



Title: **Council Tax Base 2012/13**

Public Agenda Item: **Yes**

Wards Affected: **All Wards**

To: **Council**

On: **8 December 2011**

Key Decision: **Yes – Ref. 1003639**

Change to Budget: **Yes**

Change to Policy Framework: **No**

Contact Officer: **Martin Phillips**

☎ Telephone: **01803 207285**

✉ E.mail: **Martin.phillips@torbay.gov.uk**

1. What we are trying to achieve

- 1.1 The Council is required to determine its Tax Base for Council Tax purposes for 2012/13 during the period 1 December 2011 to 31 January 2012 and the level of Council Tax subsequently set must use this base figure. A Tax Base calculation is provided in Appendix 1 for an appropriate decision to be made.
- 1.2 In accordance with the Local Authority (Funds) (England) Regulations 1992, an estimate of the deficit or surplus on the Collection Fund for incorporation in the Council Tax level must be made.
- 1.3 The Council, as a billing authority, is required to calculate a separate Tax Base for the Brixham Town Council's area. A Tax Base calculation for the area is provided in Appendix 2 for an appropriate decision to be made.

2. Recommendation(s) for decision

- 2.1 **That the calculation of the Council Tax Base for the year 2012/13 be approved as shown in Appendix 1.**
- 2.2 **That the calculation of the Brixham Town Council Tax Base for the year 2012/13 be approved as shown in Appendix 2.**
- 2.3 **That, in accordance with the Local Authorities (Calculation of Tax base) (Amendment) Regulations 2003, the amount calculated by Torbay Council as its Council Tax base for the year 2012/13 should be 49,021.42. (Dependant on approval of 2.1).**

- 2.4 That, in accordance with the Local Authorities (Calculation of Tax base) (Amendment) Regulations 2003, the amount calculated by Torbay Council as the Council Tax base for Brixham Town Council for the year 2012/13 should be 6,664.97. (Dependant on approval of 2.2).**
- 2.5 That the estimated distribution on the Collection Fund as shown in paragraph A1.13 to the submitted report be approved.**
- 3. Key points and reasons for recommendations**
 - 3.1 The calculation of the Council Tax Base for both Torbay and Brixham Town Council is a statutory requirement in the budget setting process.

For more detailed information on this proposal please refer to the supporting information.

Paul Looby
Chief Financial Officer

Supporting information

A1. Taxbase and Collection Fund Surplus

- A1.1 The Council is required by the Local Government Finance Act 1992 to establish a base figure for the purpose of setting the level of Council Tax each year – the “Tax Base”. The calculation of this figure is prescribed by the Local Authorities (Calculation of Tax Base) (Amendment) Regulations 2003.
- A1.2 The Regulations require this calculation to be made between 1st December 2011 and 31st January 2012 and for this figure to be notified to precepting authorities by the 31st January 2012. For the year commencing 1st April 2012 these will be the major precepting authorities of Devon and Cornwall Police Authority, Devon and Somerset Fire and Rescue Authority and as a local precepting authority, Brixham Town Council.
- A1.3 Torbay Council, together with Devon and Cornwall Police Authority, Devon and Somerset Fire and Rescue Authority and Brixham Town Council are required to use the tax base calculated by Torbay Council, as the billing authority, to determine their basic amounts of Council Tax for 2012/13.
- A1.4 The calculation of the tax base is prescribed by statute. It reflects the aggregate of the “relevant amounts” for each valuation band multiplied by the anticipated collection rate for the year. The calculation for the Council’s tax base is shown in Appendix 1 and the calculation for Brixham Town Council is shown in Appendix 2.
- A1.5 The calculation of the relevant amount begins with the actual number of dwellings on the “relevant date”. For 2012/13 this is the 30th November 2011. This number is adjusted to make allowance for estimated variations to the list in the course of the year and for the impact of allowed discounts to certain classes of dwellings. These are then converted into Band “D” equivalents to produce the “relevant” amounts prescribed by the Regulations.
- A1.6 The Local Government Act 2003 introduced some freedoms for Councils to alter the discount rate applicable on various classes of Council Tax dwellings. Any changes to the discount rates on Second Homes and Long Term Empty Homes require a determination by full Council (Currently at 10% discount – the minimum level). There are no plans to change the discount rates for 2012/13.
- A1.7 The billing authority then estimates its Council Tax Collection Rate, which is the percentage of 2012/13 Council Tax demands which it predicts will be paid into the Collection Fund during 2012/13. The Collection rate estimated for 2012/13 is a continuation of the rate for 2011/12, namely 96.5%, which is in line with the actual in year collection rate achieved for 2010/11, and this is reflected in the Tax Base calculation. The resultant calculation produces a tax base for 2012/13 of 49,021.42.
- A1.8 In addition Appendix 1 also shows the 'Band D Equivalents' which were submitted to Central Government on form CTB1 in October 2011. This figure is used in the calculation of the Council's Formula Grant.

