

EXECUTIVE BOARD – 17 JANUARY 2017

Subject:	Council Tax – Determination of the 2017/18 Tax Base
Corporate Director(s)/Director(s):	Geoff Walker, Strategic Director of 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
Subject to call-in:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Key Decision:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Criteria for Key Decision:	
(a)	<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
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Total value of the decision:	Nil
Wards affected:	All
Date of consultation with Portfolio Holder(s):	Consultation throughout the process
Relevant Council Plan Key Theme:	
Strategic Regeneration and Development	<input type="checkbox"/>
Schools	<input type="checkbox"/>
Planning and Housing	<input type="checkbox"/>
Community Services	<input checked="" type="checkbox"/>
Energy, Sustainability and Customer	<input type="checkbox"/>
Jobs, Growth and Transport	<input type="checkbox"/>
Adults, Health and Community Sector	<input type="checkbox"/>
Children, Early Intervention and Early Years	<input type="checkbox"/>
Leisure and Culture	<input type="checkbox"/>
Resources and Neighbourhood Regeneration	<input 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 2017/18 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: State 'None' or complete the following	
None	
Recommendation(s):	
1 To approve a tax base of 63,368 for 2017/18	
2 To agree that a collection rate of 96.6% be used in the determination of the 2017/18 tax base	

1 REASONS FOR RECOMMENDATIONS

- 1.1 To enable the Council to estimate future changes to the current tax base during 2017/18 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 precepting authorities (i.e. Police and Fire Authorities) in their budget processes in February 2017 to determine the level of Council Tax for 2017/18.

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 3 October 2016 (*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 2016 showing the total number of band D equivalent properties subject to Council Tax at that time. At 3 October 2016 this was 82,500 (*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 2016/17 a collection rate of 96.4% was used. For 2017/18 this collection rate has been increased to reflect estimated collection levels associated with CTSS. This establishes the tax base at 63,368 (*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 Appendix 3.

2.5 In summary, a tax base figure of 63,368 is recommended, calculated as follows:

	Figure	2017/18	2016/17
Number of chargeable dwellings	1	82,500	81,856
Add adjustment to chargeable dwellings for discounts and exemptions	2	(759)	(845)
Less adjustments for Council Tax Support	3	(16,143)	(16,601)
Adjusted number of chargeable dwellings	4	65,598	64,410
Multiplied by collection rate (96.6% 2017/18; 96.4% 2016/17)	5	63,368	62,091
MoD Contributions	6	0	0
Council Tax Base	7	63,368	62,091

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 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

4.1 The tax base of 63,368 has increased in 2017/18 from 62,091 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 96.6% reflecting a marginal improvement following the impact of the introduction of the CTSS 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 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT 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 96.6% 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 2017 is a legal requirement.

6 STRATEGIC ASSETS & PROPERTY COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE)

6.1 Not applicable

7 SOCIAL VALUE CONSIDERATIONS

7.1 Not applicable

8 REGARD TO THE NHS CONSTITUTION

8.1 Not applicable

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because 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

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

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 None

12 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT

12.1 Ian Fair, Senior Accountant, Strategic Finance
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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)	121.3	47312.8	13402.1	11093.1	5468.0	2552.9	1355.6	1052.1	142.5	82500.4
ADJUSTMENTS										
New properties (note 1)		570	150	106	45	16	7	5	1	900
Deletions (note 2)		-160	-20	-10	-2	-2	-2	-2	-2	-200
Discounts (note 3)		-186	-34	-19	-7	-2	-1	-1	0	-250
Exemptions (note 4)		-594	-398	-281	-96	-21	-5	-3	-2	-1400
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)			-46	-32	-14	-5	-2	-1	0	-100
Knock On Effect - increases (note 8)		46	32	14	5	2	1	0		100
Council Tax Support (note 9)		-20363	-2246	-680	-168	-27	-7	-3	0	-23494
TOTAL ADJUSTMENTS		-20664	-2569	-911	-240	-40	-9	-6	-3	-24444
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
BAND D EQUIV OF ADJUSTMENTS		-13776.0	-1998.1	-809.8	-240.0	-48.9	-13.0	-10.0	-6.0	-16901.8
TOTAL BAND D EQUIVALENT DWELLINGS	121.3	33536.8	11404.0	10283.3	5228.0	2504.0	1342.6	1042.1	136.5	65598.6

COUNCIL TAX BASE ESTIMATE 2017/18: SUPPLEMENTARY NOTES

(1) New properties

There are a number of new property developments taking place across the City at the moment. Around 1400 domestic properties are either planned for future construction, are 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 2017/18 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. A proportion of these will also be exempt from Council Tax as purpose built student accommodation.

(2) Deletions

Deletions relate to demolitions and properties that either merge to become single assessments or change from domestic use. There is no major demolition work planned for 2017/18 so 200 properties are estimated to be removed from the tax base during the next financial year to reflect general activity in this area.

(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, for household changes and for new occupiers moving into the City. There will also be discount cancellations as existing discounts are subject to ongoing review. It is estimated that an additional net 1000 single person discounts will be awarded in 2017/18, which at 25% of the council tax charge equates to a reduction in the tax base of 250 full properties.

(4) Exemptions

Most exemptions are granted for properties occupied by students. At the time of the CTB1 Return in October 2016 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 number 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 1400 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 Support takes the form of council tax discount. The amount claimed in 2017/18 is estimated to be a little lower than in 2016/17. Although the scheme will be unchanged, where 80% of the council tax bill is the maximum level of support available, the caseload is expected to fall slightly continuing the trend over the last year. It is estimated that the equivalent of 23,494 discounts for Council Tax Support will be granted in 2017/18 to reflect this situation.