

EXECUTIVE BOARD – 20 JANUARY 2015

Subject:	Council Tax – Determination of the 2015/16 Tax Base		
Corporate Director(s)/ Director(s):	Geoff Walker, Acting Director of Strategic Finance		
Portfolio Holder(s):	Councillor Graham Chapman, Deputy Leader/Portfolio Holder for Resources and Neighbourhood Regeneration		
Report author and contact details:	Antony Snape, Team Leader, Revenues and Benefits Business Support 0115 876 3890 antony.snape@nottinghamcity.gov.uk		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision			<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Total value of the decision: Nil			
Wards affected: All		Date of consultation with Portfolio Holder(s): 6 January 2015	
Relevant Council Plan Strategic Priority:			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):			
<p>This report sets out the process and calculations to determine the Council Tax base for 2015/16 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012. The Council Tax base is used in the calculation of the Council Tax which provides resources for delivery of the Council's vision, values and objectives. Council Tax revenue funds service delivery.</p>			
Exempt information:			
None			
Recommendation(s):			
1	To approve a tax base of 61,047 for 2015/16.		
2	To agree that a collection rate of 96.25% be used in the determination of the 2015/16 tax base.		

1 REASONS FOR RECOMMENDATIONS

- 1.1 To estimate future changes to the current tax base during 2015/16 and apply an appropriate anticipated collection rate for the period, which takes into account collection trends and the prevailing economic environment so that the tax base figure can be set and used by the City Council and the precepting authorities (i.e. Police and Fire

Authorities) in their budget processes in February 2015 to determine the level of Council Tax for 2015/16.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 Nottingham City Council is a “billing authority” for Council Tax purposes. The Local Government Finance Act 1992 requires the billing authority to determine the Council Tax base to be used in the calculation of the level of Council Tax. The tax base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 and be determined between 1 December and 31 January. The stages in the calculation of the tax base are as follows (all references in italics refer to paragraph 2.5 of this report):

- for each of the eight council tax valuation bands a ‘relevant amount’ is calculated. This is the number of dwellings in each valuation band adjusted to take account of the effect of exemptions and discounts and disabled relief. This figure is expressed as the equivalent number of band D dwellings and reflects the situation at 6 October 2014 (*figure 1*);
- this amount is then adjusted to reflect any estimated increases or decreases in the number of dwellings, exemptions and discounts throughout the year ahead (*figure 2*). An additional adjustment has also been made for the Council Tax Support scheme (CTSS) which replaced Council Tax benefit from 1 April 2013 as a Council Tax discount (*figure 3*). These adjustments are detailed in Appendix 2;
- the revised amount is expressed as the equivalent number of band D dwellings (*figure 4*). It is then multiplied by our estimated collection rate for the year (*figure 5*);
- any contribution paid in lieu in respect of Ministry of Defence (MoD) properties, which are exempt from the Council Tax, is added (*figure 6*);
- the result is the tax base for the authority (*figure 7*).

2.2 For Revenue Support Grant purposes a CTB1 tax base return was submitted to the Department for Communities and Local Government (DCLG) in October 2014 showing the total number of band D equivalent properties subject to Council Tax at that time. At 6 October 2014 this was 80,969 (*figure 1*). An extract is at Appendix 1 and this figure is shown on line 23, column 10.

2.3 Potential changes that may affect the number of chargeable dwellings and the size of the tax base over time include:

- new properties and properties changing to domestic use;
- demolitions, mergers and properties changing to commercial use;
- increases or decreases in the number of discounts;
- increases or decreases in the number of exemptions;
- successful appeals against banding levels and the ‘knock on’ effect of appeals on surrounding properties;
- Council Tax Support.

2.4 In determining the tax base for 2014/15 a collection rate of 96.0% was used. For 2015/16 this collection rate has been increased to reflect estimated collection levels associated with CTSS. This establishes the tax base at 61,047 (*figure 5*). There are no properties owned by the MoD for which contributions in lieu are made. Additional information on how the tax base has been calculated is provided in the supplementary notes in the appendix at the end of this report.

2.5 In summary, a tax base figure of 61,047 is recommended, calculated as follows:

	Figure	2015/16	2014/15
Number of chargeable dwellings	1	80,969	78,289
Add adjustment to chargeable dwellings for discounts and exemptions	2	(594)	1,356
Less adjustments for Council Tax Support	3	(16,950)	(17,198)
Adjusted number of chargeable dwellings	4	63,425	62,447
Multiplied by collection rate (96.25% 2015/16; 96.0%2014/15)	5	61,047	59,949
MoD Contributions	6	0	0
Council Tax Base	7	61,047	59,949

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 None, as the council is legally required to set a Council Tax base using objective calculations

4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

4.1 The tax base of 61,047 has increased in 2015/16 from 59,949 last year. This is mainly due to a rise in the anticipated number of new properties and a revised estimate of CTSS due to reduced caseload. These changes will increase the amount of Council Tax raised.

