

REPORT OF: CHIEF FINANCIAL OFFICER

TO: POLICY AND RESOURCES COMMITTEE

DATE: 18th DECEMBER 2018

Report Author: Susan Guinness
Tel. No: 01282 661867
E-mail: susan.guinness@pendle.gov.uk

COUNCIL TAX BASE 2019/20

PURPOSE OF REPORT

1. The purpose of this report is to seek approval of the Council Tax Base for 2019/20 (including the tax base for each part of the area to which parish precepts relate).

RECOMMENDATIONS

2. It is recommended that Policy and Resources Committee:
 - (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 2019/20 shall be **24,061.00**, and
 - (b) that the tax base for parished areas shall be as shown at [Appendix B](#)
 - (c) retains the Class C discount for 2019/20 on the same basis as it has operated in the current year, and
 - (d) approves increasing the council tax empty homes premium applied to long term empty properties from 50% to 100% with effect from 1st April 2019 and as follows for the financial years 2020/21 and 2021/22:-

From 1 April 2020

- Properties empty for a period of 2 to 5 years - the maximum premium will be 100%
- Properties empty for a period of 5+ years - the maximum premium will increase to 200%

From 1 April 2021

- Properties empty for a period of 2 to 5 years - the maximum premium will be 100%
- Properties empty for a period of 5 - 10 years - the maximum premium will be 200%
- Properties empty for a period of more than 10 years - the maximum premium will increase to 300%

REASONS FOR RECOMMENDATION

3. To agree the Council's Tax Base for 2019/20 for council tax setting purposes.

ISSUE

4. The Policy and Resources Committee 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 1st October 2018. 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 28,755.0 (28,646.3 in October 2017) was notified to the Ministry of Housing, Communities and Local Government (MHCLG) in mid-October 2018. The comparable figure as at 30th November 2018 30/11/18 is 28,737.3, the analysis shown at [Appendix A](#) reflects how this is adjusted to give an updated tax base of **25,063.5** as per statutory requirements. The variation between the tax base submitted to MHCLG 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 Policy and Resources Committee may recall that when The Executive set the tax base for the current year, 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 2018 the granting of this discount has cost a total of £111k in the current financial year across all preceptors. It is recommended that this discount be retained for 2019/20 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. The Council currently charges a premium of an additional 50% council tax over and above the normal council tax on unfurnished homes that have been empty for more than 2 years. This is the maximum possible charge under the current rules. New legislation in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 means that the maximum possible charges have now been increased as follows:

From 1 April 2019

- Properties empty for over 2 years - the maximum premium will increase from 50% to 100%

From 1 April 2020

- Properties empty for a period of 2 to 5 years - the maximum premium will be 100%
- Properties empty for a period of 5+ years - the maximum premium will increase to 200%

From 1 April 2021

- Properties empty for a period of 2 to 5 years - the maximum premium will be 100%
 - Properties empty for a period of 5 - 10 years - the maximum premium will be 200%
 - Properties empty for a period of more than 10 years - the maximum premium will increase to 300%
12. It is proposed that the maximum possible charge will be made on unoccupied and unfurnished properties in line with this new legislation 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. The current premium of 50% has generated gross collectable income of £190k in the current year, of which the Council's share is £27k (c14%). In addition the number of properties being charged the 50% premium is successfully being reduced, from 341 on 02/10/2017 to 303 on 01/10/2018 and further to 291 on 30/11/2018.

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 2019/20 needs to be approved before 11th March 2019 and will be presented to this committee in the new year. No changes are proposed for the next financial year, save for the annual uprating of allowances and other parameters in line with the prescribed regulations yet to be published by MHCLG. 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 2019/20, the Council's tax base has been reduced by **3,594.7** Band D equivalent properties (3,797.8 in 2018/19). This is shown in Table 1 below:-

Table 1: Council Tax Support Tax Base Adjustment

	£
Estimated Net Cost of Council Tax Support (a)	7,158,181
Estimated Band D Council Tax for 2018/19 (b)	1,991.3
Tax Base Equivalent of Council Tax Support (a/b)	3,594.7

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 2017/18 was 96.52%).

Table 2: Council Tax Base for 2019/20

	Gross Taxbase	Collection Rate %	Net Taxbase
Tax Base for 2019/20	25,063.5	96.0%	24,061.0

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 Tax Base 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 empty homes premium with an uplift to 100% with effect from 1st April 2019 and further changes in 2020/21 and 2021/22 as set out in paragraph 11 above.

Financial

21. The financial implications are generally as shown in the report. The Tax Base is an estimate as at 30th November 2018. Any variations to the actual tax base in 2019/20 will result in a surplus or deficit on the Council Tax Collection Fund which will be shared between the precepting authorities. To avoid a deficit accumulating in the Collection Fund, which would result in a liability that would fall to the revenue budget, the estimates used to calculate the tax base have followed the accounting principle of prudence.

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. Prudent estimates have been applied in order to prevent a deficit accumulating on the Council Tax Collection Fund as per the financial implications above.

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 2019/20

Appendix B – Council Taxbase figures for Town and Parish Councils

LIST OF BACKGROUND PAPERS - None

Borough Tax Base Details as at 30th November 2018

	A- No.	A No.	B No.	C No.	D No.	E No.	F No.	G No.	H No.	Total
Full	75	12,866	2,883	3,053	2,417	1,377	797	422	27	23,917
75%	36	10,179	1,497	1,152	701	330	128	65	8	14,096
50%	0	8	5	9	10	9	8	7	1	57
2 nd Homes – Discount 0%	0	120	25	16	11	7	7	1	-	187
Empty – Discount 0%	0	843	116	76	46	24	13	10	-	1,128
Empty – Discount 0% - 100%	0	25	5	3	2	-	1	1	-	37
Empty – Premium +50%	0	237	23	13	8	7	1	2	-	291
Exempt	0	473	66	47	29	15	6	7	1	644
Total	111	24,751	4,620	4,369	3,224	1,769	961	515	37	40,357
Equivalent	102.0	21,846.7	4,188.5	4,035.9	3,018.6	1,670.5	919.4	489.3	33.5	
Factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalent	56.7	14,564.5	3,257.8	3,587.5	3,018.6	2,041.7	1,328.0	815.5	67.0	28,737.3
						Gross Tax Base (rounded to 1dp)				28,737.3
						Less adjusted Class C Discount from 1/4/19				(79.10)
						Less Local Council Tax Support				(3,594.7)
						Adjusted Gross Tax Base				25,063.5
						Net Council Tax Base @ 96% collection rate				24,061.0

Appendix B

Parish Area	Tax Base at 96.0% Collection
Barley	134.6
Barnoldswick	3,002.8
Barrowford	2,133.9
Blacko	298.1
Bracewell & Brogden	121.0
Brierfield	2,037.6
Colne	4,631.3
Earby	1,255.2
Foulridge	575.8
Goldshaw Booth	114.5
Higham	352.6
Kelbrook & Sough	342.9
Laneshawbridge	308.8
Nelson	6,030.0
Old Laund Booth	647.0
Reedley Hallows	710.3
Roughlee	159.2
Salterforth	306.1
Trawden Forest	899.6
Total	24,061.0