

Name of meeting: Cabinet – 15 January 2018
Council – 17 January 2018

Title of report: Calculation of Council Tax Base 2018/19

Purpose of report: To seek approval of the Council for the various tax bases, this will apply to the Kirklees area for the financial year 2018/19 in connection with the Council Tax. The Council has already confirmed the changes to the current Council Tax Reduction Scheme (CTRS) on 13 December 2017. The changes are included in the report.

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes. The calculation of the Council Taxbase affects all wards in the Kirklees area
Key Decision - Council's Forward Plan (key decisions and private reports?)	Yes
The Decision - Is it eligible for "call in" by Scrutiny?	No
Date signed off by Director & name	Debbie Hogg – Service Director, Finance, IT and Transactional Services 5 January 2018
Is it signed off by the Service Director, Finance and Transactional Services?	Yes
Is it signed off by the Service Director, Legal, Governance and Commission (Monitoring Officer)	Yes, Julie Muscroft - 5 January 2018
Cabinet member portfolio	Cllr Graham Turner Cllr Musarrat Khan

Electoral wards affected: All

Ward councillors consulted: N/A

Public or private: Public

1. Summary

Section 67(2) of the Local Government Finance Act 1992 requires that the tax base for Council Tax should be approved by the Authority (i.e. the Council).

The regulations covering setting the taxbase are covered and updated under Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

1.1 Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992, which applies to members where:

- (a) they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of council tax is payable by them and has remained unpaid for at least two months, and
- (b) any budget or council tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in (b) above. It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

2. Council Tax Setting

In determining the level of local taxation, each local authority calculates a tax base annually so that, once the level of expenditure has been approved, the determinations of the level of local taxation becomes an arithmetical exercise.

The council taxbase for an authority is the amount of income which would be received by levying a council tax of £1.00 on band D properties and taking into account the differential rates which would be applied to properties in the other bands.

In view of the fact that there are Parish and Town precepts, it is necessary to calculate a taxbase for:

- a) the whole of Kirklees; and
- b) each parish and town council area

The valuation listing received from the Inland Revenue (valuation office) places each domestic property in Kirklees into one of eight valuation bands.

In order to calculate the taxbase, the following factors must be taken into account and applied to the valuation bandings:

- a) Fixed ratios between valuation banding;
- b) Number of exempt properties;
- c) Number of properties eligible for a discount;
- d) Number of appeals against bandings which will be successful;
- e) Number of new properties which will be added to the list during the year; and
- f) Council Tax Reduction Scheme (CTR) – continuing the local scheme as 2017/18 at 20%, with the following amendment to reduce the capital limit from £16,000 to £8,000 from 1 April 2018. This would mean that people with between £8,000 and £16,000 would no longer be eligible for local council tax reduction.
- g) An allowance for losses on collection.

For the purpose of calculating the tax bases, it should be noted that a collective adjustment has been made to the current taxbase as at 30 November 2017 118,932.25 for factors d, e, f, and g) above. The overall collective adjustment for 2018/19 has been calculated at 0.9772370% to take into account the above listed factors and adjustments in the taxbase. The council taxbase as set out in the report will be used to inform the demand on collection fund amount to be considered at full budget Council on 14 February 2018.

The Council will adopt an additional annual percentage increase in council tax as a result of the Adult Social Care precept; this is in line with the percentage allowed by Government. The decision on the precept will be decided by Council on the 14 February 2018.

It is recommended that the 2018/19 taxbase for the whole of Kirklees area, and the tax bases for the five Parish and Town Council areas be approved as follows:

Whole of Kirklees	117,770.00
Denby Dale	5,732.57
Holme Valley	9,960.21
Kirkburton	8,861.25
Meltham	2,761.79
Mirfield	6,599.19

In order to demonstrate the methodology used in the calculation, the Appendices shows the current number of properties in each band, the current effect of discounts, exemptions and the collective adjustment referred to earlier in the report. This is broken down into the Whole of Kirklees and the five Parish and Town council areas above.

3. Implications for the Council

3.1. Early Intervention and Prevention (EIP)

The setting of the taxbase is related to all domestic properties in Kirklees and is not based on individual circumstances. It applies to every property.

The Local Government Finance Act 1992 requires each authority to devise a Local Council Tax Reduction Scheme it does not specify the extent of any such reduction.

By providing a scheme that reduces liability to an affordable level, it prevents the need to take unnecessary and costly recovery action that would inevitably result in courts finding the customer did not have the means to pay.

3.2 Economic Resilience (ER)

Setting a budget specifically to meet council tax liability of those that would otherwise be unable to pay, means we have greater clarity as to the amount of council tax we might collect. That in turn allows the council to plan more accurately based on anticipated revenue from the collection of council tax.

3.3 Improving outcomes for children

N/A

3.4 Reducing demand on services

N/A

3.5 Financial, Legal and Other Implications

The setting of the taxbase is related to the annual budget process.

The decision to agree the taxbase determines the levels of income received by the Council through the levy of council tax for residents of Kirklees.

The Council must consider any legislative changes as part of the council taxbase setting process, as any changes will materially affect the council taxbase. Any legislative changes (if any) have been considered and incorporated in the council taxbase setting process.

4. Consultees and their opinions

Debbie Hogg – Service Director, Finance, IT and Transactional Services
Eamonn Croston – Head of Finance and Accountancy
Councillor's Graham Turner and Musarrat Khan support the calculations and judgments made in determining the taxbase.

5. Next steps

- Cabinet to agree council tax base
- Full Council to agree and approve the report
- Agree the level of council tax base for 2018/19

6. Officer recommendations and reasons

- 6.1 It is recommended that the 2018/19 taxbase for the whole of the Kirklees area, and the taxbases for the five Parish and Town council areas be approved as follows:

Whole of Kirklees	117,770.00
Denby Dale	5,732.57
Holme Valley	9,960.21
Kirkburton	8,861.25
Meltham	2,761.79
Mirfield	6,599.19

These figures are based on the current CTR scheme and taking into account changes to capital limits.

7. CTR Parish Grant

- 7.1 Agree to pass on the full Government CTR grant to Town and Parish Councils at the same level as previous years - the figures are as set out in the table below. However with caseload falling a review will be undertaken in advance of next year's budget to ascertain the appropriate level of any grants.

	CTR Parish Grant
Parish split for 2018/19 based on original allocation	£71,733.00
Denby Dale	£17,609.73
Holme Valley	£19,820.23
Kirkburton	£19,039.91
Meltham	£7,054.13
Mirfield	£8,209.01
	£71,733.00

- 7.2 If there are any member alterations to the taxbase figures then continuing delegated powers be given to Service Director – Finance, IT and Transactional Services to adjust tax base to reflect any changes made. Also for the calculation of the taxbase pursuant to Section 3 1B (1) and S 67 (1) & (2A) of the Local Government Finance Act 1992. This will be S151 officer.

8. Cabinet portfolio holder recommendation

It is recommended that full Council approve the taxbase report for 2018/19.

9. Contact officer and relevant papers

Steve Bird – Head of Welfare and Exchequer Services
Mark Stanley – Senior Manager Welfare and Exchequer Services

10. Service Director responsible

Debbie Hogg – Service Director, Finance, IT and Transactional Services