

## PLYMOUTH CITY COUNCIL

**Subject:** Council Tax Base Setting 2014/15

**Committee:** Cabinet

**Date:** 14 January 2014

**Cabinet Member:** Councillor Lowry

**CMT Member:** Malcolm Coe (Assistant Director for Finance)

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**Ref:** REV/MC

**Key Decision:** No

**Part:** I

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### **Purpose of the report:**

The report provides Members with a Council Tax-base for Tax Setting purposes in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:**

The correct calculation of the Council Tax base will ensure the Council maximises its financial resources to meet its corporate priorities.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:**

A collection rate of 97.5% has been used in calculating the Council Tax-base. This Council Tax Base setting report together with Appendix A which details the tax base calculations, shows the tax base is 67,066 which will give us a Council Tax requirement of £86,847,153.38 assuming a 1.99% increase. This is in line with the resource modelling within the budget papers being presented to Council in February 2014.

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### **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

None – this report sets out the base for the Council Tax resource for 2014/15 and all implications from resource allocation are set out in the three year sustainable budget report.

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**Equality and Diversity:**

None.

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**Recommendations and Reasons for recommended action:**

That Cabinet recommend to Council the approval of the Council Tax Base for 2014/15 Tax Setting as 67,066 Band D equivalents, which is the tax base after allowing for an estimated collection rate of 97.5%.

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**Alternative options considered and rejected:**

Not applicable – calculation of the tax base is a statutory function.

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**Published work / information:**

None

**Background papers:**

None

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**Sign off:**

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Originating SMT Member: Malcolm Coe													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## **I INTRODUCTION**

- 1.1 The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 establishes arrangements for the setting of Council Taxes. The arrangements include the valuation of the Council Tax Base for tax setting for which a Council resolution is necessary. The result must be notified to the Police and Crime Commissioner and the combined Fire Authority by the 31 January.
- 1.2 Regulations require the Council to determine its Tax Base for Council Tax purposes for 2014/15 during the period 1 December 2013 to 31 January 2014 prior to the financial year within which it will be effective. The level of Council Tax subsequently set must use this base figure. A Tax Base calculation is provided in Appendix A for an appropriate decision to be made.
- 1.3 The calculation of the Tax Base includes the impact of the Council Tax Support Scheme which significantly reduces income from Council Tax which is then offset, in part, by a Council Tax Support Grant (which is included within the Revenue Support Grant).

## **2. PURPOSE OF THE REPORT**

- 2.1 The purpose of this report is to present the Cabinet with the calculation of the Council Tax Base of 67,066 for tax setting for the financial year 2014/15. For purposes of comparison, the Council Tax Base for tax setting in the financial year 2013/14 was 66,958.

## **3 BACKGROUND**

- 3.1 During 2013/14 there were significant changes in the components of the Tax Base and its calculation. These arose from changes to regulations in relation to exemptions and discounts and new legislation, specifically the introduction of a Council Tax Reduction scheme, known as Council Tax Support which replaced Council Tax Benefit.
- 3.2 The impact of these changes resulted in the reduction of the Tax Base and therefore a reduction the level of Council Tax income to the Council. This reduction is met in part by the Council Tax Support Grant.
- 3.3 The setting of the Tax Base for 2014/15 has been calculated based on changes to the regulations and new legislation.

## **4 TAX BASE CALCULATIONS**

- 4.1 The Council is required by 31<sup>st</sup> January to establish a base figure for the purpose of setting the level of Council Tax each year – the Tax Base. The calculation of this figure is prescribed by the Local Authorities (Calculation of Tax Base) (England) Regulation 2012.
- 4.2 The regulations require this calculation to be made between 1 December 2013 and 31 January 2014. For the year commencing 1 April 2014 the major precepting authorities will be Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority and Plymouth City Council.

4.3 Tax base figures are calculated by the billing authority as the aggregate of the "relevant amounts" calculated for each property valuation band (now including the impact from Council Tax Support scheme) multiplied by the estimated "collection rate" for the year.

4.4 Relevant amounts are:

- (a) The number of chargeable dwellings in that band shown in the valuation list as it stands on the relevant day.
- (b) The number of discounts, disabled reductions and exemptions which apply to those dwellings on the relevant day;
- (c) Estimated changes in (a) and (b) above between the relevant day and the last day of the charging period to which the estimate applies;
- (d) Impact of the Council Tax Support scheme which is linked to claimants, is converted to an equivalent number of dwellings per band by dividing the estimated cost per band of the reductions by the estimated Council Tax for that band;
- (e) The number of band D equivalents within each different band.
- (f) The relevant day is 30 November in the financial year preceding that for which the relevant amounts are calculated.

4.5 The collection rate for the year is the Billing Authority's estimate of the total amounts of Council Tax which will ultimately be paid or transferred into the Collection Fund.

4.6 A summary of the actual calculation of the 2014/15 Council Tax Base for Plymouth is shown in the Appendices to this report. Appendix A shows the tax base calculation, Appendix B shows the tax base used for the previous three years for comparison.

4.7 This report assumes a collection rate for Council Tax of 97.5% after taking into account the continued impact of Welfare Reform.

## **6 COUNCIL TAX SUPPORT GRANT**

6.1 From 2013/14, the Council receives a grant to fund a local Council Tax Support scheme. This grant reflects the funding reductions that the Government have set for Councils for the local scheme and is merged in to the Revenue Support Grant. An estimate of this has been included in the Council's budget proposals for 2014/15.



**Tax Base and collection rates used for previous three years.**

**Appendix B**

Year	2013/2014			2012/2013			2011/2012		
Band	No. of properties	Estimated collection rate	Adjusted Band D equivalents	No. of properties	Estimated collection rate	Adjusted Band D equivalents	No. of properties	Estimated collection rate	Adjusted Band D equivalents
A	46,555	97.5%	17,611	46,363	98.5%	24,443	46,395	98.5%	24,500
B	31,134	97.5%	17,431	30,914	98.5%	19,901	30,600	98.5%	19,766
C	21,800	97.5%	15,637	21,734	98.5%	16,580	21,631	98.5%	16,553
D	8,922	97.5%	7,499	8,903	98.5%	7,683	8,823	98.5%	7,626
E	4,539	97.5%	4,891	4,493	98.5%	4,836	4,476	98.5%	4,838
F	1,673	97.5%	2,199	1,675	98.5%	2,192	1,665	98.5%	2,160
G	578	97.5%	798	567	98.5%	761	560	98.5%	759
H	59	97.5%	37	58	98.5%	32	58	98.5%	31
Totals	115,260		66,105	114,707		76,428	114,208		76,233
Plus adjustment for MOD Contribution			853			843			833
<b>TAX BASE TOTALS</b>			<b>66,958</b>			<b>77,271</b>			<b>77,066</b>