

Subject:	Council Tax Base 2017/18		
Date of Meeting:	19 January 2017		
Report of:	Executive Director for Finance & Resources		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The council tax base represents the amount that would be raised by setting a £1 council tax. It is a requirement of the Local Government Finance Act 1992 and associated regulations that the tax base is calculated for the purpose of setting the council tax in 2017/18 before 31 January 2017.
- 1.2 The purpose of this report is for Members to agree the tax base for 2017/18. Members will be aware that full Council agreed changes to the Council Tax Reduction (CTR) scheme on 15 December 2016. There was also a savings proposal for council tax collection included in the Budget Update and Savings report to this committee in December 2016. These changes are reflected in the proposed tax base set out in this report.

2. RECOMMENDATIONS:

That the Policy, Resources & Growth Committee:

- 2.1 Approves this report for the calculation of the council's tax base for the year 2017/18.
- 2.2 Approves the collection rate increase of 0.05% to 98.33%
- 2.3 Agrees that in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2017/18 shall be as follows:-
 - 2.3.1 Brighton and Hove in whole – 87,388.8 (as detailed in appendix 1)
 - 2.3.2 Royal Crescent Enclosure Committee – 29.0 (as detailed in appendix 2)
 - 2.3.3 Hanover Crescent Enclosure Committee – 41.6 (as detailed in appendix 2)
 - 2.3.4 Marine Square Enclosure Committee – 72.5 (as detailed in appendix 2)
 - 2.3.5 Parish of Rottingdean – 1,545.2 (as detailed in appendix 2)

- 2.4 Agrees that for the purposes of Section 35(1) of the Local Government Finance Act 1992, the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses.
- 2.5 Agrees that the Enclosure Committees and Rottingdean Parish are paid the required council tax reduction grant of c£5,000 in total, to ensure they are no better or no worse off as a result of the introduction of the council tax reduction scheme for the reasons set out in paragraph 3.7.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The tax base has been calculated in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012. The detail of the calculation for the whole of Brighton and Hove is shown at appendix 1.
- 3.2 The tax base is calculated by estimating how many properties there are in each tax band, determining what relevant discounts and exemptions apply and how much council tax should ultimately be collected, allowing for expected collection rates.
- 3.3 The key changes to the proposed tax base for 2017/18 are listed below:
- The number of new properties on the register is approximately 130 more than was estimated this time last year. A further 445 new properties are expected to be added by March 2018 equivalent to a 0.3% increase in the housing stock of the city. It should be noted that some new housing developments arise from sites where business rates were previously received and therefore the increase in council tax is not always a net increase in revenue to the council as there is a loss of business rates income.
 - It is estimated that an average of 5,277 properties will be solely occupied by students during 2017/18 and the estimated value of the exemption in council tax income is £6.171m for the city council alone in 2017/18, based on the 2016/17 council tax.
 - The impact of the CTR scheme agreed at Council in December 2016 has been reflected in the projected tax base. In addition to this, the number of claimants, both working age and pensioners, receiving CTR has again fallen consistently through 2016/17 and the tax base forecast reflects a prudent assumption of this trend continuing into next financial year.
 - There continues to be a significant increase in the number of exemptions for Severely Mentally Impaired (SMI). An SMI exemption is a 100% discount and therefore with the introduction of the minimum contribution for working age claimants under CTR, it is beneficial for eligible claimants to be appropriately classified. Since there was no difference to the discount level previously, it is likely SMI was under reported. The changes in the numbers of CTR claimants and SMI exemptions have been reflected in the proposed tax base.

- The collection rate has been increased by 0.05% to 98.33% to incorporate the forecast improvement in ultimate collection of council tax.
- The proposed tax base for 2017/18 assumes a lower level of single person discounts (SPD) being awarded despite the increase in properties. This is partly due to the continued focus on ensuring eligibility is correctly applied through data matching to verify the number of adults within a household.

3.4 The resultant tax base proposed for 2017/18 is 87,388.8 which is a 1.4% increase from the 2016/17 tax base of 86,173.0 for the reasons explained above and summarised in the table below.

