

# Southend-on-Sea Borough Council

Report of Corporate Director for Corporate Services  
to  
**Cabinet**  
On  
21<sup>st</sup> January 2014

Agenda  
Item No.

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Head of Finance & Resources

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**Council Tax Base and Non Domestic Rating Base 2014/15**  
**Executive Councillor: Councillor Nigel Holdcroft**  
***A Part 1 Public Agenda Item***

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**1. Purpose of Report**

- 1.1 To enable a valid Council Tax to be determined, the calculation of the Tax Base at the commencement of the forthcoming financial year needs to be approved. This report shows the calculation of the Council Tax Base for 2014/15.
- 1.2 To approve the Non Domestic Rates (NDR1) form that must be submitted to the Department of Communities and Local Government (DCLG) by 31<sup>st</sup> January 2014.

**2. Recommendations**

**In respect of the Council Tax Base**

- 2.1 That in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003) and Local Government Finance Act 2012 (Calculation of billing authority's council tax base Section 15):

The Local Council Tax Support Scheme approved by Council on 13<sup>th</sup> December 2012, and confirmed by Council on 12<sup>th</sup> December 2013, be incorporated into the Council Tax base setting as outlined in Appendices A and B;

That there are no changes to Council Tax discounts and exemptions with effect from 1 April 2014 to those that were approved by Council on 13<sup>th</sup> December 2012 and these will be incorporated into the Council Tax Base:-

- Second homes (Classes A and B) as allowed by Section 11A of the Local Government Finance Act 2012 will be set at 0%;
- Long-term empty homes (Class C) as allowed by Section 11A of the Local Government Finance Act 2012, a surcharge of 50% will be set allowing a full charge of 150% where they have been unoccupied for more than 2 years;
- Properties requiring or undergoing structural alteration or major repairs (Class D) as allowed by Section 11A of the Local Government Finance Act 2012 be entitled to receive a discount of 25% for up to 12 months;
- Vacant and substantially unfurnished properties (Class C) as allowed by Section 11A of the Local Government Finance Act 2012 to be entitled to receive a discount of 100% for up to 3 months;
- That a continuous 6 week period of occupancy is required between empty periods before a further discount can be awarded.

2.2 The amount calculated by Southend-on-Sea Council as its Council Tax Base for the year 2014/15 shall be 53,755.87;

2.3 The amount calculated by Southend-on-Sea Council as the Council Tax Base in respect of Leigh-on-Sea Town Council for the year 2014/15 shall be 8,326.44;

**In respect of the Non-Domestic Rates Base (NDR1 Form)**

2.4 That the NDR1 form attached at Appendix C be approved for submission to the DCLG.

Or in the event the NDR1 Form is not made available by DCLG in a timely fashion

2.5 That Cabinet note it will be necessary for the Head of Finance and Resources, in conjunction with the Leader of the Council, to approve the NDR1 form for submission to the DCLG, and that the Head of Finance and Resources will include an explanation in a subsequent report to Council as to why it was not practical for Cabinet to use its own delegation.

**3. Background**

3.1 The Council Tax Base is the number of band D equivalent properties/dwellings, or looked at another way it is the amount of money the billing authority estimates it can raise for each £1 of council tax set at the band D level.

