

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET – 10 JANUARY 2017  
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES, ENVIRONMENT AND  
CULTURAL SERVICES)

COUNCIL TAX BASE 2017/2018

**1 Executive Summary**

1.1 All Local Authorities have to calculate a Council Tax Base for their area each year. The rules which authorities are to use to calculate the Council Tax Base are prescribed in the Local Authorities (Calculation of Council Tax Base) Regulations 2012. This report sets out the detailed calculations for the Council's Tax Base for 2017/2018.

1.2 The taxbase for 2017/18 is calculated as 40324.2 and is 2.16% higher than the estimated taxbase for 2016/17.

**2 Recommendation(s)**

2.1 That the Council's taxbase for the year 2017/2018 be approved, incorporating a collection rate of 97.70%.

2.2 That in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amount calculated by the Borough Council as its taxbase for the year 2017/2018 shall be 40324.2 and its constituent elements shall be:

|                    | <u>100% TAXBASE</u> | <u>97.70% TAXBASE</u> |
|--------------------|---------------------|-----------------------|
| Welwyn Garden City | 16683.5             | 16299.8               |
| Hatfield           | 11206.1             | 10948.3               |
| Welwyn             | 4556.2              | 4451.4                |
| Ayot St Lawrence   | 70.9                | 69.3                  |
| Ayot St Peter      | 119.2               | 116.5                 |
| North Mymms        | 4325.2              | 4225.7                |
| Essendon           | 431.1               | 421.2                 |
| Northaw & Cuffley  | 3343.0              | 3266.1                |
| Woolmer Green      | 538.3               | 525.9                 |

**3 Explanation**

3.1 The basic methodology for calculating a Tax Base for A Billing Authority is shown in Appendix A.

**3.2 Calculation of Tax Base**

3.2.1 The relevant amounts for each band are then aggregated, and the tax base calculated from the formula A x B.

Where A is the total of the relevant amounts

B is the authority's estimate of the collection rate.

- 3.2.2 The estimate of the collection rate, the projected growth in properties and changes to discounts and exemptions are the only areas over which the Council has any discretion. Even in these areas, however, discretion is limited in that any estimate must be a realistic one.
- 3.2.3 The estimated collection rate for the council tax in 2016/2017 is 97.50%. The actual amount collected was 98.08% in 2015/16. From an income collection perspective the impact of the council tax legislative changes, specifically around the abolition of council tax benefit, is considerable in that council tax recovery action will be made more difficult. This is due to the reduction in financial assistance available from the replacement council tax support scheme. However, there was a slightly better than expected collection rate in 2015/16 and collection, to date, for 2016/17 is above target, and slightly higher than the same stage as last year, so it is therefore proposed to increase the collection rate in 2017/18 to 97.70%, consistent with the current collection target.
- 3.2.4 We have had an additional 329 properties banded for council tax purposes since our November 2015 taxbase, which has led to an increase in the taxbase.
- 3.2.5 We have also built in an estimated increase of 529 in the number of expected new properties during the 2017/18 year. This is based on 80% of the expected new properties coming in during the year and we have also taken a proportion of these as not all of them will come in from the start of the year. We have also built in an offsetting expected increase of 362 in the number of exempt student properties. This has been based on local knowledge and student figures for previous years, based on  $\frac{3}{4}$  of the year as less student exemptions apply over the summer months. There will not be any material impact on the taxbase from the changes made to our council tax support scheme.
- 3.2.6 Applying the relevant methodology and the above judgements with regard to collection rate and growth in the taxbase results with an estimated taxbase for 2017/18 which is 2.16% higher than the estimated taxbase for 2016/17.

### 3.3 Notification of Tax Base

#### 3.3.1 Precepting Authorities and Levying Bodies

Between 1-31st January, major precepting authorities and levying bodies **MUST** notify the billing authority of their precept requirements for those parts of their area for which tax base figures are required.

Local precepting authorities may request information on their tax base during the same period.

