

FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER

3 DECEMBER 2018

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.1 COUNCIL TAX BASE 2019/20

Report prepared by Richard Bull

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek the Finance and Corporate Resources Portfolio Holder's approval of the Council Tax Base for 2019/20.

EXECUTIVE SUMMARY

The Council Tax base which the Council adopts will be the basis upon which this Council, Essex County Council, Police & Crime Commissioner for Essex and Essex Fire & Rescue will assess the rate of tax needed (in each case) to finance its estimated revenue expenditure. In order to provide a basis for Council Tax levies to cover parish precepts and special expenses, the Council must also analyse the tax base by parishes.

The basis and proposals for the tax base calculation remains the same as last year and reflects the Council's decisions on 27 November 2018 regarding Council Tax discounts and the Local Council Tax Support (LCTS) scheme.

The tax base calculation has been based on the September/October valuation list and Council Tax register together with an allowance for subsequent changes (including non-collection), this has been assessed at 3%. The calculation shows that the 2019/20 tax base for tax setting purposes will be 47,455.2 Band 'D' equivalent properties which is an increase of 715.7 (1.5%) over 2018/19.

RECOMMENDATION(S)

- (a) That pursuant to this report, and in accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amount calculated by the Council as its Council Tax Base for the year 2019/20 shall be 47,455.2**
- (b) That in accordance with the said Act and Regulations, the amount calculated by the Council as the Council Tax Base for each parish and for the unparished area in the year 2019/20 shall be as follows:**

Parish	Unscaled Tax Base	Tax Base for Tax Setting
Alresford	752.4	729.8
Ardleigh	943.9	915.6
Beaumont-cum-Moze	130.6	126.7
Great Bentley	867.4	841.4
Little Bentley	108.7	105.4
Bradfield	491.6	476.9
Brightlingsea	2,938.1	2,850.0
Great Bromley	394.0	382.2
Little Bromley	102.7	99.6
Little Clacton	1,018.4	987.8
Elmstead	698.4	677.4
Frating	217.5	211.0
Frinton and Walton	8,087.2	7,844.6
Harwich	5,621.6	5,453.0
Lawford	1,598.9	1,550.9
Manningtree	346.6	336.2
Mistley	1,010.8	980.5
Great Oakley	374.0	362.8
Little Oakley	381.5	370.1
Ramsey and Parkeston	729.4	707.5
St Osyth	1,910.2	1,852.9
Tendring	282.3	273.8
Thorpe-le-Soken	754.8	732.2
Thorrington	512.0	496.6
Weeley	702.1	681.0
Wix	294.4	285.6
Wrabness	204.6	198.5
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	31,474.1	30,530.0
Clacton (unparished area)	17,448.8	16,925.2
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	48,922.9	47,455.2

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Setting the Council Tax is an integral part of the budget setting process. The budgets are prepared with the aim of directly and indirectly delivering the Council's priorities.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The Tax Base for 2019/20 reflects procedures and assumptions used in earlier years. The calculation has been based on the September/October valuation list and Council Tax register with an allowance for subsequent changes (including non-collection) of 3% together with the decisions made by Council on 27 November 2018 in respect of:

- No discount on second homes
- No discount on empty properties (unless subject to major repair/structural alteration)
- A Local Council Tax Support Scheme with a maximum discount of 80%

Risk

The risk associated with this decision is that Council Tax collection will fall short of the budgeted level. This is addressed via an allowance for non-collection which in 2019/20 is forecast at 3%. This amount is based on 2017/18 performance which is anticipated to continue in 2018/19 and on into 2019/20. Any shortfall (or surplus) will be shared between the main precepting authorities (this Council, Essex County Council, Police & Crime Commissioner for Essex and Essex Fire & Rescue) and taken into account in setting future years budgets.

LEGAL

The power and authority to set and amend discounts in respect of second homes and long term empty properties is contained in section 75 of the Local Government Act 2003 and section 11a of the Local Government Finance Act 1992 as amended. It is stated that the authority may determine the discount and therefore Full Council made this decision.

The tax base has been calculated in accordance with the provisions set out in the Local Authorities (Calculation of Council Tax Base) Regulations 2012. The Finance and Corporate Resources Portfolio Holder has delegated powers to approve the Council Tax base (Part 3.35(8)).

