

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE Approval Of Resource Base for Council Tax (CS/2019/04)	
REPORT OF: Cabinet Member for Finance and Transformation	
FOR SUBMISSION TO: Cabinet Council	DATE: 16th January 2019 21st January 2019
SUMMARY OF REPORT <p>This report is about the council tax base which shows how much council tax could be raised across the Borough for each £1 of council tax charged at band D. This enables Camden to work out the right amount of tax to charge and ensure money is available to maintain the high standard of services required to support the Camden Plan. The tax base is also used by the Greater London Authority and the Garden Square Committees to work out their precept on the council tax.</p> <p>The report is coming to the Cabinet and then to Full Council because the Constitution requires the Council to approve the council tax base every year.</p> <p>.</p> <p>Local Government Act 1972 – Access to Information</p> <p>No documents were used in the preparation of this report which are required to be listed.</p> <p>Contact Officer: Mark Tate (Head of Council Tax and Business Rates) 4th Floor, 5 Pancras Square, London, N1C 4AG Telephone: 020 7974 6442 Email: mark.tate@camden.gov.uk</p>	

RECOMMENDATIONS

The Cabinet is asked to recommend to Council the following;

1. That the calculation of the Council's tax base for the year 2019/2020 as set out in the report be approved.
2. That in accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Camden as its council tax base for the year 2019/2020 shall be 90,500 as shown in Appendix 2.
3. That the tax base for the three Garden Squares as shown in Appendix 3 shall be as follows:

Gordon Square	24.50
Fitzroy Square	52.84
Mecklenburgh Square	87.17

The Council is asked to:

Agree the Cabinet's recommendations above.

Signed: Agreed, Jon Rowney, Executive Director Corporate Services

Date: 4 January 2019

1. **CONTEXT AND BACKGROUND**

- 1.1. Every year, Camden has to work out how much next year's band D council tax should be so that the total tax that will be collected equals the budget required to pay for its services. To work out the band D tax, the budget requirement is divided by a figure called the council tax base, which is calculated in this report. In effect, the tax base represents the total taxable value of every property in Camden. As well as Camden, the Greater London Authority and the Garden Squares need the tax base figure to work out how much they need to add on to pay for their services.

2. **PROPOSAL AND REASONS**

- 2.1 The Local Government Finance Act 2012 requires the Council to calculate the tax base for 2019-2020 using council tax data as at 1 December 2018 and to supply the figure to the Greater London Authority and Garden Squares by 31 January 2019. The Cabinet is asked to consider the calculations in the appendices and satisfy themselves that the tax base is the right figure to be used for calculating the council tax to be presented to the Cabinet in the budget report on 20 February 2019.

3. **OPTIONS APPRAISAL**

- 3.1 The Council could;

- Adopt the tax base as recommended.

The tax base estimate has been calculated following extensive analysis of new developments being built in 2019-2020 and the likely movement in council tax exemptions and discounts based on the experience of previous years. The tax base recommended represents the best estimate for 2019-2020

- Decide upon a different figure for the tax base.

A higher or lower figure for the tax base could be determined, bearing in mind the impact on the Council's budget and the requirement to set a balanced budget. The Cabinet could decide that the tax base has been under or overestimated, or decide upon another collection rate.

However, the tax base is a key component of the budget setting for 2019-2020 for which a report is coming to Cabinet on 20 February 2018. In order to compile that report, the Cabinet has to agree a figure for the tax base at this meeting. The tax base figure must also be provided to preceptors by 31 January.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

- 4.1 The other key factor in the calculation is the collection rate applied to the tax base. The collection rate adopted for 2018-2019 was 98%. Collection is currently behind profile for 2018-2019 and it is expected that it will fall short of the target at around 97.75%. However, plans are in place to remedy this shortfall and it is therefore recommended that the collection rate be retained at 98% for 2019-2020.

5. LINKS TO OUR CAMDEN PLAN

- 5.1 The objective of Our Camden Plan is to provide a high standard of services at good value for money in challenging financial times. The council tax goes towards paying for those services and it is also a large bill for every household. Working out the right amount of council tax to charge and then collecting it effectively and efficiently, is important to ensure money is available to pay for services and that residents are not forced into undue hardship.

6. CONSULTATION/ENGAGEMENT

- 6.1 There is no legal requirement to consult on the tax base itself and given the factual and technical nature of the content, no consultation has been carried out. The tax base does however form a key part of the council tax setting process and the Secretary of State for Housing, Communities and Local Government has the power to issue principles that define what should be considered as excessive Council Tax, including proposed limits. For the year 2018 to 2019, any increase of 3%, or higher than 3%, required the Local Authority to hold a referendum. The provisional council tax referendum principles for 2019 to 2020 are described in paragraph 7.4 below.

