

**REPORT OF: FINANCIAL SERVICES MANAGER**

**TO: EXECUTIVE**

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## **COUNCIL TAX BASE 2018/19**

### **PURPOSE OF REPORT**

1. The purpose of this report is to seek approval of the Council Tax Base for 2018/19 (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, agrees that the amount calculated by the Borough of Pendle as its council tax base for the year 2018/19 shall be **23,661.5** and
  - (b) that the tax base for parished areas shall be as shown at [Appendix B](#)
  - (c) retains the Class C discount for 2018/19 on the same basis as it has operated in the current year and,
  - (d) note the recent announcement in the Budget regarding the Government's intention to allow local authorities the power to levy a council tax premium of 100% on long-term empty properties rather than the current 50%; an implementation date for this measure has not yet been confirmed by Government.

### **REASONS FOR RECOMMENDATION**

3. To agree the Council's Tax Base for 2018/19 for council tax setting purposes.

### **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 2<sup>nd</sup> October 2017. This list shows the banding of each property for the eight valuation bands prescribed by legislation.
7. The bands, based on market values at 1<sup>st</sup> 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 28,646.3 (28,575.4 in 2017/18) 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 28,603.4 as at 30<sup>th</sup> November 2017 as per statutory requirements. The variation between the tax base submitted to DCLG and the Council's tax base for budget purposes reflects different or updated assumptions on discounts and other local factors.

### ***Changes to Council Tax Discounts***

10. The Executive will recall when setting the tax base for the current year that it was agreed to reinstate the former 'Class C' discount for dwellings that are empty and substantially unfurnished; a discount of 100% was approved for a maximum period of 4 weeks from the date the dwelling first becomes empty. By the end of November the granting of this discount had cost a total of £74k in the current financial year. It is recommended that this discount be retained for 2018/19 and this has been assumed in the tax base calculation submitted for approval in this report. No other changes to discounts are proposed for next year.

### ***Empty Homes Premium***

11. In his recent Autumn Budget, the Chancellor set out the Government's intention to grant Councils the power from April 2018 to charge a council tax premium of 100% on long-term empty homes (i.e. those empty over 2 years). Currently, the premium is 50% and the application of this has generated gross collectable income of £202k in the current year of which the Council's share is £30k (c15%).
12. The Council has thus far adopted a policy of applying the premium as part of a wider strategy designed to reduce the number of long-term empty homes in the Borough and provide an incentive to owners to return them to habitable occupation.
13. However, since the announcement in the Budget we have yet to learn the effective date of implementation for the higher premium and as a result no account has been taken of this in the tax base calculation for next year.

### ***Council Tax Support***

14. 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 2018/19 is presented elsewhere on the agenda for this meeting and will also be submitted to Council for formal approval later this month. No changes are proposed for next year save for the annual uprating of allowances and other parameters in line with the prescribed regulations yet to be published by DCLG. There is no reduction in the maximum level of support provided to working age claimants. This will continue to be a maximum of 80%.
15. Based on the estimated cost of Council Tax Support to be provided in 2018/19, the Council's tax base has been reduced by 3,797.8 Band D equivalent properties (3,969.6 in 2017/18). This is shown in Table 1 below:-

**Table 1: Council Tax Support Taxbase Adjustment**

	<b>£</b>
Estimated Net Cost of Council Tax Support (a)	6,953,232
Estimated Band D Council Tax for 2018/19 (b)	1,830.88
<b>Taxbase Equivalent of Council Tax Support (a/b)</b>	<b>3,797.8</b>

### ***Calculation of the Borough Tax Base***

16. 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.
17. 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 2016/17 was 96.44%).

