

CABINET AGENDA



**TUESDAY 11 DECEMBER 2018 AT 7.30 PM
CONFERENCE ROOM 2 - THE FORUM**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Williams (Leader)	Councillor Marshall
Councillor Griffiths (Deputy Leader)	Councillor G Sutton
Councillor Elliot	Councillor D Collins
Councillor Harden	

For further information, please contact Corporate and Democratic Support or 01442 228209

AGENDA

7. COUNCIL TAX BASE (Pages 2 - 7)

Report to follow.

Please note; the information for the report is taken as at 30 November and then worked on firstly by Revenues and then Finance. The report will be circulated as a supplement to the agenda prior to the meeting.

Agenda Item 7

AGENDA ITEM:

SUMMARY



Report for:	Cabinet
Date of meeting:	11 December 2018
PART:	I
If Part II, reason:	

Title of report:	Council Tax Base 2019/20
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance and Operations) Fiona Jump, Group Manager (Financial Services)
Purpose of report:	1. To agree the estimated Collection Fund surplus or deficit as at 31 March 2019. 2. To determine the Council Tax Base for 2019/20.
Recommendations:	1. That Cabinet approves the Collection Fund surplus estimate of £642,933.54 as at 31 March 2019. 2. That Cabinet approves the calculation of the Council's tax base for the year 2019/20 incorporating an estimated collection rate of 99.4%. 3. That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by the Council as its tax base for the year 2019/20 shall be 57,270.20 and its constituent elements shall be:

	Part of Area - Parished and Non Parished	100% Tax base	99.4% Tax base
	Hemel Hempstead	30,350.00	30,167.90
	Aldbury	464.50	461.70
	Berkhamsted	8,559.30	8,507.90
	Bovingdon	2,086.40	2,073.90
	Chipperfield	859.80	854.60
	Flamstead	637.40	633.60
	Flaunden	173.50	172.50
	Great Gaddesden	455.10	452.40
	Kings Langley	2,302.00	2,288.20
	Little Gaddesden	645.50	641.60
	Markyate	1,348.50	1,340.40
	Nash Mills	1,240.50	1,233.10
	Nettleden with Potten End	802.00	797.20
	Northchurch	1,280.50	1,272.80
	Tring Rural	662.80	658.80
	Tring Town	5,069.40	5,039.00
	Wigginton	678.70	674.60
	Total	57,615.90	57,270.20
Corporate objectives:	Agreement of the Council Tax Base 2019/20 and the Council Tax surplus estimate as at 31 March 2019 supports sound financial planning and achievement of the corporate objective of delivering an efficient and modern Council.		
Implications:	<p>Financial</p> <p>Providing details of the Collection Fund surplus or deficit estimated as at 31 March 2019 assists the Council and other precepting authorities in the setting of their Council Tax for 2019/20.</p> <p>The recommended Council Tax Base shows a 526.6 increase on the previous year in Band D equivalent dwellings in the Borough.</p> <p>Legal</p> <p>Cabinet has delegated authority to set the Council Tax Base by virtue of Section 67 Local Government Finance Act 1992 (as amended) and the resolution of Council dated 19 January 2005.</p>		

'Value for money' implications:	Value for money Agreement of the Council Tax Base 2019/20 and the Council Tax surplus estimate as at 31 March 2019 supports sound financial planning within the authority.
Risk Implications:	Failure to agree a tax base for 2019/20 would compromise the Council's ability to set its Council Tax for 2019/20.
Community Impact Assessment:	Not applicable.
Health and Safety Implications:	There are no Health and Safety implications arising from this report.
Statutory Officer Comments:	Deputy Monitoring Officer No comments to add to the report. Section 151 Officer This is a Section 151 officer report
Consultees:	Not applicable
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	None

1. **Executive Summary**

- 1.1 The Council is required to set the Council Tax Base for 2019/20 so that it can be used in budget preparations and for the formal setting of the Council Tax by Full Council in February 2019. It is also necessary to approve the estimated Collection Fund surplus or deficit as at 31 March 2019.

2. **Declaration of Collection Fund Surplus or Deficit**

How does a surplus or deficit occur?

- 2.1 The income collected from Council Tax goes into the Collection Fund. Throughout the year the actual number of properties in the borough (as well as allowances for exemptions, discounts or appeals) inevitably varies from the figure estimated at the start of the year. This leads to a change in the amount

of Council Tax collected. Despite this variation in *collection*, the amount *paid* to the preceptors remains the same as the amounts specified at the start of the year, and does not reflect in-year changes to the amount of Council Tax. It is this emergent variance which creates a surplus or deficit on the Collection Fund.