A1.9 The calculated Council's tax base for 2012/13 of 49,021.42 compares with the 2011/12 tax base of 48,820.60 a 0.41% increase. This increase primarily reflects the growth in the number of properties, which may be either new build or older properties adapted and brought back in to use.

A1.10 To calculate the council tax due to the Town Council a Tax Base must be determined by Torbay Council, as the billing authority. The tax base for Brixham Town Council is 6,664.97 and the calculation is shown in Appendix 2.

A1.11 The calculated Brixham Town Council's tax base for 2012/13 of 6,664.97 compares with the 2011/12 tax base of 6,623.86 a 0.62% increase.

A1.12 The DCLG have launched a consultation with relation to Council Tax discounts and other Council Tax issues, the details of which can be found at <http://www.communities.gov.uk/publications/localgovernment/technicalreformcounciltax> . Any changes to Council Tax discounts following this consultation is expected to be implemented from 2013/14.

A1.13 **Estimation of Collection Fund Surplus/Deficit (Council Tax)**

The Local Authority (Funds) Regulations 1992, requires an estimate to be made as from under or over achieving the estimated collection rate. As this Council sets a collection rate within its tax base equivalent to the amount collected in the 12 months of the next financial year any surplus primarily represents the collection of sums due in respect of previous years. This indicates a level of success in collecting old year debts and raises the overall, longer term, collection rate to above the in year rate of 96.5%.

The amount of any surplus or deficit which a billing authority, like Torbay, estimates on its collection fund at the end of the current year is to be shared and is taken into account by both the billing authorities and Major Precepting Authorities in calculating basic amounts of Council Tax for the subsequent year.

The balance on the Collection Fund as at 31st March 2011 was £2.286m (Torbay share is £1.8m). A figure of £1.428m was estimated to be distributed in 2011/12 (Torbay share £1.209m). The latest estimate of the Collection fund in year surplus in respect of Council Tax as at 31st March 2012 is £1.353m giving an estimated surplus from the years prior to 2012/13 to distribute of £2.211m.

This surplus has to be shared in 2012/13 between Torbay Council, Devon and Cornwall Police Authority and Devon and Somerset Fire and Rescue Authority in accordance with their demands on the Collection Fund for 2011/12. The estimated share of the 2011/12 surplus in 2012/13 is as follows:

	Share of Surplus	% Share	2011/12 Precept
Torbay Council	£1.873m	84.7%	£61.571m
Devon and Cornwall Police Authority	£0.232m	10.5%	£7.645m
Devon and Somerset Fire and Rescue Authority	£0.106m	4.8%	£3.504m
Totals	£2.211m	100%	£72.720m

A1.14 As a local precepting authority, as defined in the Local Government Finance Act 1992, Brixham Town Council will not be entitled to a share of any surplus or deficit on the collection fund.

A1.15 For future year planning the Collection Fund Surplus, for Torbay, is estimated to be £1.2million for the next 3 years. These estimates will be incorporated into the next revision of the Medium Term Resource Plan 2012 -2016.

Appendices

Appendix 1 The calculation of Torbay Council's Tax Base 2012/13

Appendix 2 The calculation of Brixham Town Council's Tax Base 2012/13

Background Papers:

The following documents/files were used to compile this report:

IBS System - Reports

Council Tax monitoring

CTB1 Calculation of Council Tax Base for Formula Grant Purposes 2012/13

Financial Information Management System – Reports