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| Cabinet 8 January 2014 |  TOWER HAMLETS |
| Report of: Chris Holme, Interim Corporate Director of Resources | Classification: Unrestricted |
| Calculation of Council Tax Base 2014/15 | |

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| Lead Member | Cllr Alibor Choudhury - Cabinet Member for Resources |
| Originating Officer(s) | Paul Thorogood – Interim Service Head, Finance and HR |
| Wards affected | All |
| Community Plan Theme | One Tower Hamlets |
| Key Decision? | Yes |

1. **SUMMARY**

- 1.1 This report sets out the calculation of the Council Tax Base for 2014/15 as required by statute.

2. **DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:-

- 2.1 Approve, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, that the amount calculated by the London Borough of Tower Hamlets as its Council Tax Base for the year 2014/15 shall be 74,979.

3. **REASONS FOR THE DECISIONS**

- 3.1 The scheme for calculation of council tax established under the Local Government Finance Act 1992 requires local authorities to agree their Council Tax Base and to notify it to the preceptors (GLA) by 31st January 2014.
- 3.2 If the tax base is not agreed and notified to the Preceptor by 31st January 2014, this may prejudice the calculation of Council Tax for 2014/15.

4. ALTERNATIVE OPTIONS

- 4.1 The recommendations contained within this report are made in line with the statutory requirements outlined in sections 3.1 and 3.2 of this report; therefore the Council is not presented with alternative options in setting its Council Tax Base.

5. BACKGROUND

- 5.1 The Council Tax legislation requires local authorities to agree their Council Tax Base and to notify it to the preceptors by 31st January 2014.
- 5.2 The tax base is central to the Council Tax system because it is the means by which the budget is translated into tax levels. For the next financial year, the estimated tax base is 74,979.
- 5.3 A simple way of looking at this is, broadly, if £1.00 is added to the band D tax, this would raise £74,979 for the General Fund Budget.
- 5.4 This report summarises the principles of the tax base calculation and sets out the calculation for 2014/15.

6. CALCULATION OF THE TAX BASE

- 6.1 The tax base calculation must take account of:
- 6.1.1 the number of properties in each band, including estimated changes during the year (for Tower Hamlets this includes an estimated increase in property numbers due to the continuing regeneration of the borough);
- 6.1.2 the number of discounts, taking account of estimated changes during the year; and
- 6.1.3 the estimated collection rate; the 2014/15 tax base has been calculated on the basis of a collection rate of 96%.

7. COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 7.1 This report incorporates the comments of the Chief Financial Officer.

8. LEGAL COMMENTS

- 8.1. The Council is required by section 31B of the Local Government Finance Act 1992 ("the Act") to calculate for each financial year the basic amount of its

council tax. The basic amount of council tax must be calculated according to a prescribed formula that uses: (1) the Council tax requirement; and (2) the amount which is calculated by the Council as its council tax base. The council tax base is in turn calculated by reference to a formula prescribed in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (“the Tax Base Regulations”).

- 8.2. The Council is required to submit its council tax base to the GLA between 1 December and 31 January in the financial year preceding the financial year for which the calculation of council tax base is made. This is the effect of section 31B(1) of the Act and regulation 8 of the Tax Base Regulations. If the Council does not submit its council tax base to the GLA, then the GLA is required to determine the calculation for itself, in the manner prescribed in the Tax Base Regulations.
- 8.3. The preparation, for submission to Full Council for consideration, of estimates of the amounts to be used for the purposes of calculating the basic amount of council tax is an executive function. The other calculations required by section 31B of the Act (i.e. the basic amount of council tax and the council tax requirement) are required to be the responsibility of Full Council by virtue of section 67 of the Act.

9. ONE TOWER HAMLETS CONSIDERATIONS

- 9.1 Calculation of the Council’s tax base is an important step towards calculation of the basic amount of council tax. The calculation of council tax is a key element of the Council’s budget, which will enable it to deliver on its Strategic Plan and, in turn, the Community Plan.
- 9.2 The Council’s Strategic Plan is focused upon meeting the needs of the diverse communities living in Tower Hamlets. The Key Themes reflect diversity issues and there are key equality milestones in relation to delivering One Tower Hamlets.

10. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 10.1 There are no SAGE implications.

11. RISK MANAGEMENT IMPLICATIONS

- 11.1 If the tax base is not agreed, the Council will not be able to set a legal budget for 2014/15 and notify the preceptor by 31st January 2014. Consequently the Council may be open to legal challenge and also affect the budget setting arrangements for the GLA.

12. CRIME AND DISORDER REDUCTION IMPLICATIONS

12.1 There are no Crime and Disorder Reduction Implications.

13. EFFICIENCY STATEMENT

13.1 There are no efficiency statement implications.

14. APPENDICES

Appendix A – Calculation of Council Tax Base 2014/15

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

| Brief description of “background papers” | Name and telephone number of holder and address where open to inspection. |
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| None | Ruth Ebaretonbofa-Morah (Deputy Financial Planning Manager) - ext. 1698 |