

<b>Subject:</b>	<b>Council Tax Base 2018/19</b>		
<b>Date of Meeting:</b>	<b>25 January 2018</b>		
<b>Report of:</b>	<b>Executive Director, Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>James Hengeveld</b>	<b>Tel: 29-1242</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**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 on a band D property. 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 2018/19 before 31 January 2018.
- 1.2 The purpose of this report is for Members to agree the tax base for 2018/19. Members will be aware that full Council agreed the Council Tax Reduction (CTR) scheme on 14 December 2017.

**2. RECOMMENDATIONS:**

That Policy, Resources & Growth Committee:

- 2.1 Approves this report for the calculation of the council's tax base for the year 2018/19.
- 2.2 Notes the collection rate is 99.00%.
- 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 2018/19 shall be as follows:-
  - 2.3.1 Brighton and Hove in whole – 88,976.4 (as detailed in appendix 1)
  - 2.3.2 Royal Crescent Enclosure Committee – 31.0 (as detailed in appendix 2)
  - 2.3.3 Hanover Crescent Enclosure Committee – 40.7 (as detailed in appendix 2)
  - 2.3.4 Marine Square Enclosure Committee – 72.6 (as detailed in appendix 2)
  - 2.3.5 Parish of Rottingdean – 1,562.1 (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£4,000 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 3.8.

### **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 2018/19 are listed below:
- At the end of November there were 129,613 properties on the valuation list. It is forecast that 788 new properties are expected to be added by March 2019 equivalent to a 0.6% 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 concurrent loss of business rates income.
  - It is estimated that an average of 5,173 properties will be solely occupied by students during 2018/19 and the estimated value of the exemption in council tax income is £6.378m for the city council alone in 2018/19 (before council tax increase).
  - The number of claimants, both working age and pensioners, receiving CTR has fallen consistently through 2017/18 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) although in recent months the rate of increase has slowed. 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 council continues to pursue council tax debt going back many years and, following the recent achievement of surpluses, it has been identified that the ultimate collection rate has exceeded the level assumed at budget setting time. To reflect this, the collection rate has been increased from 98.33% to 99.00% and will continue to be kept under close review.

- The proposed tax base for 2018/19 assumes a slightly lower level of single person discounts being awarded despite the increase in properties. This is partly due to the continued focus of the council's revenues and benefits service 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 2018/19 is 88,976.4 which is a 1.8% increase from the 2017/18 tax base of 87,388.8 for the reasons explained above and summarised in the table below.

	Tax base
2017/18 tax base	87,388.8
New properties and band changes	+556.2
Reduced CTR caseload	+687.4
Increased collection rate	+595.4
Net increase in exemptions	-229.4
Net increase in discounts	-22.0
2018/19 tax base	88,976.4

3.5 This represents an increase of 0.4% in the tax base reported in the Budget Update report to this committee in November 2017, and provides an additional resource of £0.505m before any council tax increase.

3.6 A new council tax exemption for care leavers was agreed by this committee in May 2017 and introduced from 1 April 2017. This is a discretionary exemption and is therefore wholly funded by the council and a budget of £0.070m has been included in the general fund budget to cover this cost in 2018/19 on a recurrent basis.

3.7 The regulations require a separate calculation for parts of a local authority area where special expenses apply. Appendix 2 show 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.

3.8 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 2018/19 will be c£4,000 in line with previous years; 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 2017.

## 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There are 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.
- 5.2 The Police and Crime Commissioner for Sussex and the East Sussex Fire Authority have been informed of the latest tax base projections as it forms part of setting their council tax precept.

## 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 2018/19 before 31 January 2018 and this report enables the Council to fulfil that requirement.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The proposed tax base increases resources by £0.505m before any council tax increase in 2018/19 compared to the estimate included in the Draft Revenue Budget proposals report to this committee on 30 November 2017. This additional sum will be reflected in the 2018/19 budget resources and proposals to be brought to this committee and Budget Council in February 2018.

*Finance Officer Consulted: James Hengeveld*

*Date: 09/01/18*

### Legal Implications:

- 7.2 Under the Local Government Finance Act 1992, the council must determine the council tax base applicable to Brighton & Hove. In respect of 2018/19, the base must be determined before 31 January 2018 as required by regulation 8 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 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 and, as such, it is a matter to be determined by Policy, Resources & Growth Committee.

*Lawyer Consulted: Elizabeth Culbert*

*Date: 15.1.18*

### Equalities Implications:

- 7.5 There are no equalities impacts as a result of agreeing the council tax base.

### 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 including universal credit. 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 None.

**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 14 December 2017 Agenda item 56 – Council Tax Reduction Review
2. Files held within Finance and the Revenues Teams