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no direct implications for the above headings however determining the funding from Council Tax is an integral part of the budget setting process which provides specific budgets for the above areas.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Council Tax base which the Council adopts will be the basis upon which this Council, Essex County Council, Police & Crime Commissioner for Essex and Essex Fire & Rescue will assess the rate of tax needed (in each case) to finance its estimated net revenue expenditure. In order to provide a basis for Council Tax levies to cover parish precepts and special expenses, the Council must also analyse the tax base by parishes.

Full details of the tax base calculations are shown in the attached Appendix.

The basic calculation in respect of the 2019/20 tax base takes as its starting point the list of properties supplied by the Valuation Office on 10 September 2018 and the categories of occupation as shown on the Council Tax register as at 1 October 2018 (this information is also supplied to the Government).

The discounts agreed by Council are applied to all affected properties and the effect of the LCTS scheme is applied to the tax base.

Judgement is then made to take account of an estimate of subsequent changes in respect of occupation, number of properties and collection performance. This results in an estimate of the true potential of the tax base on which precepting authorities, including Tendring, can make their calculations in respect of Council Tax levies for 2019/20. A 3% reduction in the tax base is being proposed to allow for these factors which include the effect of the LCTS scheme on collection performance. The calculation set out in the attached appendix shows that the tax base for tax setting purposes is 47,455.2 for 2019/20.

CURRENT POSITION

The Council has determined the Local Council Tax Support scheme and the discounts to apply for 2019/20 and in accordance with delegated powers the Finance and Corporate Resources Portfolio Holder has authority to approve the Council's Tax base using those discounts.

BACKGROUND PAPERS FOR THE DECISION

None.

APPENDICES

Calculation of Council Tax base 2019/20.

CALCULATION OF COUNCIL TAX BASE 2018/19

1. The Council Tax base which the Council adopts will be the basis upon which this Council, Essex County Council, Essex Fire & Rescue and Police & Crime Commissioner for Essex will assess the rate of tax needed (in each case) to finance its estimated net revenue expenditure. The tax bases for County, Fire and Police will be the sum of those of all appropriate District Councils.
2. Each domestic property in the district has been valued by the Valuation Office and allocated to one of eight valuation bands. The Council Tax levied against each band is weighted according to a proportionate variation from Band D as set out below. The process outlined in the report, and described in more detail in this Appendix enables the Council to set a tax base in terms of a Band D dwelling, and subsequently to levy the Council Tax on each dwelling. Properties entitled to disabled relief are charged at one band lower than would normally apply based on value.

Property Valuation/Band	Band	Fraction
Band A Entitled to Disabled Relief	@	5/9
Up to £40,000	A	6/9
Over £40,000 to £52,000	B	7/9
Over £52,000 to £68,000	C	8/9
Over £68,000 to £88,000	D	9/9
Over £88,000 to £120,000	E	11/9
Over £120,000 to £160,000	F	13/9
Over £160,000 to £320,000	G	15/9
Over £320,000	H	18/9

3. The tax base for tax setting purposes is assessed from an unscaled tax base which excludes any allowance for collection performance or changes during the year in numbers, banding and occupation of dwellings. In response to requirements of the Local Government Finance Acts 1988 (section 139A) and 1992 (section 68), the unscaled tax base has been supplied to central government, calculated directly from the list of bandings which the Valuation Office supplied on 10 September 2018. In order to arrive at the Band D equivalent value of each dwelling this is combined with categories of occupation from the Council Tax register (in order to apply appropriate discounts and exemptions). Information extracted from the Council Tax register must reflect the position as it was known on 1 October 2018.
4. Households in which there is only one adult who is neither a student nor exempt for any other reason attract a discount of 25%. Dwellings occupied only by exempt persons and certain unoccupied dwellings attract two discounts (a total of 50%). Dwellings of which all occupiers are students, and some other unoccupied dwellings do not attract Council Tax. The Council determined that no discount be given on second homes or empty properties and the tax base has been calculated on this basis.
5. The localisation of council tax support has resulted in Council Tax Benefit being treated as a discount within the council tax system and therefore this reduces the tax base. This reduction has been calculated in accordance with the Local Council Tax Support scheme determined by Council.

Table A below shows the numbers of dwellings in each band and category of occupation from which the unscaled tax base was calculated.

The total number of dwellings in the valuation list is 70,280 (The corresponding total for October 2017 was 69,743.) The effect of the LCTS scheme has been shown separately.