- 2.2 The key driver in respect of the surplus or deficit position is the timing of when anticipated developments are completed. If there are more than expected, or they are completed more quickly, a surplus will arise; but if there are fewer, or they take longer to complete, then a deficit will result. Any surplus or deficit is shared between the major preceptors (i.e. Hertfordshire County Council, the Police and Crime Commissioner and the Borough) in proportion to their precepts for the year.

Declaration of Surplus or Deficit

- 2.3 The actual surplus or deficit as at 31 March 2018, together with an estimate of the surplus or deficit for the current year, is required to be approved by Cabinet on behalf of the Council.
- 2.4 The actual surplus balance on the Collection Fund as at 31 March 2018 was £222,876.19 compared to an anticipated deficit of £150,678.49 in 2017/18; a difference of £373,554.68. The surplus is 0.2% of the value of the precepts declared when the Council Tax was set.
- 2.5 In 2018/19, the Collection Fund is estimated to achieve a total projected surplus of £269,378.86 of which the Council's share will be a projected surplus of £33,276.85. The surplus is 0.3% of the value of the precepts declared when the Council Tax was set.
- 2.6 The distribution of the difference between the anticipated deficit and the actual surplus as at 31 March 2018 (a surplus of £373,554.68, as shown in paragraph 2.4), means that there is now a projected total surplus on the Collection Fund at 31 March 2019 of £642,933.54.
- 2.7 The proportion of this surplus that each of the Major Preceptors will receive from the Collection Fund when calculating the Council Tax for 2019/20 is as follows:

Dacorum Borough Council	£79,228.80
Hertfordshire County Council	£501,594.06
Police and Crime Commissioner for Hertfordshire	£62,110.68
Total Surplus	£642,933.54

- 2.8 Cabinet approval of the Collection Fund surplus estimated at 31 March 2019 is sought in Recommendation 1.

3. Council Tax Base 2019/20

- 3.1 On an annual basis, all local authorities are required to calculate a Council Tax Base which is used to set the level of Council Tax. The process is governed by the Local Authorities' (Calculation of Tax Base) Regulations 1992.
- 3.2 The tax base is set having regard to:
- The Valuation List;
 - Current exemptions, reductions and discounts;
 - Discretionary discounts;
 - Anticipated developments that may occur during the year;
 - Expected long term collection rate.
- 3.3 Local discounts and premiums arising from the Council Tax Support Scheme and Council Tax Reforms brought in from 1 April 2013 have been taken into account in the tax base calculation.
- 3.4 The basic methodology for calculating the tax base is as follows:
- Calculations are made of the 'relevant amount' for the year in respect of the valuation bands shown in the Council's Valuation List. For each band, this amount represents the estimated full year equivalent number of chargeable dwellings listed in the band after taking into account the impact of disabled band reductions and discounts (including Council Tax Support).
 - The 'relevant amounts' for each band are then aggregated and expressed as an equivalent number of band D dwellings.
 - The Council then multiplies this aggregate of all relevant amounts by the estimated collection rate for the year. The resulting figure is the Council Tax Base for the year.
 - The rules for calculating the Council Tax Base for any part of a Council'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, and the same estimated collection rate must be used.
- 3.5 The estimate of the collection rate is the only area over which the Council has any discretion. A collection rate of 99.4% was adopted upon implementation of the Council Tax Support Scheme, and from the data collected so far, there is no reason to deviate from this assumption; but this will continue to be monitored closely. Recommendation 2 seeks Cabinet approval for an estimated collection rate of 99.4%.
- 3.6 Collection rates will be continually monitored and any adjustments will be reflected in the calculation of the 2019/20 surplus or deficit.

- 3.7 The tax base for 2018/19 was 56,743.6 (after adjusting for the estimated impact of Council Tax Support and a 99.4% collection rate), and the proposed tax base for 2019/20 is 57,270.2. This represents an increase of 526.6 Band D equivalent properties, or 0.93% on the tax base.

4. Notification of Tax Base

- 4.1 Major Precepting Authorities and levying bodies, are required to request their tax base figure (and notify any changes to their tax base area), from the Council, before the end of December 2018. The Council must give notification of all requested tax base figures by the end of January 2019.

5. Conclusions and recommendations

- 5.1 Cabinet has delegated authority to set the Council Tax Base for 2019/20.
- 5.2 It is recommended that Cabinet approves the following:
- The Collection Fund surplus estimate of £642,933.54 as at 31 March 2019.
 - That calculation of the Council's tax base for the year 2019/20 incorporating an estimated collection rate of 99.4%.
 - In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by the Council as its tax base for the year 2019/20 be 57,270.20.