#### 3.3.2 Billing Authority

**MUST** notify the requested tax base calculations to the appropriate bodies within the period 1st December – 31st January.

- 3.4 The detailed calculations of the 2017/18 Taxbase for Welwyn Hatfield Council are provided in Appendix B.

## **Implications**

### **4 Legal Implication(s)**

- 4.1 In accordance with the Local Government Finance Act 1992 s. 30(1), billing authorities are required to carry out the necessary calculation of their tax base and to set an amount of council tax for each financial year and for each category of dwelling.
- 4.2 The Local Government Finance Act 2012 imposed a duty on local billing authorities to introduce a localised council tax reduction scheme, which will need to protect support for vulnerable people, pensioners and support the reduction of poverty.

### **5 Financial Implication(s)**

- 5.1 The council tax base is the measure in the council tax system of the relative taxable capacity of different areas. The taxbase shown in the recommendation of this report will be used in the 2017/18 council tax setting.
- 5.2 The tax base of 40324.2 is 2.16% higher than the 2016/17 taxbase and higher than estimate provided in the Medium Term Financial Strategy for 2017/18 and onwards.

### **6 Risk Management Implications**

- 6.1 A risk assessment has not been prepared in relation to the proposal in this report as there are no significant risks inherent in the proposals.
- 6.2 The risk of the actual taxbase in 2017/18 being different to the estimated taxbase is managed and accounted for in the collection fund and by incorporating an assumption for non-collection in the calculation of the taxbase. An under-achievement in taxbase will result in a deficit collection fund position and an over-achievement will result in a surplus. Surplus/deficits must be met by all the main preceptors in proportion to their precept in the following financial year. As the billing authority, Welwyn Hatfield retains the risk of the amount of council tax collected for all preceptors being less than the paid precepts during the financial year.

### **7 Security & Terrorism Implication(s)**

- 7.1 There are no security and terrorism implications with the recommendation in this report.

### **8 Procurement Implication(s)**

- 8.1 There are none.

### **9 Climate Change Implication(s)**

- 9.1 The proposals in this report will not impact on greenhouse gas emissions.

### **10 Link to Corporate Priorities**

- 10.1 The subject of this report is linked to the Council's Corporate Priority: Engage with our communities and provide value for money.

## **11 Equality and Diversity**

11.1 There are no equalities considerations associated with the setting of the taxbase and an equalities impact assessment has therefore not been prepared in relation to the proposal in this report.

|                |                                 |
|----------------|---------------------------------|
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1.1 The basic methodology for calculating a Tax Base is as follows:-Calculations are to be made of the 'relevant amount' for the year for each of the valuation bands shown in the billing authority's valuation list. For each band this amount represents the estimated full year equivalent number of chargeable dwellings listed in the band - after taking account of those which are to be treated as in that band and not in that band for the purposes of disabled relief, and reduced to take account of the discounts estimated to be granted in respect of those dwellings, (e.g. that are occupied by a single person.) - expressed as the equivalent number of band D dwellings.

1.1.1 The 'relevant amounts' for each band are then aggregated.

1.1.2 The authority then multiplies this aggregate of all relevant amounts by its estimate of its collection rate for the year. The resulting figure is the authority's council tax base for its area and for the year concerned.

1.2 Calculation of Relevant Amount

**1.2.1 The 'relevant amount' for each band is to be calculated in accordance with the formula:**

$$((H - Q + E + J) - Z) \times (F \text{ divided by } G)$$

where -

H - is the number of chargeable dwellings listed in the band on the relevant day, calculated by the authority as:

- i) the number of dwellings in that band listed in the valuation list on the relevant day; less
- ii) its estimate of the number of those dwellings which on that day were exempt.

For these purposes the authority is to take account of any alterations to the list which were shown as having effect on that day, or of any alterations which, though not shown on the list, it had been informed of by the listing officer and had effect on that day. It is also to take account of the effect of regulations under section 13 of the 1992 Act ('disabled reductions'), treating a dwelling as being in the band in respect of which the reduced amount is calculated.

