

# Chichester District Council

THE CABINET

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## Determination of the Council Tax Base for 2018-2019

### 1. Contacts

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### 2. Executive Summary

The purpose of this report is to set the taxbase for the 2018/19 financial year. The taxbase is effectively an estimate of the number of council tax dwellings in the district. This is adjusted for the effect of the discounts and exemptions, properties being in different valuation bands expressed as the number of band D equivalent dwellings in the district. This figure is then adjusted for the assumed collection rate.

Appendices 1 and 2 to this report show details of the taxbase for the district and the taxbase relevant to each parish.

Grants to parish councils in relation to the Council Tax Reduction scheme will be made in accordance with the principles agreed by Cabinet on 12 July 2016. The figures are shown in appendix 3 to this report.

### 3. Recommendation

**3.1. That the council tax discounts to apply for the 2018-2019 financial year are:-**

- (a) Nil discount for second homes (to include those with planning restrictions – (Prescribed classes A & B))**
- (b) Nil discount for vacant, unoccupied and substantially unfurnished properties to include those properties which would previously have qualified for Class C exemption (Prescribed class C)**
- (c) Nil discount for unoccupied properties which would previously have qualified for Class A exemption (properties in need of or undergoing major repair - (Prescribed Class D))**

**3.2. That an Empty Home Premium of 50% be charged for the 2018-2019 financial year.**

- 3.3. That no additional locally defined classes of discount should be determined for the 2018-2019 financial year**
- 3.4. In order to comply with section 35 of the Local Government Finance Act 1992, that the following resolutions are made:**
- (i) No item of expenditure shall be treated as “special expenses” for the purposes of section 35 of the Local Government Finance Act 1992;**
  - (ii) This resolution shall remain in force for the 2018-2019 financial year;**
  - (iii) The calculation of the Council’s taxbase for the year 2018-2019 is approved;**
  - (iv) The amounts calculated by the Council as its council taxbase for the year 2018-2019 for its area and each part of its area shall be those set out in appendices 1 and 2 to this report;**
  - (v) In order to offset some or all of the costs of Council Tax Reduction to local precepting authorities (Parish Councils), a grant is distributed as outlined in appendix 3 and described in paragraphs 6.4 of the agenda report.**

#### **4. Background**

- 4.1.** The taxbase is a measure of the taxable capacity of the district and is set during the period 1 December to 31 January. Parish Councils, the County Council and Police are then notified of the proposed taxbase for the area relevant to them. As the billing authority, the District Council is then responsible for the payment of precepts from the collection fund or general fund for levies and parish precepts.
- 4.2. *The Taxbase Calculation*** - The Council taxbase represents the estimated full year number of chargeable dwellings in the area expressed as the equivalent number of band D dwellings. The taxbase calculations are based upon the numbers by council tax band in the Valuation List, plus the estimated new dwellings likely to enter the Valuation List during 2018/19. The result is adjusted for applicable discounts, exemption and reductions. The figure of chargeable dwellings is further adjusted by an estimated collection rate of 99% (see paragraph 5.2 below).
- 4.3.** Since 1 April 2013 the taxbase calculation for the District also takes account of our Council Tax Reduction (CTR) scheme. Properties where the resident will be in receipt of 100% CTR are fully disregarded in this calculation and pro rata for those on lower amounts.
- 4.4.** A summary of the taxbase of each parish is shown in appendix 2.

#### **5. Proposal**

- 5.1.** Local discounts: there are no proposals to alter the locally defined discounts which are shown in appendix 4.