7. LEGAL IMPLICATIONS

- 7.1 Section 31B(1) Local Government Finance Act 1992 imposes a duty on a billing authority such as Camden to calculate its council tax by applying a formula laid down in that Section. This relies on a Billing Authority separately calculating a figure for the council tax base for the year. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which apply to financial years beginning on or after 1 April 2013, require a billing authority to use a given formula to calculate this council tax base. This is the formula set out and followed in Appendix 1 to the report.
- 7.2 If there are special items to be taken into account relating to part of the billing authority's area, a separate calculation using a slightly different

formula must be made once the council tax base has been calculated. This is the formula used for Fitzroy, Gordon and Mecklenburgh Squares.

- 7.3 Regulation 8 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 places a duty on the Council to calculate the council tax base for the year within the “prescribed period” which is the period beginning on 1st December and ending on the following 31st January in the financial year preceding that for which the calculation of the council tax base is made.
- 7.4 The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered as excessive Council Tax, including proposed limits. The principles are subject to approval by the House of Commons. Since 2013, any council that wishes to raise its Council Tax above the limits that apply to them will have to hold a referendum, the result of which will be binding. The Provisional Local Government Finance Settlement published on 13 December 2018, set out proposed thresholds for 2019-20. In that document it proposed that the relevant basic amount of council tax is excessive if the authority’s relevant basic amount of council tax for 2018-19 is increased by 5% or more (comprising 2% for expenditure on adult social care(‘social care precept’) and 3% for other expenditure). Council tax for general spending requires a referendum if it rises by 3% or more alongside a maximum 2% social care precept. The setting of the social care precept must not exceed a rise of 6% over three years starting 2017-2018. The final figures are expected to be laid before the House of Commons late January/early February 2019.

8. **RESOURCE IMPLICATIONS**

- 8.1 The comments are contained within the report

9. **TIMETABLE FOR IMPLEMENTATION**

- 9.1 If agreed at the Council meeting on 21st January 2019, the tax base will be used to calculate the band D council tax put forward in the budget setting report 20th February 2019. The band D level will then be used to calculate council tax bills to be sent out 15 March 2019.

10 **APPENDICES**

APPENDIX 1 – explanation of tax base
APPENDIX 2 - tax base for whole of Camden
APPENDIX 3 - tax base for Garden Squares

REPORT ENDS

HOW THE TAX BASE IS CALCULATED

APPENDIX 1

The council tax base for each band is calculated as below. It is worked out for each band first. Letters refer to the elements defined in the regulations

- (H) Start with the dwellings for each band in the valuation list @ 30.11.2018.
- Take off exemptions for which no tax can be collected
 - Adjust for properties where the occupier receives disabled relief because they receive a reduction of one band.
 - This gives the number of chargeable dwellings.

- (Q) Take off the discounts allowed as these reduce the tax collectable. Second homes receive no discount but are shown separately in the appendix for information purposes.

Take off discounts in respect of uninhabitable properties empty for 12 months or less (class D) and discounts in respect of empty property empty for one month or less (class C).

- (E) Add back the 100% premium chargeable on homes empty for over two years.

- (J) A number of adjustments need to be made in respect of future changes because the tax base is meant to reflect the position for 2019/2020. They are as follows;

- An estimate of the number of new properties and number of properties demolished.
- An estimate of the number of successful valuation appeals.
- An estimate of the changes to exemptions and discounts.

- (Z) Take off the effect on the tax base of the council tax support scheme which is now shown as a discount.

The sum $((H-Q+E+J)-Z)$ represents the whole number of properties for that particular band from which tax can be collected.

- (A) This figure is converted into the equivalent number of band D properties by multiplying each by the ratio to band D. This is known in the regulations as F/G

- (T) The tax base for the band is found by multiplying (A) by the anticipated collection rate (B). The tax bases for each of the 8 bands are then added together to give the total tax base.

The final tax base is obtained by adding a small contribution from the Ministry of Defence.