Q is a factor to take account of the discounts to which the amount of council tax payable was subject on the relevant day calculated in accordance with the aggregate of amounts found by multiplying, for each different relevant percentage, R by S, where—

R is the number of dwellings taken into account for the purposes of item H, for which the amount of council tax payable for the relevant day was reduced by that relevant percentage, estimated by the authority in accordance with Z and on the basis of all the information available to the authority on the relevant day.

S is that relevant percentage.

E is a factor to take account of the premiums, if any, to which the amount of council tax payable was subject on the relevant day calculated in accordance with the aggregate of amounts found by multiplying, for each different relevant percentage, R1 by S1, where-

R1 is the number of dwellings taken into account for the purposes of item H for which the amount of council tax payable for the relevant day was increased by that relevant percentage, estimated by the authority in accordance with Z and on the basis of all the information available to the authority on the relevant day.

S1 is that relevant percentage.

J - is the amount of any adjustment (whether positive or negative) in respect of changes in the number of chargeable dwellings or discounts calculated by the authority, during the period from the relevant day (i.e. 30 November in the preceding financial year) to end of the financial year concerned, calculated as **the difference between**

- i) its estimate of the aggregate number of full year equivalent chargeable dwellings which **are not** on the list on the relevant day but which will be listed in that band for the whole or part of the year, plus
- ii) its estimate of the discounts which it has estimated **are** applicable on the relevant day but which will not be applicable for the whole or part of the year, expressed as a full year equivalent number, treating a discount equal to one appropriate percentage as one, and a discount equal to two appropriate percentages, as two,

and

- iii) its estimate of the aggregate of the number of chargeable dwellings which **are** listed in the band on the relevant day but which will not be listed in that band for the whole or any part of the year,

and the number which **are not** exempt on the relevant day (i.e. were chargeable dwellings in respect of that day) but which will be exempt at any time in the year or that part of the year for which they will be listed,

plus

- iv) its estimates of the number of discounts, other than those which were taken into account for the purposes of item I in the formula above, to which council tax payable in respect of dwellings calculated for item H in the formula or item (i) above, will be subject for the whole or any part of the year, treating a discount equal to one appropriate percentage as one, and a discount equal to two appropriate percentages, as two.

Z is the total amount that the authority estimates will be applied pursuant to the authority's council tax reduction scheme and technical council tax adjustments in relation to the band, expressed as an equivalent number of chargeable dwellings in that band.

F - is the number which, in the proportion set out in section 5(1) of the Local Government Act 1992 Act is applicable to dwellings listed in the relevant band.

|                                       |    |
|---------------------------------------|----|
| BAND A - values not exceeding £40,000 | 6  |
| BAND B - £40,000 - £52,000            | 7  |
| BAND C - £52,000 - £68,000            | 8  |
| BAND D - £68,000 - £88,000            | 9  |
| BAND E - £88,000 - £120,000           | 11 |
| BAND F - £120,000 - £160,000          | 13 |
| BAND G - £160,000 - £320,000          | 15 |
| BAND H - values exceeding £320,000    | 18 |

G - is the number which, in that proportion, is applicable to dwellings in valuation band D.

### 1.3 Tax Base for Part of a Billing Authority's Area

1.3.1 The rules for calculating the Council tax base for any year for any part of a billing authority's area (e.g. a parish, or that part of its area to which a levy or special levy relates) are the same as the rules for calculating the council tax base for the whole of its area for that year, subject to the following additional rules:

- i) Chargeable dwellings and discounts are to be taken as only those chargeable dwellings and discounts relating to the part for which the council tax base is to be calculated ('the relevant part').
- ii) The same estimate of its collection rate is to be used as that used for the calculation of the council tax base for the whole of the authority's area.
- iii) The calculations are to be made so as to ensure that the tax base figure for the relevant part, taken together with the tax base figure for the remaining part of the authority's area, is equal to the figure calculated as the council tax base for the whole of the area.