

REPORT OF: ACCOUNTANCY MANAGER

TO: COUNCIL

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Report Author: Craig Finn
Tel. No: 01282 661014
E-mail: craig.finn@pendle.gov.uk

COUNCIL TAXBASE 2020/21

PURPOSE OF REPORT

1. The purpose of this report is to seek approval of the Council Taxbase for 2020/21 (including the taxbase for each part of the area to which parish precepts relate).

RECOMMENDATIONS

2. It is recommended that Council:
 - (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 Taxbase for the year 2020/21 shall be **24,257.6**, and
 - (b) that the Taxbase for parished areas shall be as shown at [Appendix B](#)
 - (c) retains the Class C discount for 2020/21 on the same basis as it has operated in the current year.

REASONS FOR RECOMMENDATION

3. To agree the Council's Taxbase for 2020/21 for Council Tax setting purposes.

ISSUE

4. The Policy and Resources Committee approves the formal calculation and setting of the annual Council Taxbase which is used in the budget cycle to set the amount of council tax for the Borough.
5. Due to the General Election and subsequent cancellation of the Policy and Resources Committee meeting scheduled for 12th December, the Council is asked to approve the formal calculation and setting of the annual Council Taxbase. The Council Taxbase must be set by 31st January for the following financial year.

6. The Council is required to calculate the Taxbase 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 Taxbase 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 Taxbase - Property Banding Base

7. 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 2019. This list shows the banding of each property for the eight valuation bands prescribed by legislation.
8. 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

9. 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.
10. The total of 28,904.6 (28,755.0 in October 2018) was notified to the Ministry of Housing, Communities and Local Government (MHCLG) in mid-October 2019. The analysis shown at [Appendix A](#) reflects the updated Taxbase of **25,268.3** as at 30th November 2019 as per statutory requirements. The variation between the Taxbase submitted to MHCLG and the Council’s Taxbase for budget purposes reflects different or updated assumptions on discounts and other local factors.

Changes to Council Tax Discounts

11. The Council will be aware that there is a ‘Class C’ discount for dwellings that are empty and substantially unfurnished. A discount of 100% was approved by the Executive in August 2016 and applies for a maximum period of 4 weeks from the date that the dwelling first becomes empty. By the end of November 2019 the granting of this discount has cost a total of £115k in the current financial year across all preceptors. It is recommended that this discount be retained for 2020/21 and this has been assumed in the Taxbase calculation submitted for approval in this report. No other changes to discounts are proposed for next year.

Empty Homes Premium

12. In December 2018, following changes to legislation in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, the Policy and Resources Committee approved the increase in Empty Homes Premium from 50% to 100% for qualifying properties with effect from April 2019. The Council currently charges a premium of an additional 100% Council Tax over and above the normal Council Tax on unfurnished homes that have been empty for more than two years. In addition, the Policy and Resources Committee resolved at that time to introduce maximum possible charges permitted by the change in legislation and these are reproduced below:

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%
13. The maximum possible charge will be made on unoccupied and unfurnished properties in line with 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.
14. The Empty Homes Premium has successfully reduced the number of qualifying properties over time, down from 341 (October 2017) to 303 (October 2018) to 291 (November 2018) and a further reduction to 258 as at 30th November 2019.

Council Tax Support

15. 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 2020/21 requires approval before 11th March 2020 and will be presented to Council 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%.

16. Based on the estimated cost of Council Tax Support to be provided in 2019/20, the Council's Taxbase has been reduced by **3,523.5** Band D equivalent properties (3,594.7 in 2019/20). This is shown in Table 1 below:-

Table 1: Council Tax Support Taxbase Adjustment

	£
Estimated Net Cost of Council Tax Support (a)	7,248,399
Estimated Band D Council Tax for 2020/21 (b)	2,057.15
Tax Base Equivalent of Council Tax Support (a/b)	3,523.5

Calculation of the Borough Taxbase

17. 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.
18. 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 2018/19 was 96.37%).

Table 2: Council Tax Base for 2020/21

	Gross Taxbase	Collection Rate %	Net Taxbase
Tax Base for 2020/21	25,268.3	96.0%	24,257.6

Calculation of Town and Parish Taxbases

19. Each Parish or Town Council which can issue a precept must also have a Taxbase 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](#).
20. For the purposes of calculating the Taxbase figures, the same collection rate as used for the Borough Taxbase must also be used in these calculations.

IMPLICATIONS

Policy

21. There are no new policy implications arising directly from the contents of this report. Current policy is to charge the council tax premium. Future changes to council tax premium levels are as set out in paragraph 12 above.

Financial

22. The financial implications are generally as shown in the report. The Taxbase is an estimate as at 30th November 2019. Any variations to the actual tax base in 2020/21 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

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

Risk Management

24. 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

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

Climate Change

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

Community Safety

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

Equality and Diversity

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

APPENDICES

[Appendix A](#) – Pendle Borough Council - Council Taxbase 2020/21

[Appendix B](#) – Council Taxbase figures for Town and Parish Councils

LIST OF BACKGROUND PAPERS - None

Borough Tax Base Details as at 30th November 2019

	A- No.	A No.	B No.	C No.	D No.	E No.	F No.	G No.	H No.	Total	
Full	75	12,905	2,951	3,058	2,421	1,388	794	423	22	24,037	
75%	40	10,256	1,504	1,189	728	334	135	65	11	14,262	
50%	0	10	9	13	8	10	8	6	1	65	
2nd Homes – Discount 0%	0	109	25	13	11	6	6	2	-	172	
Empty – Discount 0%	0	723	81	68	48	25	14	14	-	973	
Empty – Discount 0% - 100%	0	19	1	3	1	-	-	-	-	24	
Empty – Premium +100%	0	195	25	16	11	7	-	4	-	258	
Exempt	0	549	80	63	31	14	7	8	1	753	
Total	115	24,766	4,676	4,423	3,259	1,784	964	522	35	40,544	
Equivalent Factor	105.0 5/9	21,842.1 6/9	4,240.5 7/9	4,072.2 8/9	3,053.0 9/9	1,688.4 11/9	919.2 13/9	498.8 15/9	30.7 18/9		
Band D Equivalent	58.3	14,561.4	3,298.2	3,619.7	3,053.0	2,063.6	1,327.7	831.3	61.4	28,874.6	
										Gross Tax Base (rounded to 1dp)	28,874.6
										Less adjusted Class C Discount from 01/04/20	(82.8)
										Less Local Council Tax Support	(3,523.5)
										Adjusted Gross Tax Base	25,268.3
										Net Council Tax Base @ 96% collection rate	24,257.6

Appendix B

Parish Area	Tax Base at 96.0% Collection
Barley	132.6
Barnoldswick	3,022.7
Barrowford	2,126.8
Blacko	303.8
Bracewell & Brogden	124.9
Brierfield	2,058.0
Colne	4,681.7
Earby	1,254.0
Foulridge	583.4
Goldshaw Booth	112.7
Higham	353.9
Kelbrook & Sough	347.1
Laneshawbridge	312.3
Nelson	6,097.8
Old Laund Booth	650.5
Reedley Hallows	724.7
Roughlee	158.1
Salterforth	313.2
Trawden Forest	899.4
Total	24,257.6