TAXBASE CALCULATION 2019-2020 - ALL AREAS											APPENDIX 2								
		BAND A		BAND B		BAND C		BAND D		BAND E		BAND F		BAND G		BAND H		TOTAL	
	% discount	Number																	
Number of dwellings		3,672		11,705		20,551		26,029		18,646		11,929		12,462		4,652		109,646	
Number of exempt dwellings		-214		-963		-1,134		-1,484		-939		-629		-472		-104		-5,939	
Number of dwellings to reduced band for disabled relief		0		-11		-34		-40		-49		-55		-53		-22		-264	
Number of dwellings from higher band for disabled relief		11		34		40		49		55		53		22		0		264	
Number of chargeable dwellings H		3,469		10,765		19,423		24,554		17,713		11,298		11,959		4,526		103,707	
Reduction due to 25% discounts	25%	2,092	-523	5,868	-1,467	9,395	-2,349	9,539	-2,385	5,635	-1,409	2,943	-736	2,469	-617	547	-137	38,488	-9,622
Reduction due to 50% discounts	50%	0	0	6	-3	5	-3	21	-11	26	-13	21	-11	22	-11	26	-13	127	-64
Reduction due to second home discounts	0%	452	0	599	0	816	0	1,101	0	900	0	621	0	552	0	190	0	5,231	0
Reduction due to class D discounts	25%	82	-21	5	-1	33	-8	52	-13	66	-17	38	-10	67	-17	41	-10	384	-96
Reduction due to class C discounts 1st month only	100%	4	-4	10	-10	23	-23	42	-42	35	-35	20	-20	22	-22	3	-3	159	-159
Reduction due to discounts Q		-548		-1,481		-2,383		-2,450		-1,473		-776		-667		-163		-9,941	
Empty homes premium	100%	4	4	41	41	24	24	53	53	42	42	37	37	28	28	20	20	249	249
Addition due to empty homes premium E		4		41		24		53		42		37		28		20		249	
Number of new dwellings expected		0		16		43		126		184		100		30		9		508	
Number of dwellings to be demolished		-21		-157		-123		-25		-10		-5		-5		0		-346	
Number of successful appeals		0		-5		-15		-32		-30		-25		-15		-5		-127	
Gain from successful appeals		5		15		32		30		25		15		5		0		127	
Expected changes to exemptions and discounts		-13		-40		-70		-89		-63		-41		-43		-16		-375	
Forecast changes to property base and reductions J		-29		-171		-133		10		106		44		-28		-12		-213	
SUB TOTAL H-Q+E+J		2,897		9,154		16,932		22,167		16,388		10,603		11,292		4,371		93,803	
Council tax reduction scheme		719,384	-725	3,614,715	-3,122	5,896,667	-4,457	7,086,529	-4,761	4,248,247	-2,335	2,111,950	-982	1,264,609	-510	134,893	-45	25,076,994	-16,938
Reduction due to council tax reduction scheme Z		-725		-3,122		-4,457		-4,761		-2,335		-982		-510		-45		-16,938	
TOTAL ((H-Q+E+J)-Z)		2,172		6,031		12,475		17,406		14,053		9,621		10,782		4,326		76,865	
Band D equivalent A = TOTAL x (F/G)		x 6/9 1,447.68		x 7/9 4,691.04		x 8/9 11,088.55		x 9/9 17,405.67		x 11/9 17,175.29		x 13/9 13,896.89		x 15/9 17,970.37		x 18/9 8,651.37		92,326.88	
Collection rate expected B		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%	
TAX BASE A x B		1,418.73		4,597.22		10,866.78		17,057.56		16,831.79		13,618.96		17,610.97		8,478.34		90,480.35	
MoD contributions		0		0		0		19.65		0		0		0		0		19.65	
FINAL TAX BASE		1,418.73		4,597.22		10,866.78		17,077.21		16,831.79		13,618.96		17,610.97		8,478.34		90,500.00	

