

Subject: Council Tax Base 2011/12
Date of Meeting: 20 January 2011
Report of: Director of Finance
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Key Decision: Yes Forward Plan No: CAB16948
Wards Affected: All

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The council tax base represents the amount that would be raised by the setting of a £1 council tax.
- 1.2 It is a requirement of the Local Government Finance Act 1992 and regulations made thereunder that the tax base is calculated for the purpose of setting the Council Tax in 2011/12 before 31st January 2011.
- 1.3 The purpose of this report is for Members to agree the tax base calculation for 2011/12.

2. RECOMMENDATIONS:

- 2.1 That Cabinet approves this report for the calculation of the council's tax base for the year 2011/12.
- 2.2 That Cabinet agrees the Collection Rate increases by 0.4% to 98.5% generating a net saving of £231,000 in 2011/12 after a budget allocation of £137,000 is made to create a new Debt Prevention Team and £120,000 to cover a reduction in court costs income following the success of an early payment and direct debit campaign with fewer people being taken to court to recover arrears.
- 2.3 That Cabinet agrees that, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2011/12 shall be as follows:-
 - (a) For Brighton and Hove whole – 94,897.89 (as detailed in appendix 1)
 - (b) For the Royal Crescent Enclosure Committee – 30.40 (as detailed in appendix 2)
 - (c) For the Hanover Crescent Enclosure Committee – 39.59 (as detailed in appendix 3)
 - (d) For the Marine Square Enclosure Committee – 78.37 (as detailed in appendix 4)

(e) For the Parish of Rottingdean – 1,540.33 (as detailed in appendix 5)

2.4 That Cabinet agrees that, for the purposes of Section 35(1) of the Local Government Finance Act 1992, the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The tax base has been calculated in accordance with the Local Authority (Calculation of Council Tax Base) Regulations 1992. The detail of the calculation for the whole of Brighton & Hove is shown at appendix 1.

3.2 The regulations require a separate calculation to be carried out for parts of a local authority area where special expenses apply. Appendices 2, 3 and 4 show the details of the calculations for Enclosure Committees in Brighton which fall under this category. Each Enclosure Committee sets a levy for maintaining the enclosure gardens and this is recovered through an additional council tax charge to the enclosure residents. Appendix 5 shows the calculation for the Parish of Rottingdean.

3.3 The tax base is calculated as the aggregate of the “relevant amounts” for each valuation band multiplied by the council’s estimate of the “collection rate” for the year. The relevant amount is the authority’s estimate of the number of chargeable dwellings less discounts in valuation band, multiplied by the valuation band ratio. The collection rate is the authority’s estimate of the total amount of council tax relating to 2011/12 which will ultimately be paid.

3.4 The budget update report to the July Cabinet meeting assumed that as a result of extremely limited new property developments there was unlikely to be any increase in the tax base in 2011/12. The current council tax register and predicted changes to future data shows that, before any adjustment to the collection rate, the forecast reported in July was correct. However whilst there has been no change to the overall tax base position some of the component parts within the tax base calculation have changed. The tax base for 2011/12 includes a higher than anticipated number of new properties being added to the valuation list by 31st March 2012, however this increase has been offset by a higher number of single person discounts being claimed and continued growth in the number of exempt properties because they are occupied by students.

3.5 In addition a range of options has been considered to increase the collection level by more efficient and effective work practices. After careful analysis of the options it is proposed that the council tax collection rate can be increased by 0.4% from 98.1% to 98.5% for 2011/12 onwards by the creation of a new debt prevention team. The increased collection will be achieved by the team carrying out the following duties: -

- Analyse old, current and emerging debts and proactively work on them. This includes identifying high risk accounts for early intervention, and developing closer links with property and other agencies across the city to minimise the risk of customers leaving the city without paying.

- Develop enhanced tracing procedures and utilise all available cost-effective tracing tools to minimise lost income.
 - Improve quality control across the section and review discounts and exemptions to maximise the tax base and collection.
- 3.6 There has been a significant reduction in court costs income of £120,000 because the council has been successful in getting people to pay earlier and encouraging them onto direct debit thus reducing the number of people taken to court. This reduction is more than compensated for by the higher recovery levels of council tax overall.
- 3.7 The increase in the collection rate of 0.4% will generate additional income to the council of £488,000. Some of this income is needed to fund the new debt prevention team costing £137,000 and £120,000 is needed to cover the reduction in the court costs income. This leaves a net saving to the council of £231,000 which will be incorporated as part of the savings package for the 2011/12 budget.
- 3.8 The tax base proposed for 2011/12 is therefore 94,897.89, an increase of 0.4% from the 2010/11 tax base of 94,511.05.

4. CONSULTATION

- 4.1 There are regular meetings between Strategic Finance and Customer Services to discuss the collection performance, monthly movements in tax base and the rest for them as well as the projections used for determining the tax base for the following year.
- 4.2 Sussex Police Authority and East Sussex Fire Authority have been kept informed of the latest tax base projections.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The tax-setting tax base ("T") is a measure of the 2011/12 taxable capacity of the council and as such has a direct effect on the level of Council Tax. A higher tax base will result in a lower level of Council Tax.

Finance Officer Consulted: Mark Ireland Date: 06/01/11

Legal Implications:

- 5.2 Under section 67 of the Local Government Finance Act 1992, calculating an amount for "T" is a matter solely for the local authority. However, it is not a function reserved to Full Council and is therefore proper to be made by the Executive. Regulation 8 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 requires the council to calculate "T" between the period 1 December and 31 January so that any precepting authorities can be informed of the amount.

Lawyer Consulted: Oliver Dixon Date: 06/01/11

Equalities Implications:

- 5.3 The revenues service is covered by an existing equalities impact assessment.

Sustainability Implications:

- 5.4 None.

Crime & Disorder Implications:

- 5.5 None.

Risk & Opportunity Management Implications:

- 5.6 The effectiveness of these proposals will be closely monitored throughout the year.

Corporate / Citywide Implications:

- 5.7 The proposed increase in collection rate will add to the resources available to fund the City Council's budget.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The calculation of the council tax base is determined largely by regulation. Options were considered to increase the collection rate and the cost effective options are included in this report.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 It is a requirement of the Local Government Finance Act 1992 and regulations made thereunder that the tax base is calculated for the purpose of setting the Council Tax in 2011/12 before 31st January 2011.

SUPPORTING DOCUMENTATION

Appendices:

1. Tax base calculation for the whole of Brighton and Hove
2. Tax base calculation for Royal Crescent
3. Tax base calculation for Hanover Crescent
4. Tax base calculation for Marine Square
5. Tax base calculation for Rottingdean Parish

Documents in Members' Rooms

None

Background Documents

1. CTB (October 2010) return for Brighton & Hove City Council