4.2 The overall collection rate is estimated to be 96.25% reflecting a marginal improvement following the collection difficulties created by the introduction of the Council Tax Support Scheme in 2013.

4.3 The tax base is a key element in setting the level of Council Tax. Value for money is assessed in all areas of service provision.

5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

5.1 If the overall actual collection rate is lower than the assumed rate used here, this could result in a Collection Fund deficit, requiring an increase in the following year's Council Tax. A higher collection rate would increase the surplus and potentially marginally reduce the following year's Council Tax level. The collection rate of 96.25% reflects an analysis of arrears recovery, past trends and forecasting and the increased collection risk associated with the CTSS. The setting of the tax base by 31 January 2015 is a legal requirement.

6 SOCIAL VALUE CONSIDERATIONS

6.1 Not applicable

7 REGARD TO THE NHS CONSTITUTION

7.1 Not applicable

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 No EIA is required under the Council's EIA guidance as this report does not set out changes to policies, services or functions. Any decision on Council Tax rates will be the subject of a subsequent report setting out the Council's proposed budget and this will incorporate a detailed equality impact assessment.

9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

- 9.1 None

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 10.1 None

11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

- 11.1 Theresa Channell, Acting Head of Corporate and Strategic Finance, (0115) 8763649, theresa.channell@nottinghamcity.gov.uk

APPENDIX 1

CTB1 TAXBASE RETURN (OCTOBER 2014)

DWELLINGS SHOWN ON THE VALUATION LIST FOR THE AUTHORITY ON 08 SEPTEMBER 2014	Disabled in									
	BAND A COLUMN 1	BAND A COLUMN 2	BAND B COLUMN 3	BAND C COLUMN 4	BAND D COLUMN 5	BAND E COLUMN 6	BAND F COLUMN 7	BAND G COLUMN 8	BAND H COLUMN 9	TOTAL COLUMN 10
1. Total number of dwellings on Valuation List		85354	21972	15654	6581	2321	995	698	111	133686
2. Number of dwellings on Valuation List exempt on 6 October 2014 (class B & D to W exemptions)		5051	3154	2464	811	165	51	23	17	11736
3. Number of demolished dwellings and dwellings outside area of Authority on 6 October 2014		2	1	1	0	0	1	0	1	6
4. Number of chargeable dwellings on 6 October 2014 (Lines 1-2-3)		80301	18817	13189	5770	2156	943	675	93	121944
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 6 October 2014		209	131	110	53	24	15	28	14	584
6. Number of dwellings effectively subject to council tax for this band by virtue of Disabled Relief (line 5 after reduction)	209	131	110	53	24	15	28	14		584
7. Number of chargeable dwellings adjusted in accordance with lines 5 & 6 (lines 4-5+6 or for column 1, line 6)	209	80223	18796	13132	5741	2147	956	661	79	121944
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 6 October 2014	53	40610	7352	4018	1490	501	203	99	5	54331
9. Number of dwellings in line 7 entitled to a 25% discount on 6 October 2014 due to all but one resident being disregarded for council tax purposes	8	683	245	189	79	25	10	1	1	1241
10. Number of dwellings in line 7 entitled to a 50% discount on 6 October 2014 due to all residents being disregarded	0	71	40	23	26	14	15	26	16	231
11. Number of dwellings in line 7 classed as second homes on 6 October 2014		255	92	80	59	24	9	4	0	523
12. Number of dwellings in line 7 classed as empty and receiving a zero% Discount on 6 October 2014		1807	385	302	148	44	12	9	2	2709
13. Number of dwellings in line 7 classed as empty and receiving a discount on 6 October 2014 other than zero%		0	0	0	0	0	0	0	0	0
14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 6 October 2014		389	53	21	17	3	2	1	2	488
15. Total number of dwellings in line 7 classed as empty on 6 October 2014 (lines 12,13 & 14)		2196	438	323	165	47	14	10	4	3197
16. Number of dwellings in line 7 where there is liability to pay 100% council tax	148	38466	11104	8880	4127	1604	726	534	55	65644
17. Number of dwellings in line 7 that are assumed to be subject to a discount or a premium	61	41757	7692	4252	1614	543	230	127	24	56300
18. Number of dwellings equivalents after applying discounts and	193.8	70056.8	16902.3	12078.8	5343.3	2010.0	896.3	623.5	70.5	108175.00

