

Meeting: **EXECUTIVE**



Portfolio Area: Resources

Date: 23 **JANUARY** 2018

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

### **KEY DECISION**

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#### **1. PURPOSE**

- 1.1 To seek members approval of the Council Tax Base for 2018/19.
- 1.2 To seek members approval of an increase in the long term empty property premium from 1 April 2018 or such later date when the required regulations are introduced.

#### **2. RECOMMENDATIONS**

- 2.1 That in accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amount calculated by Stevenage Borough Council for the year 2018/19 shall be 27,610.7 equivalent “Band D” properties reduced to 27058.5 equivalent “Band D” properties after making allowances for a 98% collection rate.
- 2.2 That the 2018/19 Council Tax Base be approved subject to any changes made to the Council Tax Support Scheme (CTS) for 2018/19. The Executive approved the CTS scheme at its meeting on 12 December 2017 for recommendation to Council.
- 2.3 That the long term empty property premium be increased from 50% to 100% from 1 April 2018, or such later date as determined by regulation.

#### **3. BACKGROUND**

- 3.1 Under the provisions of the Local Government Finance Act 1992 as amended by the 2012 Act, and the accompanying secondary legislation, local authorities are required to notify preceptors and levying bodies of their Council Tax Base for the forthcoming financial year. The notification must be made between the 1 December and the 31 January.

- 3.2 The Council has a statutory duty to make a resolution in respect of the Council Tax Base before the precepting and levying bodies are notified.
- 3.3 The Government announced in the November 2017 budget, its intention to give local authorities authority to increase the long term empty homes premium from 50% to 100%. This requires new regulations to be laid which are unlikely to be enacted in time for 2018/19. The taxbase for 2018/19 has therefore not included any changes arising from this proposal. There is no requirement to consult on changing the level or premium but members are required to approve it.
- 3.4 As part of the Government's localism agenda, councils were given discretion to change the level of discount on a small range of reliefs from April 2013. At that time Council determined to remove discounts for second homes, and reduce the discount available on each of the empty property discounts. No changes were made to the qualifying conditions or duration of the discount, and no premium was added to long term empty properties.
- 3.5 On 14 December 2016, and with effect from April 2017, the Executive recommended to remove empty discounts and to add the 50% premium to long term empty properties which had been empty for 2 or more years.

#### 4. **REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

##### 4.1 **Taxbase**

- 4.1.1 The actual number of domestic dwellings in the borough, as shown in the Valuation Officers list on 11 September 2017, was 37204, compared to 36,740 as at 12 September 2016, an increase of 464 properties. One of the reasons for the increase in the number of properties will be partly due to the conversion of office buildings in the town to residential units.
- 4.1.2 For each of the Council Tax bands, the tax base figure is then adjusted to take account of actual and estimated, newly constructed dwellings, exemptions, disabled reductions and discounts, (including the Council Tax Reduction Scheme discounts) to arrive at the net number of chargeable dwellings for each band.
- 4.1.3 This net figure is then multiplied by the relevant proportions for the particular band (e.g. Band A is 6/9 in relation to Band D) in order to convert it to the estimated number of equivalent "Band D" properties for each band.
- 4.1.4 The relevant proportion for each band are:

Band	Charge ratio	Valuation (at 1/1/91 prices)
A	6/9	Up to £40,000
B	7/9	Over £40,000 and up to £52,000

C	8/9	Over £52,000 and up to £68,000
D	9/9	Over £68,000 and up to £88,000
E	11/9	Over £88,000 and up to £120,000
F	13/9	Over £120,000 and up to £160,000
G	15/9	Over £160,000 and up to £320,000
H	18/9	Over £320,000

- 4.1.5 These “Band D” equivalents are aggregated to give the total number of the equivalent “Band D” dwellings for the authority as a whole. For Stevenage this is 27,610.7, which is less than the actual number of dwellings. This is because the majority of dwellings in Stevenage are in Band C.
- 4.1.6 The Council Tax Base for 2018/19 after making allowances for a collection rate of 98% is 27058.5 equivalent “Band D” properties. (The comparative figure for 2017/18 was 26695.1 (at 98%))
- 4.1.7 The proposed 2018/19 collection rate percentage remains the same as 2017/18 at 98% as Council Tax Support costs are reducing more slowly.
- 4.1.8 The Council Tax Base proposed is based on the current Council tax Support Scheme liability of 8.5%.

## 4.2 Long term empty homes premium

- 4.2.1 Reducing the number and duration of empty homes in the district is a focus of activity and the discounts and premium are tools which can be used to encourage owners to minimize these.
- 4.2.2 There are currently (1.12.2017) 23 properties (21 band D equivalents) which are charged a 50% long term empty premium. This generates approximately £16,761 additional income, which is allocated through the tax base according to the precept shares, of which Stevenage’s share is £2,083.
- 4.2.3 At first of April 2017 there were 31 properties subject to the premium. This has reduced to 23 by 1<sup>st</sup> December 2017, a reduction of 25%. Increasing this premium to 100%, and subject to any reduction in the number of properties liable for the charge, would double this income.
- 4.2.4 Increasing the premium from 50% to 100% should act as a further incentive to bring long term empty property back into use. The average band D property council tax in 2017/18 is £1596.35. A band D property subject to the current 50% premium would pay an additional £798.17. Introducing the higher empty homes premium from 1<sup>st</sup> April 2018 (subject to regulations) would add a further £798.17 to a band D property.
- 4.2.5 It should be noted that the level and duration of awards within the scheme vary during each year.