	Tax base
2016/17 tax base	86,173.0
New properties and band changes	506.6
Reduced CTR caseload	542.1
Changes to CTR scheme	172.3
Increase in collection rate	44.4
Net increase in exempt properties and discounts	-49.6
2017/18 tax base	87,388.8

3.5 This represents an increase of 142.2 in the forecast 2017/18 tax base reported in the Budget Update report to this committee in December 2016, and after allowing for the CTR scheme changes and the collection rate saving provides an additional £0.198m before any council tax increase.

3.6 The regulations require a separate calculation for parts of a local authority area where special expenses apply. Appendix 2 shows the summary calculation for Enclosure Committees in Brighton and Hove which fall under this category. Each Enclosure Committee sets a levy for maintaining the enclosure gardens, which is recovered through an additional council tax charge to the enclosure residents. Appendix 2 also shows the summary calculation for the Parish of Rottingdean.

3.7 The additional discounts generated by the council tax reduction scheme also have implications for the Enclosure Committees and Rottingdean Parish. In line with government guidance and what is considered fair to local residents it is proposed that the relevant proportion of council tax reduction grant is paid to each body to ensure they are no better or no worse off as a result of the local scheme. It is estimated the total grant payable in 2017/18 will be c£5,000; the actual figure will depend on the tax level set by each body.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The calculation of the council tax base is determined largely by regulation and is based on the best information available at this time. Options relating to the council tax reduction scheme were considered and agreed by full Council in December 2016.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Extensive public consultation was carried out in relation to the Council Tax Reduction Scheme and details were provided in the reports to Policy, Resources & Growth Committee and full Council in December 2016.
- 5.2 There are regular meetings between Finance and Revenues teams to discuss collection performance, movements in the tax base and the projections used for determining the tax base for the following year.
- 5.3 The Police and Crime Commissioner for Sussex and the East Sussex Fire Authority have been informed of the latest tax base projections.

6. CONCLUSION

- 6.1 It is a requirement of the Local Government Finance Act 1992 and associated regulations that the tax base is calculated for the purpose of setting the Council Tax in 2017/18 before 31 January 2017 and this report enables the Council to fulfil that requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The increase in the proposed tax base reflects the proposals presented to Policy, Resources & Growth Committee in December 2016 as part of the budget planning and resource update report, and for the CTR scheme, agreed by Council. The updated tax base generates an additional £0.198m revenue resource before approval of any council tax increase in 2017/18. This sum will be reflected in the 2017/18 budget report due to be presented to this committee and Budget Council in February.

Finance Officer Consulted: James Hengeveld

Date: 06/01/17

Legal Implications:

- 7.2 Under the Local Government Finance Act 1992, the council must determine the council tax base applicable to Brighton and Hove. In respect of 2017/18, the base must be determined before 31 January 2017; regulation 8 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 refers.
- 7.3 All other references to the legal framework for setting the council tax base are contained within the body of the report.
- 7.4 The calculation of the Council Tax Base is not a function reserved to Full Council by legislation or by local agreement; as such, it is a matter proper to Policy Resources & Growth Committee.

Equalities Implications:

- 7.5 An equalities impact assessment has been carried out for the changes to council tax reduction discounts and was included in the Council Tax Reduction Review (Appendix 2) to Policy, Resources & Growth Committee and full Council in December 2016.

Sustainability Implications:

- 7.6 None.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.7 There are potentially greater risks to the forecasts because of the extensive welfare reform changes being made nationally. Monitoring will be maintained at a high level throughout the year to ensure that any issues are identified quickly and mitigation measures adopted. Members will be kept up to date through the regular budget monitoring reports.

Corporate / Citywide Implications:

- 7.8 These were considered by full Council in December.

SUPPORTING DOCUMENTATION

Appendices:

1. Tax base calculation for the whole of Brighton and Hove
2. Tax base calculation for enclosure committees and the parish of Rottingdean

Documents in Members' Rooms

1. None

Background Documents

1. Full Council on 15 December 2016 Agenda item 51 – Council Tax Reduction Review
2. Policy, Resources & Growth Committee 8 December 2016 Agenda item 79 – Budget Planning & Resource Update and Draft Proposals 2017/18 to 2019/20 - Appendix 2: Budget Strategies and 4-Year Integrated Service & Financial Plans
3. Files held within Finance and the Revenues teams