APPENDIX 2

ADJUSTMENTS TO NUMBER OF CHARGEABLE DWELLINGS

	Disabled in BAND A	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL
Number of band D equivalent dwellings on CTB1 Return (Line 21)	107.6	46703.8	13146.2	10736.7	5343.3	2456.7	1294.6	1039.2	141.0	80969.1
ADJUSTMENTS										
New properties (note 1)		574	148	105	44	16	7	5	1	900
Deletions (note 2)		-243	-33	-15	-3	-6	0	0	0	-300
Discounts (note 3)		-187	-34	-18	-7	-3	-1	0	0	-250
Exemptions (note 4)		-473	-296	-231	-76	-15	-5	-2	-2	-1100
Appeals - reductions (note 5)			-23	-16	-7	-2	-1	-1	0	-50
Appeals - increases (note 6)		23	16	7	2	1	1	0		50
Knock On Effect - reductions (note 7)			-45	-32	-14	-6	-2	-1	0	-100
Knock On Effect - increases (note 8)		45	32	14	6	2	1	0		100
Council Tax Support (note 9)		-20768	-2559	-880	-238	-51	-15	-4	-2	-24517
TOTAL ADJUSTMENTS		-21029	-2794	-1066	-293	-64	-15	-3	-3	-25267
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
BAND D EQUIV OF ADJUSTMENTS		-14019.3	-2173.1	-947.6	-293.0	-78.2	-21.7	-5.0	-6.0	-17543.9
TOTAL BAND D EQUIVALENT DWELLINGS	107.6	32684.5	10973.1	9789.1	5050.3	2378.5	1272.9	1034.2	135.0	63425.2

COUNCIL TAXBASE ESTIMATE 2015/16: SUPPLEMENTARY NOTES

(1) New properties

New property development has shown signs of increased activity over the last year and this will continue in 2015/16. Around 1200 new domestic properties are either nearing completion or are expected to be built next year. Only a proportion of these will be completed and banded and become liable for council tax for the full year during 2015/16 however so an increase equivalent to 900 new properties has been estimated for this period and has been split across each of the bands based on the current proportion of properties in each band.

(2) Deletions

Deletions relate to demolitions and properties that merge to become single assessments. Nottingham City Homes and Nottingham City Council are undertaking an ongoing decommissioning and rebuilding programme, and when ongoing activity in other parts of the City is also taken into account it is estimated that 300 properties will be removed from the tax base during 2015/16.

(3) Single Person Discounts and Disregards

These discounts reduce the council tax payable by 25%.

Additional single person discounts will be granted next year at new properties and for new occupiers moving into the City and some of these will be backdated into previous charge years. There will also be discount cancellations as existing discounts are subject to ongoing review. Anet additional 1000 single person discounts are expected to be awarded in 2015/16, which at 25% of the council tax charge equates to a reduction in the tax base of 250 properties.

(4) Exemptions

Most exemptions in 2015/16 will be granted for properties occupied by students. At the time of the CTB1 Return in October 2014 applications for student exemptions were still being received for the new academic year and an increase from the level at this time is anticipated. A third of the new properties in note (1) will also be purpose built student properties entitled to full council tax exemption.

In total an allowance of an extra 1,100 exemptions has been made, split on a pro rata basis across each of the bands based on the current number of exempt properties in each band.

(5) Appeals - reductions

Taxpayers may appeal against their council tax band to the Valuation Office Agency. Presently there are a low number of appeals outstanding and an allowance for 50 successful appeals has been made to reflect average activity in this area. These have been split across bands B to H on a pro rata basis.

(6) Appeals - increases

A successful appeal would result in a corresponding increase in the number of properties in the band below.

(7) Knock on effect - reductions

A successful appeal could result in banding reductions in surrounding properties. To account for this an allowance of 100 has been made split across bands B to H on a pro rata basis.

(8) Knock on effect - increases

Any further reductions would again increase the number of properties in the bands below.

(9) Council Tax Support

Council Tax Benefit was abolished by the Government from 1 April 2013 and has been replaced by a local support scheme. Unlike Council Tax Benefit this takes the form of council tax discount and as such becomes part of the tax base estimate.

Total Council Tax Support is estimated to be a little lower in 2015/16 than in 2014/15. Although the scheme will be unchanged with the maximum level of support @ 80% of the council tax bill, the caseload has fallen slightly over the last year. It is estimated that the equivalent of 24,517 discounts for Council Tax Support will be granted in 2015/16 to reflect this situation.