

REPORT OF: FINANCIAL SERVICES MANAGER

TO: EXECUTIVE

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Report Author: Vince Green
Tel. No: 01282 661867
E-mail: vince.green@pendle.gov.uk

COUNCIL TAX BASE 2017/18

PURPOSE OF REPORT

1. The purpose of this report is to seek approval of the Council Tax Base for 2017/18 (including the tax base for each part of the area to which parish precepts relate).

RECOMMENDATIONS

2. It is recommended that the Executive,
 - (a) in accordance with the Local Authorities (Calculation of Tax Base)(England) Regulations 2012, agree that the amount calculated by the Borough of Pendle as its council tax base for the year 2017/18 shall be **23,348.3** and
 - (b) that the tax base for parished areas shall be as shown at [Appendix B](#).

REASONS FOR RECOMMENDATION

3. To agree the Council's Tax Base for 2017/18.

ISSUE

4. The Executive approves the formal calculation and setting of the annual council tax base which is used in the budget cycle to set the amount of council tax for the Borough. The council tax base must be set by 31st January for the following financial year.
5. The Council is required to calculate the tax base for the Borough as a whole. It is also required to make separate calculations for those parts of the Borough to which Town and Parish precepts relate. There are two main components used in a tax base calculation:-
 - a) the estimated number of domestic properties in the Borough (or the parish area where applicable) multiplied by appropriate discount and banding factors;
 - b) the estimated collection rate of council tax for the year.

Calculation of Borough Tax Base - Property Banding Base

6. A Valuation List for the Borough has been compiled by the Listing Officer (Valuation Office Agency) and the list used for revenue support grant purposes reflects changes made up to 3rd October 2016. This list shows the banding of each property for the eight valuation bands prescribed by legislation.
7. The bands, based on market values at 1st April 1991 are as follows:-

Valuation Band	Range of Values
A	Up to and including £40,000
B	£40,001 to £52,000
C	£52,001 to £68,000
D	£68,001 to £88,000
E	£88,001 to £120,000
F	£120,001 to £160,000
G	£160,001 to £320,000
H	More than £320,000

8. The Valuation List details are further analysed to take account of claims for discounts, exemptions and relief for the disabled. Banding ratios are then applied to the net totals in each band to give the total of Band D equivalent properties.
9. The total of 28,575.4 (28,476.0 in 2016/17) was notified to the Department of Communities and Local Government (DCLG) in mid-October. The analysis shown at **Appendix A** reflects the updated tax base of 28,456.1 as at 30th November 2016 as per statutory requirements. The variation between the tax base submitted to DCLG and the Council's tax base for budget purposes reflects the different assumptions on discounts and other local factors including the introduction of a new local discount from April 2017 which is explained below.

Changes to Council Tax Discounts

10. Prior to April 2013 property owners whose property was vacant and substantially unfurnished were entitled to an exemption from council tax. Under this exemption the owner had their council tax reduced by 100% for a period of up to six months. This was referred to as the 'Class C' exemption – one of a range of exemption classes applicable under council tax legislation.
11. The Local Government Finance Act 2012 abolished the Class C exemption and replaced it with a power that allowed councils the discretion to set a discount in the range 0% to 100%, having regard to local circumstances. In response, the Council agreed in December 2012 to replace the former Class C exemption with a 50% discount for up to 6 months. This discount was implemented on 1st April 2013 and remained in place until 31st March 2015 when it was abolished as part of the budget savings for 2015/16.
12. In August this year the Executive resolved to reinstate the former 'Class C' discount and this has been reflected in the estimated tax base for 2017/18 based on the following
 - the former Class C exemption/discount be reinstated at **100%** for dwellings that are empty and substantially unfurnished;

- the discount to apply for a maximum period of **4 weeks** from the date the dwelling first becomes empty (after 1st April 2017, i.e. no retrospective application); a period of 4 weeks is proposed as it is considered this will incentivise landlords in particular to return their properties to occupation;
- the discount will not apply to dwellings classed as 'long-term' empty properties; these shall continue to incur a council tax premium of 50%;
- an estimated cost in year 1 of £138k; the equivalent of 81.8 Band D properties;

The impact of the scheme will be monitored during its first year with a review undertaken to inform the calculation of the council tax base for 2018/19.