Band	Paying 100%	Paying 75%	Paying 50%	2nd Homes 100%	Empty Properties 100%	Exempt 0%	Total Exc. LCTS	LCTS Scheme	Total
@	8	4	0	0	0	0	12	(4)	8
A	4,555	7,135	20	548	609	413	13,280	(3,307)	9,973
B	10,031	6,795	27	291	409	247	17,800	(2,719)	15,081
C	13,306	6,461	44	405	285	321	20,822	(2,151)	18,671
D	7,573	2,600	40	236	157	153	10,759	(513)	10,246
E	3,792	928	25	92	69	61	4,967	(115)	4,852
F	1,387	264	37	36	16	30	1,770	(31)	1,739
G	611	101	40	30	17	11	810	(6)	804
H	39	4	10	5	2	0	60	0	60
Total	41,302	24,292	243	1,643	1,564	1,236	70,280	(8,846)	61,434

The number of equivalent full charge properties in each band is calculated by taking the appropriate proportion of the number of properties in each discount range as set out in **Table B** below. For example, 2,600 Band D properties with a 25% discount are equivalent to 1,950.0 (2,600 x 75%) properties at the full charge. Exempt properties are excluded since there is no liability for Council Tax.

Band	Paying 100%	Paying 75%	Paying 50%	2nd Homes 100%	Empty Properties 100%	Exempt 0%	Total Exc. LCTS	LCTS Scheme	Total
@	8.0	3.0	0.0	0.0	0.0	0.0	11.0	(4.0)	7.0
A	4,555.4	5,351.3	10.0	548.0	609.0	0.0	11,073.7	(3,307.0)	7,766.7
B	10,031.0	5,096.3	13.5	291.0	409.0	0.0	15,840.8	(2,719.0)	13,121.8
C	13,306.0	4,845.7	22.0	405.0	285.0	0.0	18,863.7	(2,151.0)	16,712.7
D	7,572.6	1,950.0	20.0	236.0	157.0	0.0	9,935.6	(513.0)	9,422.6
E	3,792.0	696.0	12.5	92.0	69.0	0.0	4,661.5	(115.0)	4,546.5
F	1,387.0	198.0	18.5	36.0	16.0	0.0	1,655.5	(31.0)	1,624.5
G	611.0	75.7	20.0	30.0	17.0	0.0	753.7	(6.0)	747.7
H	39.0	3.0	5.0	5.0	2.0	0.0	54.0	0.0	54.0
Total	41,302.0	18,219.0	121.5	1,643.0	1,564.0	0.0	62,849.5	(8,846.0)	54,003.5

The figures in table B above are converted to equivalent Band D dwellings by multiplying the total equivalent number of properties in each band by the appropriate fraction set out in paragraph 2. For example, the total of 18,863.7 Band C properties at full charge are equivalent to 16,767.7 Band D properties (18,863.7 x 8/9). The number of equivalent Band D properties is shown in **Table C** below (showing the effect of the LCTS scheme separately).

Band	Propn.	Total Exc. LCTS	LCTS Scheme	Total
@	5/9	6.1	(2.2)	3.9
A	6/9	7,382.5	(2,204.9)	5,177.6
B	7/9	12,320.6	(2,114.8)	10,205.8
C	8/9	16,767.7	(1,912.0)	14,855.7
D	9/9	9,935.6	(513.0)	9,422.6
E	11/9	5,697.4	(140.8)	5,556.6
F	13/9	2,391.3	(44.8)	2,346.5
G	15/9	1,256.3	(10.1)	1,246.2
H	18/9	108.0	0.0	108.0
Total		55,865.5	(6,942.6)	48,922.9

6. In order to arrive at the tax base for tax setting purposes, the Council must make an appropriate provision for doubtful debt, for possible reduction in the tax base following successful appeals against banding and for changes in occupation between the valuation list dated 10 September 2018 (for number of dwellings) or 1 October 2018 (for details of occupation) and 31 March 2019. These changes could consist of:
- New dwellings;
 - Movement or change in status of individual members of households, which might result in changes in entitlement to discounts.
7. In **Table D** below is the unscaled tax base calculated from table C, followed by recommended allowances for doubtful debt and changes in the valuation list (banding) or category of occupation. Based on current experience of collection performance the provision for 2019/20 has been assessed at 3%, this is the same level that was used to calculate the 2018/19 tax base.

TABLE D

2018/19		2019/20
48,185.1	Unscaled Tax Base	48,922.9
(1,445.6)	Provision for changes in Valuation List, Discounts and Non-Collection	(1,467.7)
46,739.5	Council Tax Base for Tax Setting Purposes	47,455.2