



Northumberland

County Council

CABINET

15 JANUARY 2019

SETTING OF THE COUNCIL TAX BASE 2019-20

Report of Barry Scarr, Executive Director of Finance & Section 151 Officer / Deputy Chief Executive

Cabinet Member: Councillor Nicholas Oliver, Portfolio Holder for Corporate Services

Purpose of report

The purpose of this report is to advise Cabinet of the tax base calculation for 2019-20 for all domestic properties liable to pay council tax.

The tax base must be set by the statutory deadline of 31 January 2019.

Recommendation

Cabinet is recommended to approve the Council tax base for 2019-20, dependent upon the decision of the County Council on the Council Tax Support Scheme for 2019-20 at its meeting on 9 January 2019. (An update to confirm the position will be issued after the County Council meeting on 9 January 2019).

- 1. If County Council approves the 8% reduction in the level of Council Tax Support for all working age claimants the tax base for 2019-20 equates to 104,816.71 Band D equivalent dwellings, as detailed within Appendix A. This is an increase of 2,148.02 Band D equivalents from 2018-19.**
- 2. If County Council does not approve the 8% reduction in the level of Council Tax Support for all working age claimants the tax base for 2019-20 equates to 104,186.04 Band D equivalent dwellings, as detailed within Appendix B. This is an increase of 1,517.35 Band D equivalents from 2018-19.**

Link to Corporate Plan

Setting the council tax base is the first stage in the setting of council tax.

Key issues

1. The Council Tax Base is a measure of the Council's taxable capacity for the setting of its council tax, and legislation sets out the formula for the calculation and the requirement that the tax base is formally approved.

2. If County Council approves the 8% reduction in the level of Council Tax Support for all working age claimants the Council Tax Base for 2019-20 is 104,816.71, an increase of 2,148.02 Band D equivalents from 2018-19. A breakdown of how this affects each individual parish area and compares to their 2018-19 tax base is included at Appendix C.

3. If County Council does not approve the 8% reduction in the level of Council Tax Support for all working age claimants the Council Tax Base for 2019-20 is 104,186.04, an increase of 1,517.35 Band D equivalents from 2018-19. A breakdown of how this affects each individual parish area and compares to their 2018-19 tax base is included at Appendix D.

4. The main changes from 2018-19 are:
 - a. there are 1,237 more dwellings in the County shown in the Valuation List on 10 September 2018;
 - b. there are 1,211 more dwellings subject to a 25% reduction on the grounds of single person discount on 1 October 2018;
 - c. there are 147 more dwellings subject to a 25% reduction on the grounds of a discount disregard on 1 October 2018;
 - d. there are 149 more dwellings exempt from council tax on 1 October 2018;
 - e. The non-collection rate used to set the 2019-20 council tax base is reduced to 0.7% as a result of year on year increases in collection rates;
 - f. there are 475 less equivalent number of dwellings entitled to the equivalent of the current council tax support scheme on 1 October 2018; and
 - g. there are 1,397 less equivalent number of dwellings that will be entitled to council tax support if County Council approves the 8% reduction in the level of Council Tax Support for all working age claimants.

5. The tax base for 2019-20 must be approved by 31 January 2019.

6. The tax base must also be notified to the Police and Crime Commissioner for Northumbria by 31 January 2019 to be used to set their council tax precept.

7. The tax base is based on actual figures taken from the Council Tax system and the Valuation List at the time of calculation of the statutory CTB (October 2018) return required by the Department for Communities and Local Government.
8. Section 84 of the Local Government Act 2003 allows the calculation or determination to be delegated to a committee or an officer of the Council.
9. Following approval at County Council on 4 November 2015 Cabinet has delegated authority to approve the tax base.

Background

10. Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended) require the Council to calculate a council tax base for each financial year.
11. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 which came into force on 30 November 2012 and applies to the financial years beginning 1 April 2013 onwards contains the rules which require the Council to calculate the Council Tax Base.
12. The Council Tax Base is a measure of the Council's taxable capacity for the setting of its council tax, and legislation sets out the formula for the calculation and the requirement that the tax base is formally approved.
13. The Council Tax Base is the number of Band D equivalent dwellings in Northumberland. To calculate the tax base the number of dwellings in each council tax band is adjusted to take account of any discounts, exemptions or premiums as at 1 October 2018. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated.
14. There are 153,306 dwellings in Northumberland (as at 10 September 2018) and they are included in one of eight council tax valuation bands from Band A to Band H.
15. For calculating the council tax base dwelling numbers are recalculated into a common base of Band D equivalents.
16. Section 1 of Appendices A and B show the number of domestic dwellings in the County which the Valuation Office Agency has allocated to each of the eight valuation bands. It then shows adjustments in respect of demolished dwellings and relief for disabled residents. Disabled Band Relief is granted where a dwelling meets qualifying criteria in relation to facilities provided for a disabled resident. These dwellings are treated as being in the valuation band one lower than the actual valuation band of the dwelling.
17. Section 2 of Appendices A and B shows an analysis of the dwellings (as at 1 October 2018) between those liable to the full council tax charge and those subject to a discount, exemption, council tax support or premium.

18. Section 3 of Appendices A and B converts the dwellings into full unit equivalents having regard to the eligibility for discounts, exemptions, council tax support and premium summarised in Section 2.
19. Section 4 of Appendices A and B shows the ratio of the tax liability of a dwelling in that band to one in the average valuation band, i.e. Band D.
20. Section 5 of Appendices A and B converts the full unit equivalents set out in Section 3 into “Band D Equivalents” by multiplying them by the ratios set out in Section 4.
21. Section 6 of Appendices A and B shows the number of Band D equivalent dwellings where a contribution in lieu of council tax is received for Ministry of Defence dwellings.
22. Section 7 of Appendices A and B shows the Gross Tax Base before an allowance for non-collection is applied.
23. Section 8 of Appendices A and B shows the adjustment for non-collection percentage.
24. Section 9 of Appendices A and B shows the Council Tax Base figure for 2019-20 in Band D equivalents.
25. The non-collection rate used to set the 2019-20 council tax base is reduced to 0.7% as a result of year on year increases in collection rates.

Implications

Policy	There are two policies that impact on the tax base calculation: The Council Tax Discounts Policy and the Council Tax Support Scheme. The tax base is based on the current Council Tax Discounts Policy and the Council Tax Support Scheme for 2019-20 to be decided at County Council on 9 January 2019.
Finance and value for money	The Council Tax Base is used to measure the taxable capacity for use when setting the amount to be raised from Council Tax.
Legal	Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 prescribes the formula for calculating the tax base. Section 84 of the Local Government Act 2003 allows the calculation or determination to be to be delegated to a committee or an officer of the Council.
Procurement	None
Human Resources	None
Property	None
Equalities	Not applicable
Risk Assessment	There is a risk that the council tax base could be set at a level that results in a shortfall of income when council tax levels are set. An allowance for non-collection will minimise that risk and the budget

	will be subject to risk appraisal before final recommendation is made to County Council.
Crime & Disorder	None
Customer Consideration	None
Carbon reduction	None
Wards	The council tax base covers all wards in Northumberland.

Background papers

The Local Government Finance Act 1992

Local Government Act 2003 – Section 84

Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012
CTB(October 2018)

Approval of the Council Tax Support Scheme for 2019-20 – County Council 9
January 2019

Report sign off

Authors must ensure that officers and members have agreed the content of the report:

	initials
Monitoring Officer/Legal	LH
Executive Director of Finance & S151 Officer	AE
Relevant Executive Director	AE
Chief Executive	DL
Portfolio Holder(s)	NO

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