**Table 2: Council Tax Base for 2018/19**

	<b>Gross Taxbase</b>	<b>Collection Rate %</b>	<b>Net Taxbase</b>
Taxbase before Council Tax Support Discount	28,603.4	96.0%	27,459.3
less Council Tax Support Discount			(3,797.8)
<b>Taxbase for 2018/19</b>			<b>23,661.5</b>

**Calculation of Town and Parish Tax Bases**

18. 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](#).
19. 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**

20. There are no new policy implications arising directly from the contents of this report. Current policy is to charge the council tax premium. The recent Budget proposal retains the premium with the power for councils to charge this at 100% from some future date as yet unspecified.

**Financial**

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

**Legal**

22. There are no legal implications arising from the content of this report.

**Risk Management**

23. There are no risk management implications arising from this report.

**Health and Safety**

24. There are no health and safety issues arising from this report.

**Climate Change**

25. There are no climate change or sustainability issues arising from this report.

**Community Safety**

26. There are no community safety issues arising from this report.

**Equality and Diversity**

27. There are no equality and diversity issues arising from this report.

**APPENDICES**

- Appendix A – Pendle Borough Council - Council Tax Base 2018/19
- Appendix B – Council Taxbase figures for Town and Parish Councils

**LIST OF BACKGROUND PAPERS - None**

## Appendix A

### *Borough Tax Base Details as at 30<sup>th</sup> November 2017*

	A- No.	A No.	B No.	C No.	D No.	E No.	F No.	G No.	H No.	Total
Full	72	12,907	2,927	2,986	2,392	1,386	788	423	28	23,909
75%	33	10,106	1,442	1,176	683	318	132	65	7	13,962
50%	0	8	7	10	10	9	10	7	1	62
2 <sup>nd</sup> Homes – Discount 0%	0	96	22	11	12	7	7	1	0	156
Empty – Discount 0%	0	818	125	91	50	24	13	9	0	1,130
Empty – Discount 50%	0	0	0	0	0	0	0	0	0	0
Empty – Discount 0% - 100%	0	14	2	2	2	1	1	0	0	22
Empty – Premium +50%	0	262	28	20	11	7	1	1	0	330
Exempt	0	499	68	42	20	7	4	8	1	649
<b>Total</b>	<b>105</b>	<b>24,710</b>	<b>4,621</b>	<b>4,338</b>	<b>3,180</b>	<b>1,759</b>	<b>956</b>	<b>514</b>	<b>37</b>	<b>40,220</b>
Equivalent	96.8	21,810.7	4,202.9	4,006.9	2,989.8	1,671.5	914.4	486.8	33.8	
Factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
<b>Band D Equivalent</b>	<b>53.8</b>	<b>14,540.5</b>	<b>3,268.9</b>	<b>3,561.7</b>	<b>2,989.8</b>	<b>2,042.9</b>	<b>1,320.8</b>	<b>811.3</b>	<b>67.6</b>	<b>28,657.3</b>
						<b>Gross Tax Base (rounded to 1dp)</b>				<b>28,657.3</b>
						<b>Less adjusted Class C Discount from 1/4/18</b>				<b>(53.9)</b>
						<b>Adjusted gross tax base</b>				<b>28,603.4</b>
						<b>@ 96% collection rate</b>				<b>27,459.3</b>
						<b>Less local council tax support</b>				<b>(3,797.8)</b>
						<b>Net Council Tax Base</b>				<b>23,661.5</b>

## Appendix B

Parish Area	Tax Base at 96.0% Collection
Barley	131.4
Barnoldswick	2,984.5
Barrowford	2,117.7
Blacko	300.9
Bracewell & Brogden	117.9
Brierfield	2,002.2
Colne	4,533.3
Earby	1,230.2
Foulridge	569.5
Goldshaw Booth	113.3
Higham	352.6
Kelbrook & Sough	341.6
Laneshawbridge	311.7
Nelson	5,884.3
Old Laund Booth	637.2
Reedley Hallows	697.9
Roughlee	156.7
Salterforth	286.2
Trawden Forest	892.4
<b>Total</b>	<b>23,661.5</b>