- 3.2 The Council is required under the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 and Local Government Finance Act 2012 (Calculation of billing Authority's council tax base Section 15) to determine the Council Tax Base and notify major precepting authorities in the period 1<sup>st</sup> December to 31<sup>st</sup> January.
- 3.3 The Council is also required to calculate a tax base for the part of its area falling within the Leigh-on-Sea Town Council's area. The Town Council has been notified of their indicative Council Tax base to allow them to prepare their potential precept and Council Tax, and following Cabinets approval will be formally notified of the Council's decision in respect of their final Tax base.
- 3.4 As part of the Governments extensive finance reform changes from April 2013, the Council has to formally agree the submission of its Non Domestic Rates baseline for the forthcoming financial year. Given the importance of how the submitted baseline now impacts on the funding that will flow to the Authority from Government, the baseline now has to be approved in the same way as setting the Council Tax base.
- 3.5 Setting the Council Tax base is a Council function which usually requires full Council approval during the specified period. However, Section 67 to the Local Government Finance Act 1992 (as amended by section 84 to the Local Government Act 2003) excluded setting the tax base from having to be determined by Full Council. Thus it can be delegated under section 101 to the Local Government Act 1972 to a committee, the cabinet, or even an officer.
- 3.6 It was agreed on 13<sup>th</sup> December 2012 that Council delegate both the setting of the Council Tax base and the approval of the NNDR1 to Cabinet. This was to allow both to be considered by Cabinet in a timely fashion to meet the statutory 31 January deadline. In addition, The Council has delegated the authority to approve the NDR1 form and the Council Tax Base to the Head of Finance and Resources, in conjunction with the Leader, subject to the delegation only being used where Cabinet is not able to approve the NDR1 form or the Council Tax Base by the 31<sup>st</sup> January. Where this additional delegation is used, the Head of Finance and Resources will include an explanation in a subsequent report to Council as to why it was not practical for Cabinet to use its delegation.
- 3.7 Details of the tax base and the retained business rates will be reported to Cabinet and Council as part of the budget setting process.

#### 4. **Council Tax Base**

- 4.1 The Regulations require the tax base to be based upon the District Valuer's List as at 30 November each year. This figure is then amended for the estimated activity on the Council Tax base from 1<sup>st</sup> December to 31<sup>st</sup> March. An early determination assists the Council and precepting authorities in their financial planning.

- 4.2 Since 1<sup>st</sup> April 2013, in addition to the forecasting of banding of properties and voids, the Council Tax base must also reflect the discretionary technical reforms of Council Tax (discounts and exemptions) together with the impact of the Local Council Tax Support Scheme because awards of Council Tax Support are classified as discounts and as such will have the effect of reducing the overall Council Tax base.
- 4.3 Exemption classes A & C were abolished with effect from 1<sup>st</sup> April 2013. Class A exemptions covered “vacant dwellings where major repair works or structural alterations are required, under way or recently completed (up to twelve months) whilst Class C exempt dwellings were “a vacant dwelling (i.e. empty and substantially unfurnished ) (up to six months)”.
- 4.4 In addition since 1<sup>st</sup> April 2013, Local authorities in England have had the choice to apply council tax discounts of between 0% and 50% for second homes, and to apply council tax discounts for empty dwellings at any level between 0% and 100%. Also, from 1<sup>st</sup> April 2013, an Empty Homes Premium of up to 50% can be charged on dwellings that had been empty for more than 2 years.
- 4.5 On 6<sup>th</sup> November 2012, Council approved to implement the changes that are set out in 2.1 with effect from 1<sup>st</sup> April 2013, and that no changes to discounts are proposed for 2014/15.
- 4.6 It was agreed by Council on 12<sup>th</sup> December 2013 that there should be no changes to the existing Local Council Tax Support Scheme for Southend-on-Sea approved by Council on 13<sup>th</sup> December 2012.

#### **Calculation of the Council Tax Base**

- 4.7 The calculation of the Council Tax Base commences with reference to the number of properties in each band of the valuation list as it stands at 30 November each year (the relevant day).
- 4.8 Adjustments are then made for:-
- (a) Any known alterations not shown on the valuation list on the relevant day.
  - (b) Properties exempt from council tax on the relevant day.
  - (c) Any reductions in banding awarded in respect of disabled persons as of the relevant day.
  - (d) Any status discounts granted as they stand on the relevant day.
  - (e) Any estimated changes likely to occur to the base information during the period from the relevant day to 31 March each year.
  - (f) Impacts of local Council tax Support Scheme.