- 4.2.6 HRA properties are also subject to the premium, and currently there are 6 HRA properties affected. Further HRA properties will attract the charge in 2018/19 at the current or enhanced rate as there are two schemes which are awaiting redevelopment.
- 4.2.7 The long term empty premium impact on the council tax base has not been included for 2018/19 as the regulations are currently not in place to allow the change to happen.

## 5 IMPLICATIONS

### 5.1 Financial Implications

- 5.1.1 The increase in the taxbase has been included in the draft 2018/19 Council Tax Setting and General Fund Report. The increase in assumed property numbers and the discount assumptions including Council Tax Support is the equivalent to a total additional 363.36 equivalent Band D properties or £72,135 before any council tax increase is considered. The reason for the increased council tax income is shown in the table below.

Increased income from 2018/19 taxbase compared to 2017/18 before any council tax increase			
	2017/18 Estimate £	2018/19 Estimate £	Increase /(decrease) £
Properties numbers	6,730,088	6,765,911	35,822
Council Tax Support Scheme	(767,190)	(735,451)	31,739
Changes to other discounts & Premium	(555,227)	(549,181)	6,046
Reduction in reduction for bad debt	(108,153)	(109,626)	(1,472)
<b>Total</b>	<b>£5,299,518</b>	<b>£5,371,653</b>	<b>£72,135</b>

### 5.2 Legal Implications

- 5.2.1 The increase in long term empty homes premium from 50% to 100% requires secondary legislation which is currently not in place. The increase in the premium cannot be implemented until the government introduces this.

### 5.3 Risk Implications

- 5.3.1 The assumptions made are reasonable at the current time but, if the level of anticipated growth in the 2018/19 Tax Base is not realised and/or the council tax support caseload increases, there could be an in year deficit on the Collection Fund.

## **5.4 Equalities and Diversity Implications**

5.4.1 There are no direct equality and diversity implications arising from the recommendations in this report.

## **5.5 Other Implications.**

5.9.1 There are no other direct implications to report at this time.

## **BACKGROUND DOCUMENTS**

BD1 – Council Tax Support Scheme –

<http://www.stevenage.gov.uk/content/15953/56494/19341/Stevenage-S13a-2017-18-Scheme-v1-2.pdf>

## **APPENDICES**

Appendix A - 2018/19 Council Tax Base

Appendix A BAND	Disabled	A	B	C	D	E	F	G	H	TOTALS
AS AT CTB1	0	1581	6421	21409	3285	3162	909	422	15	37204
ADD EXPECTED NEW PROPERTIES	0	0.08	111.01	28.04	10.91	2.9	6.99	0	0	159.93
EXEMPTIONS	0	-35	-117	-145	-25	-20	-2	-1	-5	-350
DISABLED RELIEF	0	0	-11	-78	-10	-30	-6	-7	-2	-144
DISABLED RELIEF ADJ		11	78	10	30	6	7	2	0	144
DWELLINGS SUB-TOTAL	0	1557.08	6482.01	21224.04	3290.91	3120.9	914.99	416	8	37013.93
ASSUMED DISCOUNTS 25% (SINGLE PERSON DISCOUNT)	0	1,109.06	3,919.61	6,303.24	750.48	511.47	104.80	53.00	0.00	12,751.67
50% (EMPTY WORK-RELATED AND ALL PERSONS DISREGARDED)	0	2	7	12	2	2	6	7	5	43
Council Tax Support (Reduction Scheme)	0.00	374.22	1365.58	2339.27	227.04	52.47	12.44	2.75	0.00	4373.77
total discounts	0.00	1485.28	5292.19	8654.51	979.52	565.94	123.24	62.75	5.00	17168.44
TOTAL DWELLINGS charged at 100%	0.00	71.80	1189.82	12569.53	2311.39	2554.96	791.75	353.25	3.00	19845.49
Long term empty premium @ 50%	0.00	6.00	6.00	6.00	3.00	2.00	1.00	1.00	0.00	25.00
Value of discounted properties		832.79	2943.21	4733.43	563.86	384.60	81.60	43.25	2.50	9585.25
DWELLINGS AFTER DISCOUNTS	0.00	907.60	4136.03	17305.96	2876.75	2940.56	873.85	397.00	5.50	29443.24
RATIO TO BAND D	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
NO OF BAND D EQUIVALENT	0.00	605.06	3216.91	15383.07	2876.75	3594.02	1262.23	661.67	11.00	27610.71
								TAXBASE		27610.7
								98.00%		27058.5