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| <p><b>Cabinet</b></p> <p>9 January 2018</p>                          |  |
| <p><b>Report of:</b> Zena Cooke; Corporate Director of Resources</p> | <p><b>Classification:</b><br/>Unrestricted</p>                                      |
| <p><b>Calculation of Council Tax Base 2018/19</b></p>                |                                                                                     |

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| <b>Lead Member</b>            | <b>Councillor David Edgar, Cabinet Member for Resources</b> |
| <b>Originating Officer(s)</b> | Zena Cooke; Corporate Director of Resources                 |
| <b>Wards affected</b>         | All Wards                                                   |
| <b>Key Decision?</b>          | Yes                                                         |
| <b>Community Plan Theme</b>   | <b>One Tower Hamlets</b>                                    |

### **Executive Summary**

This report sets out the calculation of the Council Tax Base for 2018/19 as required by statute.

### **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Approve, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, that the amount calculated by the London Borough of Tower Hamlets as its Council Tax Base for the year 2018/19 shall be 95,095.

### **1. REASONS FOR THE DECISIONS**

- 1.1 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 (the Greater London Authority (GLA)) by 31st January 2018.
- 1.2 If the tax base is not agreed and notified to the Preceptor by 31st January 2018, this may prejudice the calculation of Council Tax for 2018/19.

### **2. ALTERNATIVE OPTIONS**

- 2.1 The recommendations contained within this report are made in line with the statutory requirements outlined in sections 1.1 and 1.2 of this report; therefore the Council is not presented with alternative options in setting its Council Tax Base.

### **3. DETAILS OF REPORT**

- 3.1 The Council Tax legislation requires local authorities to agree their Council Tax Base and to notify it to the preceptors by the 31st January each year.
- 3.2 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 tax base has been estimated at 95,095.
- 3.3 A simple way of looking at this is in financial terms, broadly, if 1.0% is added to the band D tax, this would raise £919,378 to the General Fund Budget.
- 3.4 The 2017/18 Council Tax Base was 88,784. The estimated 2018/19 figure represents an increase of 6,311 properties (7.1%).
- 3.5 The government's Core Spending Power calculation assumes that Council Tax will be increased by the Adults Social Care (ASC) precept up to a cumulative total of 6% to 2019/20 and by an inflationary amount equal to less than 2% in order to avoid a referendum for an 'excessive' Council tax increase.
- 3.6 The Council's 2017/18 Council tax rate was set at £966.80 reflecting an increase of 3% (for the ASC precept) and a further 1.99% general increase.
- 3.7 This report summarises the principles of the tax base calculation and sets out the calculation for 2018/19.

### **CALCULATION OF THE TAX BASE**

- 3.8 The tax base calculation must take account of:
  - the number of properties in each council tax band (A to H), 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);
  - the number of discounts, taking account of estimated changes during the year; these include
    - Demolished dwellings and dwellings outside the area of the authority
    - Dwellings subject to a reduction for disability
    - 25% discounts where there is only one adult resident
    - 25% discounts where all but one adult resident is disregarded
    - 50% discounts where all adult residents are disregarded
  - the estimated collection rate; the 2018/19 tax base has been calculated on the basis of previous performance at a collection rate of 97.25%.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

4.1 This report incorporates the comments of the Chief Financial Officer.

#### **5. LEGAL COMMENTS**

5.1 The Council is required by section 33 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 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) Regulations 2012 (“the Tax Base Regulations”)

5.2 The Council is required to submit its council tax base to the GLA between 1 December and 31 January in the financial year preceeding the financial year for which the calculation of council tax base is made. This is the effect of section 33(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.

5.3 The preparation, for submission to 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 by virtue of regulations 4(9) – 4(11) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.

#### **6. ONE TOWER HAMLETS CONSIDERATIONS**

6.1 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.

#### **7. BEST VALUE (BV) IMPLICATIONS**

7.1 This is a statutory calculation which ensures any best value implications are accounted for in terms of the Council’s budget

#### **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

8.1 There are no SAGE implications.

**9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 If the tax base is not agreed, the Council will not be able to set a legal budget for 2018/19 and notify the preceptor by 31st January 2018. Consequently the Council may be open to legal challenge and also affect the budget setting arrangements for the GLA.

**10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 There are no Crime and Disorder Reduction Implications.

**11. SAFEGUARDING IMPLICATIONS**

- 11.1 There are no safeguarding implications arising from the recommendations of this report.
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**Linked Reports, Appendices and Background Documents**

**Linked Report**

- None

**Appendices**

- Appendix A – Calculation of Council Tax Base 2018/19

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

- Local Government Act, 1972 Section 100D (As amended).

**Officer contact details for documents:**

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