- 4.9 Once these adjustments are made to each band, a calculation is made to express all bands as a Band D equivalent. The sum of Band D equivalent properties is then reduced by the Authority's anticipated allowance for changes in voids, discounts and exemptions and an allowance for changes in the provision for bad and doubtful debts (which is linked to the anticipated in year collection rate and collection of arrears). The result is the Council Tax Base for tax setting purposes.
- 4.10 The same exercise is carried out in respect of the area covered by Leigh-on-Sea Town Council. The Government consulted on the possibility of providing a separate Council Tax Base for Town and Parish Councils due to changes in Council Tax support. The consultation response was that the Government decided not to follow this option and therefore the same allowance must be applied to both calculations.
- 4.11 The Council Tax base for 2014/15 is therefore:-

	Southend-on-Sea	Leigh-on-Sea
<b>Council Tax Base 2013/14</b>	<b>53,358.90</b>	<b>8,340.80</b>
<b>Council Tax Base 2014/15</b>	<b>53,755.87</b>	<b>8,326.44</b>
<b>Increase/(Decrease) in Tax Base 2013/14 to 2014/15</b>	<b>396.97</b>	<b>(14.36)</b>
<b>Percentage Increase/(Decrease) in Tax Base 2013/14 to 2014/15</b>	<b>0.74%</b>	<b>(0.17)%</b>

The Council Tax base for Southend-on-Sea has increased as a result of a combination of more properties on the list coupled with a slightly reduced impact of discounts and exemptions. The Council Tax base for Leigh Town Council conversely has fallen slightly where the small increase in property numbers has been outweighed by an increase in discounts and exemptions.

- 4.12 The calculation of the Tax Base is set out in **Appendices A and B**.

## **5. Non Domestic Rating Base (NDR1 Form)**

- 5.1 Under the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 2012) from 1<sup>st</sup> April 2013 a proportion of non-domestic rates will be retained locally rather than paid into the central pool.
- 5.2 The NNDR1 form sets the anticipated amount of non domestic rates that will be collected in the coming year and will therefore determine the respective shares between Central Government and Southend-on-Sea Council. There will be a retrospective cash adjustment by Government in the following financial year based on the final position for the financial year in question.

5.3 The NDR1 form is in a defined format set by Government and changes from year to year. At the time of writing this report the required form has still yet to be received and is not expected until mid-January. It may be possible to table the form, in which case it will form Appendix C to this report. However, it is likely given the lateness of the production of the form by the DCLG that the delegation allowing the Head of Finance and Resources, in conjunction with the Leader, to approve the form prior to submission will need to be invoked this year. The NNDR1 must be submitted by 31 January 2014. If the completed form is available in time it will be presented to Scrutiny Committees as appropriate.

## **6. Corporate Implications**

### **6.1 Contribution to Council's Vision & Corporate Priorities**

The approval of the Council Tax Base and NDR1 will enable a budget to be set for the forthcoming financial year and a Council Tax level to be set in line with statutory requirements.

### **6.2 Financial Implications**

The financial implications of the approved Council Tax Base and NDR1 will be included in the budget and council tax report for 2014/15 to be considered by Council on 27th February 2014.

These figures will be reflected in the budget proposals for 2014/15 and the Medium Term Financial Strategy.

### **6.3 Legal Implications**

There is a statutory duty to approve the Council Tax Base and NDR1 for 2014/15 and notify precepting authorities by 31 January 2014.

### **6.4 People Implications**

None

### **6.5 Property Implications**

None

### **6.6 Consultation**

None

### **6.7 Equalities Impact Assessment**

None

## 6.8 Risk Assessment

Assuming this report is approved, there is no risk that the Council will not meet its statutory duty to approve the Council Tax Base for 2014/15 and notify precepting authorities by 31st January 2014. In addition, it will also enable the statutory deadline of 31<sup>st</sup> January 2014 to be achieved for the submission of the NDR1.

## 6.9 Value for Money

Under the Governments financial reforms for funding Local Government, the Council Tax Base and Non Domestic baseline are critical elements in determining the level of Council Tax and funding for the Authority.

## 6.10 Community Safety Implications

None

## 6.11 Environmental Impact

None

## 7. Background Papers

- Cabinet Report 22<sup>nd</sup> January 2013-Council Tax Base and Non Domestic Rates 2013/14;
- Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003);
- Local Government Finance Act 2012 (Calculation of billing authority's council tax base Section 15);
- Valuation List for the Billing Authority area;
- CTB1 Return for 2013/14.

## 8. Appendices

Appendix A – Council Tax base calculation – Southend-on-Sea Council

Appendix B – Council Tax base calculation – Leigh Town Council

Appendix C – Non Domestic Rates (NDR1) Form (if available)