- 5.2.** Collection Rate: An assumed 'collection rate' is used when calculating the tax base. In determining the rate a number of factors are taken into consideration including losses in income through council tax banding reductions, absconds and backdated awards of discounts and exemptions. In view of the changes to both council tax discounts and exemptions, and the introduction of localised Council Tax Reduction schemes, the assumed collection rate since 2013/14 has been set at 99%. It is proposed to continue with a 99% collection rate for 2018/19 calculations.
- 5.3.** Special Items: Special expense items are those that relate to a part only of the District Council's area. The determination of such special expenses would necessitate the creation of a special expense area, which could be the whole of a parish, within a parish or across parish boundaries. No such areas have been determined previously and it is recommended that the Council resolve that any special expenses should be treated as general expenses for tax setting purposes.
- 5.4.** Allocation of grant to Parish Councils: At its meeting on 12 July 2016 Cabinet resolved that the principle of making a grant to parish councils in relation to the Council Tax Reduction scheme be continued but that it would be tapered down to be withdrawn altogether by the end of 2019/20. The grant to parishes was a specific amount for 2013/14 (£194,000). However, from 2014/15 the amount was subsumed into our overall Revenue Support Grant. Since then the payment of the grant to parishes has continued but is reduced each year by the same percentage as the reduction in general grant funding for the Council. The Revenue Support Grant to this Council will cease after 2017/18 and the parishes have been given notice that the grant will be tapered down each year and withdrawn altogether by the end of 2019/20. The figures for the 2018/19 financial year are shown in appendix 3.

## **6. Alternatives Considered**

- 6.1.** At its meeting on 1 November 2017 Cabinet considered all locally defined discounts and resolved that the discounts shown in appendix 4 should apply for the 2017/18 financial year. There are no proposals to alter them for the 2018/19 financial year.

## **7. Resource and Legal Implications**

- 7.1** The Local Authorities (Calculation of Tax Base) Regulations 1992 (as amended) requires the billing authority to calculate the taxbase for its area and notify the figure the precepting authorities in the period 1 December to 31 January in the preceding financial year. A delay in notifying the taxbase to precepting authorities could impact on their ability to set their budgets in time for setting council tax which must be set before 11 March in the financial year preceding that for which it is set.

## **8. Consultation**

- 8.1.** A consultation on the changes to Council Tax discounts and exemptions for second and empty homes was carried out during August and September 2012 and the results of this were reported to members through the Members Bulletin Board.

- 8.2. A consultation on the proposal to charge an Empty Homes Premium for properties that had been unoccupied and unfurnished for two years or more was carried out between August and September 2014 and the results were reported to Cabinet in December 2014.
- 8.3. A consultation on the Prescribed Class D discount (properties in need of or undergoing major repair to render them habitable or which were undergoing structural alterations, or less than six months has elapsed since the completion of such works) was carried out in August and September of 2016 and the results were reported to Cabinet in November 2016.
- 8.4. No further consultation has been undertaken during 2017 as no changes are proposed for 2018/19.

## 9. Community Impact and Corporate Risks

- 9.1. The corporate risk of an inaccurate tax base is that there is potential for the collection fund to be in deficit or surplus.
- 9.2. Since April 2013 we and the precepting authorities have seen a reduction in tax base resulting from the implementation of the council tax reduction scheme. The income generated from reducing locally defined discounts has helped to offset this loss.
- 10.3 Although the CTR scheme for 2018-19 is based on previous schemes it has introduced a new banded class for working age claimants receiving Universal Credit (UC). This introduces a risk that the cost of the scheme will not be consistent with previous years. UC is being rolled out gradually and only UC claims will be subject to the new banded CTR scheme. The cost of the scheme will be closely monitored during 2018/19.

## 10. Other Implications

	Yes	No
<b>Crime &amp; Disorder</b>		x
<b>Climate Change</b>		x
<b>Human Rights and Equality Impact</b>		x
<b>Safeguarding and Early Help</b>		x

## 11. Appendices

- Appendix 1 - Taxbase for the District of Chichester 2018-2019
- Appendix 2 - Taxbase for each Parish within the District 2018-2019
- Appendix 3 - Agreed allocation of grant to Parish Councils
- Appendix 4 - Taxbase summary of agreed local discounts

## 12. Background Papers

- 12.1. None