



CABINET – 11TH DECEMBER 2012

SUBJECT: COUNCIL TAX BASE 2013-2014

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

1.1 For Cabinet to agree the calculation of the Council Tax Base for 2013-14.

2. LINKS TO STRATEGY

2.1 The Council Tax is a significant resource which assists the Council in achieving its various strategies.

3. FINANCIAL IMPLICATIONS

- 3.1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 sets out the rules for the calculation of the Council Tax base. This is the amount required by the Local Government Finance Act 1992 to be used in the calculation of the Council Tax.
- 3.2 The Council Tax base for discounted chargeable dwellings expressed as Band D equivalents has been calculated at 60,517.91 for 2013/14. This is a 0.95 % increase on 2012/13. Members are advised that increases in Band D equivalents can result in a reduced Revenue Support Grant when the final settlement announcement is made on the 11th December 2012. Hence at this stage additional income cannot be factored into the budget setting process for 13/14.
- 3.3 For 2012/13 a collection rate of 97% was assumed. The collection rates for council tax have steadily increased over the last 2 years, in fact the in year collection rate for council tax in 2011/12 was the best ever performance since 1996, with reduced staffing levels. Staffing in the Section has reduced in recent years from 31 to 24. The collection rates for each annual year's target are circa 99% over a period of more than one year as the Authority pursues all arrears. This has generated a council tax surplus at the financial year end. For 2011/12 the council tax surplus was £1.2m. Members are advised that in year performance is currently an improvement on the same period for 2011/12.
- 3.4 UK Government have introduced the LCTS and this Scheme will be implemented from 1st April 2013. It will replace the current Council Tax Benefit Scheme which is administered on behalf of the Department for Work and Pensions by each Authority. The LCTS will be a national scheme for Wales devised by Welsh Government (WG) and adopted by each Local Authority. The funding for LCTS will be transferred from UK Government to WG who will then passport this funding onto Local Authorities. UK Government are cutting the funding by at least 10% prior to the transfer to WG. The shortfall in respect of the benefit to households will have to be billed and then collected from each household by the Authority. It is anticipated that this shortfall, could be circa £2m across circa 20,000 households.

- 3.5 It is widely acknowledged that the collection of this £2m from households will be extremely difficult to recover. An estimated 16,000 of the 20,000 households affected do not currently pay any council tax. There is likely to be an impact on collection rates. The Authority could reduce the council tax recovery rate of 97% on the CT1 form in line with the expected reduction in recovery. This would lead to an increase in council tax. A 1% reduction in the recovery rate would lead to an estimated 1% increase in council tax for a Band D equivalent. This increase would not raise any additional income towards the Authority's services. An alternative approach would be to retain the 97% recovery rate and assess the situation after a year of implementation of LCTS. This would affect the current council tax surplus, as the overall recovery rate of 99% will reduce. In the worst case scenario the expected council tax surplus for the financial year 13/14 may not be enough to cover the reduction in recovery rates.

Bearing in mind the worst case scenario above it would be prudent to set aside the council tax surplus for 12/13 to provide additional funds in respect of any potential bad debt. The council tax surplus for 12/13 estimated at £1m has not been committed for either capital or revenue spend. It is anticipated that the council tax surpluses for 12/13 and 13/14 would cover any potential worst case scenario.

- 3.6 The Authority will be looking to actively recover as much of the estimated shortfall of £2m (as referred to in para 3.4 above) and has recruited on a temporary basis an additional 2 officers at clerical grade 5 in the Council Tax Section. The budget proposals for 13/14 will incorporate a growth bid to provide funding to maintain the 2 additional staff on a permanent basis. In addition Corporate Service reserves will be used to recruit a further 2 clerical grade 5's in the short term i.e. 12-18 months to deal with the immediate impact of the introduction of LCTS which will affect 20,000 households. The impact of the further 2 staff will be reviewed after 18 months to determine whether there is a business case to retain for the future.
- 3.7 The software costs in respect of the implementation of LCTS are £60k and it is anticipated that WG will provide funding to cover all/part of these costs.
- 3.8 The Council Tax base for 2013/2014 is, therefore, 60,517.91 x 97 % which equates to 58,702.37. The Council Tax base analysed over community council areas is as follows:

Aber Valley	1,990.12
Argoed	842.82
Bargoed	3,493.72
Bedwas, Trethomas & Machen	3,707.11
Blackwood	2,871.43
Caerphilly	5,864.72
Darran Valley	693.69
Draethen, Waterloo & Rudry	587.20
Gelligaer	6,049.22
Llanbradach & Pwllpant	1,448.18
Maesycwmmmer	764.82
Nelson	1,552.35
New Tredegar	1,334.11
Penyrheol, Trecenydd & Energlyn	4,389.13
Rhymney	2,529.74
Risca East	2,025.84
Risca West	1,775.72
Van	1,629.02
Areas not covered by Community Councils	15,153.43
Caerphilly County Borough Council	<u>58,702.37</u>

4. PERSONNEL IMPLICATIONS

4.1 There are none.

5. EQUALITIES IMPLICATIONS

5.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan, therefore no Equalities Impact Assessment has been carried out.

6. CONSULTATIONS

6.1 There are no consultation responses which have not been reflected in this report.

7. RECOMMENDATIONS

7.1 It is recommended that:

- The council tax recovery rate of 97% remains unchanged for 2013/14, on the basis that the council tax surplus for 12/13 be set aside to cover any potential under recovery issues as outlined in the report above.
- The Council Tax Base for the year 2013-2014 be 58,702.37, with the Council Tax Base for each community council area as outlined in paragraph 3.6.

8. REASONS FOR THE RECOMMENDATIONS

8.1 To determine the Council Tax base for 2013-2014.

9. STATUTORY POWER

9.1 Local Government Act 2000 and regulations made under the Act.

Author: N. Scammell, Head of Corporate Finance & Section 151 Officer
Tel: 01443 863022 E-mail: nicolescammell@caerphilly.gov.uk

Consultees: A. O'Sullivan, Chief Executive
Cllr H. Andrews, Leader of Council
Cllr K Reynolds, Deputy Leader/Cabinet Member for Corporate Services
N. Barnett, Deputy Chief Executive
J. Carpenter, Council Tax & NNDR Manager
E. Mead, Principal Council Tax & NNDR Officer
A. Southcombe, Finance Manager, Corporate Finance