

Chichester District Council

CABINET

1 December 2015

Determination of the Council Tax Base for 2016/17

1. Contacts

Report Author:

Christine Christie Revenues and Performance Manager
Tel 01243 785166 ext. 3349. Email: cchristie@chichester.gov.uk

Cabinet Member:

Philippa Hardwick, Cabinet Member for Finance and Governance Services
Tel: 01428 642464 E-mail: phardwick@chichester.gov.uk

2. Executive Summary

The purpose of this report is to set the taxbase for the 2016/17 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.

At its meeting on 7 July 2015 Cabinet resolved that the principle of making a grant to parish councils in relation to the Council Tax Reduction scheme should continue for the 2016/17 financial year. The figures are shown in appendix 3 to this report.

3. Recommendation

- 3.1. That the council tax discounts to apply for the 2016/17 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) 100% discount for unoccupied properties which would previously have qualified for Class A exemption (properties in need of or undergoing major repair)
- 3.2. That an Empty Home Premium of 50% be charged for the 2016/17 financial year.
- 3.3. That no additional locally defined classes of discount should be determined for the 2016/17 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 2016/17 financial year;**
- (iii) The calculation of the Council’s taxbase for the year 2016/17 is approved;**
- (iv) The amounts calculated by the Council as its council taxbase for the year 2016/17 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 to 6.5 of this 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.

5. The Taxbase Calculation

5.1. 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 be occupied during 2016/17. 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 6.2 below).

5.2. Since 1 April 2013 the taxbase calculation for the District also takes account of our Council Tax Reduction scheme. Properties where the resident will be in receipt of 100% Council Tax Reduction are fully disregarded in this calculation and pro rata for those on lower amounts.

5.3. A summary of the taxbase of each parish is shown in appendix 2.

6. Proposal

6.1. Local discounts summary of proposals are shown in appendix 4.

Locally defined discounts	2015/16	2016/17
Prescribed class A and B second homes to include those with planning restrictions	Nil discount	Nil discount

Prescribed class C vacant, unoccupied and substantially unfurnished properties to include properties that would previously have qualified for Class C exemption (vacant, unoccupied and substantially unfurnished properties up to a maximum of 6 months).	Nil discount	Nil discount
Prescribed class D properties that would previously have qualified for Class A exemption (properties in need of or undergoing major repair).	100% discount	100% discount
Empty Homes premium (properties that have been vacant for more than 2 years).	50%	50%
Locally defined class of person as defined in Section 13A (1) of the Local Government Finance Act 1992 as amended.	No class set	No class set

- 6.2. 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 2016/17 calculations.
- 6.3. 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.
- 6.4. Allocation of grant to Parish Councils:** At its meeting on 7 July 2015 Cabinet resolved that the principle of making a grant to parish councils in relation to the Council Tax Reduction scheme (totalling £144,590 for 2015/16) be continued in 2016/17. However, since the parish funding will no longer be identified in our settlement, it was further resolved that the amount be reduced in line with the overall reduction in government grant to the District Council. At the time of the July Cabinet the reduction was not known. Current indications are that the reduction may be in the region of 10.9%. Final confirmation will not be until the comprehensive spending review (due on 25 November 2015) and the final settlement (due late December) have been announced. It is proposed to use the 10.9% figure as the basis of reducing the total pot available to parishes to enable them to set their budgets in a timely manner.
- 6.5.** The grant has been focused more on those parishes suffering the most. Calculated on the basis that the draft settlement cut is 10.9%, the % of the parish funding met by grant has been reduced by 0.66% for every parish, which reduces the overall percentage from 6.92% to 5.55% allowing for roundings. This policy reduces our total grant to parishes by 10.9% subject to roundings,

which is the General Grant cut we expect in 2016/17. The figures are shown in appendix 3.

7. Alternatives that have been considered

- 7.1. Cabinet considered all locally defined discounts at its meeting of 6 October 2015 and resolved that a thorough review all of the locally defined discounts, in particular prescribed class D should be conducted, in preparation for the 2017/18 taxbase setting.

8. Resource and legal implications

- 8.1 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.

9. Consultation

- 9.1. A consultation on the changes to Council Tax discounts and exemptions for second and empty homes was carried out during August and September 2013/14 and the results of this were reported to members through the Members Bulletin Board.
- 9.2. 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.
- 9.3. No additional consultation has been carried out because there are no proposals to make further changes to Council Tax discounts and premia for 2016/17.

10. Community impact and corporate risks

- 10.1. The corporate risk of an inaccurate tax base is that there is potential for the collection fund to be in deficit or surplus.
- 10.2. 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 locally defined has helped to off-set this loss.

11. Other Implications

	Yes	No
Crime & Disorder:		X
Climate Change:		X
Human Rights and Equality Impact:		X
Safeguarding and Early Help:		X

12. Appendices

Appendix 1 - Taxbase for the District of Chichester 2016/17

Appendix 2 - Taxbase for each Parish within the District 2016/17

Appendix 3 - Proposed allocation of grant to Parish Councils

Appendix 4 - Taxbase summary of proposals for local discounts

13. Background Papers

13.1. None