

Chichester District Council

THE CABINET

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Determination of the Council Tax Base for 2017-2018

1. Contacts

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2. Executive Summary

The purpose of this report is to set the taxbase for the 2017/18 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 12 July 2016 Cabinet resolved that the principle of making a grant to parish councils in relation to the Council Tax Reduction scheme should continue for the 2017/18 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 2017-2018 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)**

3.2. That an Empty Home Premium of 50% be charged for the 2017-2018 financial year.

- 3.3. That no additional locally defined classes of discount should be determined for the 2017-2018 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 2017-2018 financial year;**
 - (iii) The calculation of the Council’s taxbase for the year 2017-2018 is approved (Appendices 1 and 2);**
 - (iv) The amounts calculated by the Council as its council taxbase for the year 2017-2018 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, West Sussex County Council and the 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 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 2017/18. 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).
- 4.3.** 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.
- 4.4.** A summary of the taxbase of each parish is shown in Appendix 2.

5. Proposal

- 5.1. Local discounts** summary of the agreed locally defined discounts are shown in Appendix 4.

Locally defined discounts and premia	2016/17	2017/18
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 or undergoing structural alterations).	100% discount	Nil 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

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 2017/18 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 in 2017/18. The grant to parishes was a specific amount for 2013/14 (£194,000). However, from 2014/15 the amount has been subsumed into our overall 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. In previous years the autumn budget has provided an indication of the likely reduction in funding for the District Council for the forthcoming year, but we will not know final allocations until around December 2016 or January 2017. However we do know that the Revenue Support Grant to this Council will go altogether after 2017/18. Following the withdrawal of Government funding the parishes have been given notice that the grant will be tapered down in each year and withdrawn altogether by the end of 2019/20.

- 5.5. The residual grant has been focused on those parishes whose 2016-17 grant was higher than 4% of their 2016-17 precept or £1,000 threshold whichever was lower. Each subsequent year the same calculation and threshold will be applied and the grants will be reduced by one third of the 2017/18 grant with the final grants being paid in 2019/20. The figures are shown in appendix 3.

6. Alternatives Considered

- 6.1. Cabinet considered all locally defined discounts at its meeting of 1 November 2016 and resolved that the Prescribed Class D discount be set at zero % for the 2017-18 financial year. The alternative was to do nothing or set the discount at some other percentage between 0% and 100% . The discount was set at 0% on the basis that a number of recipients benefit from this discount because they are undertaking structural alterations to their property, therefore only assisting a minority of taxpayers but the financial burden remains on the Council and the precepting authorities. The remainder of the discounts are awarded where the property is undergoing major repair to render it habitable. Whilst a discount would be a financial incentive to this group of owners, awarding a discount would not encourage them to bring their properties back into the available housing stock as quickly as possible.

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 2013/14 and the results of this were reported to members through the then 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 proposal to change 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.

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 off-set this loss.

10. Other Implications

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

11. Appendices

- Appendix 1 - Taxbase for the District of Chichester 2017-2018
- Appendix 2 - Taxbase for each parish within the District 2017-2018
- Appendix 3 - Proposed allocation of grant to parish councils
- Appendix 4 - Taxbase summary of agreed local discounts

12. Background Papers

- 12.1. None