

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Chief Executive 11th December 2005
AUTHOR: Assistant Director - Finance and Resources (Revenues)

SETTING OF COUNCIL TAX BASE FOR 2007/08

Purpose

1. To report the calculation of the Council Tax base for 2007/08 and to request the Chief Executive exercise the delegated power to formally set the Council's Council Tax base for 2007/08.

Background

2. The Council is required to set a tax base for each financial year for the District as a whole and for each separate parish within the District. The tax base is expressed as the number of band D equivalent properties and is used to calculate the basic amount of Council Tax.
3. There is a prescribed process for calculating the tax base, but the Council must make estimates of anticipated changes, for example due to the building of new properties, and estimate the proportion of bad debt. The starting point for the calculation is set by statute as the properties contained in the valuation list at 30th November, adjusted for exemptions and discounts recorded on the Council's Council Tax database at that date.
4. The Chief Executive has delegated authority to set the Council Tax base.

Considerations

5. The initial tax base, as recorded on the Council Tax database at 30th November 2006, is 56,297.8 band D equivalents. This is a 1.27% increase on the initial tax base at the same time last year of 55,589.5.
6. This initial figure allows for contributions in lieu of Council Tax from the Ministry of Defence equivalent to 351.3 band D properties. This estimate has been confirmed with the Ministry and is comparable with the previous year.
7. It is anticipated that a further 316.8 band D equivalent properties will be completed by 31st March 2007 and should therefore be added to the initial tax base. This figure has been estimated by correlating information from the Revenue Service's Property Inspectors, Building Control, Planning and, where possible, from property developers. The estimate includes an allowance for properties being valued in different bands and also for a corresponding growth in discounts.
8. During the course of the 2007/08 financial year it is anticipated that a further 948.0 new properties will be completed. In order to allow for the phased construction over the course of the year, a spread across the valuation bands, and discounts, an estimate of 364.0 band D equivalents has been added to the tax base calculation.
9. With the increased emphasis on construction of affordable and social housing many new properties are now falling into the lower Council Tax bands (A to C). There is a high ratio of single person household in these bands ranging from 34% in band C to 45% in Band A. Since the tax base is based on band D equivalents this results in a noticeable negative gearing effect of around 19% between the growth in property numbers and the growth in the tax base, as demonstrated below.

	Properties	Band D Equivalents
Growth in period 1/12/05 to 30/11/06	862	702

10. The projected growth in the number of properties for the year to 30th November 2007 is 1,004, an increase of 1.7% on the current number of properties.
11. There is a programme for demolition of some Council properties and replacement with social housing, particularly in Sawston and Fulbourn. However, since many of these properties are currently either exempt or charged at 50%, and there will be a gain in the tax base from the new build replacement, the overall effect of the demolitions is not significant.
12. In previous years an allowance of 0.5% has been made for bad debt. Current collection levels are consistent with previous years and there is no reason to revise the bad debt allowance.
13. After allowing for these adjustments the calculated tax base for 2007/08 is 56,693.7. This is an increase of 1.32% compared to the 2006/07 tax base of 55,954.1.
14. A summary of the calculation is shown below, with the previous years' calculation for comparison:

Summary of Tax Base Calculation for the District <i>(All figures are band D equivalents)</i>			
	2007/08	2006/07	2005/06
Initial tax base at 30th November	55,946.5	55,238.3	54,399.6
Contributions in lieu of Council Tax from MOD properties	351.3	351.2	341.0
	<u>56,297.8</u>	<u>55,589.5</u>	<u>54,740.6</u>
New properties expected to be completed in this financial year	316.8	339.6	442.0
New properties expected to be completed during next financial year	364.0	306.2	170.0
	<u>56,978.6</u>	<u>56,235.3</u>	<u>55,352.6</u>
Bad debt provision at 0.5%	- 284.9	- 281.2	- 276.8
Estimated Council Tax base for 2006/07	<u>56,693.7</u>	<u>55,954.1</u>	<u>55,075.8</u>

15. A Council Tax base has also been calculated for each parish within the District as set out in appendix A.

Financial Implications

16. The tax base for 2007/08 has increased by 1.32% compared to the previous year. This increase is less than the estimated increase of 1.7% used in the Council's Medium Term Financial Strategy, and equates to a shortfall of approximately 213 band D equivalent properties. Based on the estimated Council Tax for 2007/08 of £102.26, this would result in a deficit in the region of £22,000 compared to the Council Tax revenue projected in the strategy.
17. The shortfall may be further increased if growth projected in areas with a high parish precept, such as Cambourne, is not met, since the parish precept is paid in full from the Collection Fund.
18. It should also be noted that should the actual growth in the tax base be as predicted then the starting point for the 2008/09 and subsequent years' tax bases will consequently be lower than currently anticipated in the Medium Term Financial Strategy.

19. Strenuous efforts have been made to collate intelligence on construction activity to facilitate as accurate an estimate of growth as possible. However, given the high level of construction activity across the District combined with the volatility of the construction industry and housing market, growth estimates are inevitably difficult to predict with a high degree of precision.

