of play 30 November 2012. It represents all domestic dwellings in Derby expressed as band D equivalents.
2. Proposed LCTSS expenditure divided by current band D charge (£15,530,087/£1358.12).
3. Projected income divided by current band D charge (£909,054.4/£1358.12).
4. 97.5% is a prudent collection rate acknowledging the potential for non-collection of new council tax debts arising from introduction of LCTSS.