Council Tax Support

13. Councillors will be aware that the financial support provided to eligible residents to help them pay their Council Tax (known as the Localised Council Tax Support Scheme) is treated as a discount and reduces the council tax liability. The draft scheme for 2017/18 was presented to the Executive in November and will be submitted to Council for approval later this month. The scheme for next year has been amended to align it with recent and upcoming changes to housing benefits. However, there is no reduction in the maximum level of support provided to working age claimants. This will continue to be a maximum of 80% following the decision taken by the Executive earlier this year.
14. Based on the estimated cost of Council Tax Support to be provided in 2017/18, the Council's tax base has been reduced by 3,969.6 Band D equivalent properties (4,114.0 in 2016/17). This is shown in Table 1 below:-

Table 1: Council Tax Support Taxbase Adjustment

	£
Estimated Net Cost of Council Tax Support (a)	6,974,561
Estimated Band D Council Tax for 2017/18 (b)	1,757.00
Taxbase Equivalent of Council Tax Support (a/b)	3,969.6

Calculation of the Borough Tax Base

15. It is normal practice to adjust the initial calculation of the Council Taxbase by an amount to cover the costs of non-collection. This is referred to as the Collection Rate. There is no set rule for estimating the collection rate although the Council's past estimates have been based on an achievable collection rate. Any under or over estimates are an increase or decrease to the final Council Tax figure so it is prudent to ensure that we under estimate rather than over estimate, particularly in the current economic climate.
16. Table 2 below shows the calculation of the Council's Taxbase adopting an estimated collection rate of 96%, which is unchanged from that used when setting the tax base for the current year (actual performance in 2015/16 was 96.3%).

Table 2: Council Tax Base for 2017/18

	Gross Taxbase	Collection Rate %	Net Taxbase
Taxbase before Council Tax Support Discount	28,456.1	96.0%	27,317.9
less Council Tax Support Discount			(3,969.6)
Taxbase for 2017/18			23,348.3

Calculation of Town and Parish Tax Bases

17. Each Parish or Town Council which can issue a precept must also have a tax base calculated for its area. The valuation list information for each area has been analysed in a similar form to that shown above for the Borough and the appropriate adjustments have been made for the Council Tax Support Scheme and any other changes referred to above. Details of the total Band D equivalent number for each parish are shown in [Appendix B](#).
18. For the purposes of calculating the Taxbase figures, the same collection rate as used for the Borough tax base must also be used in these calculations.

IMPLICATIONS

Policy

19. There are no policy implications arising directly from the contents of this report.

Financial

20. The financial implications are generally as shown in the report.

Legal

21. There are no legal implications arising directly from the contents of this report.

Risk Management

22. There are no risk management implications arising directly from the contents of this report.

Health and Safety:

23. There are no health and safety issues arising directly from the contents of this report.

Climate Change:

24. There are no climate change or sustainability issues arising directly from the contents of this report.

Community Safety:

25. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

26. There are no equality and diversity issues arising directly from the contents of this report.

APPENDICES

- Appendix A – Pendle Borough Council - Council Tax Base 2017/18
- Appendix B – Council Taxbase figures for Town and Parish Councils

LIST OF BACKGROUND PAPERS

None

Borough Tax Base Details as at 30th November 2016

	A- No.	A No.	B No.	C No.	D No.	E No.	F No.	G No.	H No.	Total	
Full	72	12,762	2,928	3,020	2,365	1,379	778	417	30	23,751	
75%	29	10,178	1,426	1,145	671	305	132	65	7	13,958	
50%	0	11	5	9	10	10	11	7	1	64	
2 nd Homes – Discount 0%	0	93	17	10	12	11	6	1	0	150	
Empty – Discount 0%	0	886	117	81	50	17	12	6	1	1,170	
Empty – Discount 50%	0	0	0	0	0	0	0	0	0	0	
Empty – Discount 0% - 100%	0	0	0	0	0	0	0	0	0	0	
Empty – Premium +50%	0	277	27	20	14	8	1	1	0	348	
Exempt	0	476	68	39	28	10	4	8	1	634	
Total	101	24,683	4,588	4,324	3,150	1,740	944	505	40	40,075	
Equivalent	93.8	21,795.5	4,174.5	4,004.3	2,956.3	1,652.8	902.0	477.8	36.8		
Factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9		
Band D Equivalent	52.11	14,530.33	3,246.83	3,559.38	2,956.30	2,020.09	1,302.89	796.33	73.60	28,537.86	
										Gross Tax Base (rounded to 1dp)	28,537.9
										Less Class C Discount from 1/4/17	(81.8)
										Adjusted gross tax base	28,456.1
										@ 96% collection rate	27,317.9
										Less local council tax support	(3,969.6)
										Net Council Tax Base	23,348.3

Appendix B

Parish Area	Tax Base at 96.0% Collection
Barley	128.80
Barnoldswick	2,975.10
Barrowford	2,113.90
Blacko	297.30
Bracewell & Brogden	118.40
Brierfield	1,975.90
Colne	4,456.40
Earby	1,218.50
Foulridge	564.00
Goldshaw Booth	111.40
Higham	352.30
Kelbrook & Sough	340.00
Laneshawbridge	306.50
Nelson	5,815.20
Old Laund Booth	613.80
Reedley Hallows	680.40
Roughlee	154.50
Salterforth	251.70
Trawden Forest	874.20
Total	23,348.3