Legal Implications

20. The Council has a legal obligation to set the Council Tax base in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

Consultations

21. None

Conclusions/Summary

22. The tax base recorded on the Council's Council Tax database at 30th November 2006 was 56,297.8 band D equivalents, taking into account discounts, exemptions, disabled persons' reductions and contributions expected in lieu of Council Tax from the Ministry of Defence.
23. The tax base is anticipated to increase by 680.8 band D equivalents in respect of 2007/08, due mainly to new property development.
24. A bad debt allowance of 0.5%, which is consistent with the allowance made in previous years, is considered to be reasonable.
25. Whilst the overall growth in the number of properties is expected to be higher than in the previous year at around 1.7%, the growth in the tax base is only projected at 1.32%. This is due to new properties generally being in bands below the Band D average (particularly in the major developments) with a high rate of single occupancy.

Recommendations

26. The tax base for the South Cambridgeshire District for 2007/08 should be set at 56,693.7 and the tax base for each parish should be set as shown in appendix A.

DECISION OF THE CHIEF EXECUTIVE

I hereby set the Council Tax base for the South Cambridgeshire District, for the financial year 2007/08 at **56,693.7** band D equivalent properties under the authority delegated to me by the South Cambridgeshire District Council. I also set the Council Tax base for each Parish contained within the South Cambridgeshire District boundary as set out in the attached appendix A.

Signed Dated
Chief Executive

APPENDIX A

Council Tax Base for 2007/08 for Parishes within the South Cambridgeshire District

Code	Parish	2007/2008 Tax Base	Code	Parish	2007/2008 Tax Base
001	Great Abington	348.2	052	Histon	1,773.4
002	Little Abington	264.2	053	Horningsea	153.5
003	Abington Pigotts	70.9	054	Horseheath	209.9
004	Arrington	175.6	055	Ickleton	331.9
005	Babraham	115.6	056	Impington	1,635.3
006	Balsham	675.6	057	Kingston	116.6
007	Bar Hill	1,487.3	058	Knapwell	42.5
008	Barrington	431.6	059	Landbeach	344.7
009	Bartlow	51.3	060	Linton	1,747.0
010	Barton	388.2	061	Litlington	343.8
011	Bassingbourn	1,212.5	062	Lolworth	70.2
012	Bourn	427.8	063	Longstanton	897.4
013	Boxworth	97.0	064	Longstowe	90.6
014	Caldecote	689.8	065	Madingley	100.5
120	Cambourne	2,128.0	066	Melbourn	1,852.8
015	Carlton	97.3	067	Meldreth	694.2
016	Castle Camps	269.5	068	Milton	1,689.1
017	Caxton	231.0	069	Guilden Morden	433.3
018	Childerley	9.8	070	Steeple Morden	476.1
019	Great & Little Chishill	297.0	071	Newton	182.2
021	Comberton	916.5	072	Oakington	592.3
022	Conington	62.2	073	Orwell	485.7
023	Coton	335.5	074	Over	1,077.1
024	Cottenham	2,348.5	075	Pampisford	151.3
025	Croxton	77.5	076	Papworth Everard	998.2
026	Croydon	104.0	077	Papworth St. Agnes	35.5
027	Dry Drayton	287.4	078	Rampton	193.6
028	Duxford	808.5	079	Sawston	2,603.7
029	Elsworth	298.9	080	Great Shelford	1,874.2
030	Eltisley	184.8	081	Little Shelford	377.7
031	Great Eversden	107.8	082	Shepreth	331.2
032	Little Eversden	250.6	083	Shingay-Cum-Wendy	55.7
033	Fen Ditton	324.3	084	Shudy Camps	137.3
034	Fen Drayton	335.6	085	Stapleford	831.6
035	Fowlmere	534.9	086	Stow-Cum-Quy	207.4
036	Foxton	533.3	087	Swavesey	946.7
037	Fulbourn	1,821.6	088	Tadlow	81.3
038	Gamlingay	1,404.5	089	Teversham	1,020.8
039	Girton	1,670.4	090	Thriplow	446.2
040	Little Gransden	130.7	091	Toft	243.9
041	Grantchester	266.8	092	Waterbeach	1,595.2
042	Graveley	93.6	093	Weston Colville	198.2
043	Hardwick	920.0	095	West Wickham	179.3
044	Harlton	141.1	096	West Wrating	229.0
045	Harston	768.2	097	Whaddon	216.6
046	Haslingfield	666.7	098	Whittlesford	696.0
047	Hatley	93.6	099	Great Wilbraham	284.4
048	Hauxton	303.2	100	Little Wilbraham	184.0
049	Heydon	122.0	101	Willingham	1,479.1
050	Hildersham	106.9	102	Wimpole	117.9
051	Hinxton	149.8		District Total	56,693.7

The above amounts are hereby set as the 2007/08 Council Tax base for the parishes shown.

Signed..... Dated