	TAXBASE CALCULATION 2019-2020 - GORDON SQUARE																APPENDIX 3	
	BAND A		BAND B		BAND C		BAND D		BAND E		BAND F		BAND G		BAND H		TOTAL	
Number of dwellings		2		0		5		3		8		3		0		1		22
Number of exempt dwellings		0		0		0		0		-1		0		0		0		-1
Number of dwellings to reduced band for disabled relief		0		0		0		0		-1		0		0		0		-1
Number of dwellings from higher band for disabled relief		0		0		0		1		0		0		0		0		1
Number of chargeable dwellings H		2		0		5		4		6		3		0		1		21
Reduction due to 25% discounts (Number of cases x 25%)	0	0.00	0	0.00	3	0.75	2	0.50	2	0.50	0	0.00	0	0.00	0	0.00	7	1.75
Reduction due to 50% discounts	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Reduction due to second home discounts	0	0.00	0	0.00	0	0.00	0	0.00	1	0.00	0	0.00	0	0.00	0	0.00	1	0.00
Reduction due to class D discounts	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Reduction due to class C discounts	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Reduction in respect of discounts Q		0.00		0.00		0.75		0.50		0.50		0.00		0.00		0.00		1.75
Addition due to empty homes premium E																		
Number of new dwellings expected		0		0		0		0		0		0		0		1		1
Number of dwellings to be demolished		0		0		0		0		0		0		0		0		0
Number of successful appeals		0		0		0		0		0		0		0		0		0
Gain from successful appeals		0		0		0		0		0		0		0		0		0
Expected changes to exemptions and discounts		0		0		0		1		1		0		0		0		2
Net adjustments J		0		0		0		1		1		0		0		1		3
SUB TOTAL H-Q+E+J		2.00		0.00		4.25		4.50		6.50		3.00		0.00		2.00		22.25
Reduction due to council tax reduction scheme Z		0		0		1		0		0		0		0		0		1
TOTAL ((H-Q+E+J)-Z)		2.00		0.00		3.25		4.50		6.50		3.00		0.00		2.00		21.25
Band D equivalent A = TOTAL x AF	x 6/9	1.33	x 7/9	0.00	x 8/9	2.89	x 9/9	4.50	x 11/9	7.94	x 13/9	4.33	x 15/9	0.00	x 18/9	4.00		25.00
Collection rate expected B		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%		98.00%
TAX BASE A x B		1.31		0.00		2.83		4.41		7.79		4.25		0.00		3.92		24.50
MoD contributions		0		0		0		0.0		0		0		0		0		0.0
FINAL TAX BASE		1.31		0.00		2.83		4.41		7.79		4.25		0.00		3.92		24.50

TAXBASE CALCULATION 2019-2020 - FITZROY SQUARE

APPENDIX 3

	BAND A		BAND B		BAND C		BAND D		BAND E		BAND F		BAND G		BAND H		TOTAL	
Number of dwellings	0	0	1	1	1	1	0	0	2	2	6	6	12	12	14	14	36	
Number of exempt dwellings	0	0	0	0	0	0	0	0	0	0	-1	-1	-2	-2	0	0	-3	
Number of dwellings to reduced band for disabled relief	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of dwellings from higher band for disabled relief	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of chargeable dwellings H	0	0	1	1	1	1	0	0	2	2	5	5	10	10	14	14	33	
Reduction due to 25% discounts (Number of cases x 25%)	0	0.00	1	0.25	0	0.00	0	0.00	1	0.25	1	0.25	4	1.00	1	0.25	8	2.00
Reduction due to 50% discounts	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Reduction due to second home discounts	0	0.00	0	0.00	1	0.00	0	0.00	0	0.00	1	0.00	1	0.00	1	0.00	4	0.00
Reduction due to class D discounts	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.25	1	0.25
Reduction due to class C discounts	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Reduction in respect of discounts Q	0.00	0.00	0.25	0.25	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	1.00	1.00	0.50	0.50	2.25	
Addition due to empty homes premium	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	
Number of new dwellings expected	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of dwellings to be demolished	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number of successful appeals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Gain from successful appeals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Expected changes to exemptions and discounts	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	1	
Net adjustments J	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	1	
SUB TOTAL H-Q+E+J	0.00	0.00	0.75	0.75	1.00	1.00	0.00	0.00	1.75	1.75	5.75	5.75	9.00	9.00	13.50	13.50	31.75	
Reduction due to council tax reduction scheme Z	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL ((H-Q+E+J)-Z)	0.00	0.00	0.75	0.75	1.00	1.00	0.00	0.00	1.75	1.75	5.75	5.75	9.00	9.00	13.50	13.50	31.75	
Band D equivalent A = TOTAL x AF	x 6/9	0.00	x 7/9	0.58	x 8/9	0.89	x 9/9	0.00	x 11/9	2.14	x 13/9	8.31	x 15/9	15.00	x 18/9	27.00		53.92
Collection rate expected B	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	98.00%	
TAX BASE A x B	0.00	0.00	0.57	0.57	0.87	0.87	0.00	0.00	2.10	2.10	8.14	8.14	14.70	14.70	26.46	26.46	52.84	
MoD contributions	0	0	0	0	0	0	0.0	0.0	0	0	0	0	0	0	0	0	0.0	
FINAL TAX BASE	0.00	0.00	0.57	0.57	0.87	0.87	0.00	0.00	2.10	2.10	8.14	8.14	14.70	14.70	26.46	26.46	52.84	

