

# Cabinet



Date of meeting:	14 January 2020
Title of Report:	<b>Council Tax Base Setting 2020/21</b>
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	Andrew Hardingham (Service Director for Finance)
Author:	Stephen Coker (Senior Principle Technical Accountant)
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Your Reference:	N/A
Key Decision:	No
Confidentiality:	Part I - Official

## **Purpose of Report**

To recommend the 2020/21 Council Tax base to Council in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

## **Recommendations and Reasons**

1. Cabinet recommends Council approves the Council Tax Base for 2020/21 as set out in the report.
2. To implement fully the provisions of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which amends Section 11B of Local Government Finance Act 1992 (higher amount for long-term empty dwellings: England), as follows:
  - a. 1 April 2020 charge the maximum additional premium of:
    - 100% of council tax charge for any dwelling empty between 2 and 5 years;
    - 200% of council tax charge for any dwelling empty for 5 years or more.
  - b. From 1 April 2021 charge the maximum additional premium of:
    - 100% council tax charge for any dwelling empty between 2 and 5 years;
    - 200% council tax charge for any dwelling empty between 5 and 10 years;
    - 300% council tax charge for any dwelling empty for 10 years or more.

## **Alternative options considered and rejected**

Not applicable. It is a statutory requirement for Council to approve the Council Tax Base for the forthcoming financial year.

## **Relevance to the Corporate Plan and/or the Plymouth Plan**

The Council Tax Base and associated 2020/21 budget papers will set out the resources available to deliver the Corporate Plan priorities.

**Implications for the Medium Term Financial Plan and Resource Implications:**

A collection rate of 98.0% has been used in calculating the Council Tax Base. Appendix A details the Tax Base calculations. The tax base is 74,603 band D equivalent properties.

**Carbon Footprint (Environmental) Implications:**

No impact will directly arise from this report.

**Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

No impact will directly arise from this report.

**Appendices**

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Council Tax Base Calculation							
B	Council Tax Base Calculation Table 2020/21							
C	Council Tax Base Previous Years							

**Background papers:**

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

**Sign off:**

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Originating Senior Leadership Team member: Andrew Hardingham, Service Director for Finance											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 21/11/2019											
Cabinet Member approval: Councillor Lowry, Cabinet Member for Finance											
Date approved: 28/11/2019											

## Appendices

### **A. Council Tax Base Calculation**

#### **I. INTRODUCTION**

- 1.1 The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 make arrangements for the setting of the Council Tax. The arrangements include the determination of the Council Tax Base. A Council resolution is necessary. The decision must be notified to the major precepting authorities.
- 1.2 For the year commencing 1 April 2020, the major precepting authorities will be Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Authority.
- 1.3 The Council must determine its Council Tax Base for 2020/21 during the period 1 December 2019 to 31 January 2020. The Council Tax Base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate. The level of Council Tax subsequently set must be determined using the Council Tax Base figure. The Council Tax Base calculation is attached in Appendix B.
- 1.4 The calculation of the Council Tax Base allows for discounts under the Council Tax Support Scheme.

#### **2. PURPOSE OF THE REPORT**

- 2.1 The purpose of this report is to inform Cabinet of the Council Tax Base of 74,603. The Council Tax Base for 2019/20 was 73,172.
- 2.2 The Tax Base calculation includes the impact of the Council Tax Support Scheme. This report assumes that any amendments to the scheme have no impact on the tax base for the 2020/21 financial year.

#### **3. TAX BASE CALCULATIONS**

- 3.1 Council Tax base figures are calculated by the billing authority as the aggregate of the "relevant amounts" calculated for each property valuation band multiplied by the estimated "collection rate" for the year.
- 3.2 Relevant amounts are:
  - (a) The number of chargeable dwellings in that band shown in the valuation list as it stands on 30 November 2019;
  - (b) The number of discounts, disabled reductions and exemptions which apply to those dwellings;
  - (c) Estimated changes in the number of chargeable properties between 30 November 2019 and 31 March 2021;
  - (d) Impact of the Council Tax Support scheme;

(e) The number of Band D equivalents within each different band.

3.3 The collection rate is the billing authority's estimate of the total amounts of 2020/21 Council Tax which will ultimately be paid or transferred into the Collection Fund.

3.4 This report assumes a collection rate for Council Tax of 98.0%. This rate reflects recent arrears collection performance, the pattern of write offs and the impact of Universal Credit. Analysis of collection rates across the age profile of debts suggests that an eventual collection rate of 98.0% is realistic and prudent in the current economic climate.

3.5 Appendix C shows the tax base used for the previous three years for comparison.

#### **4. EMPTY HOMES PREMIUM**

4.1 Change was legislated relating to the council tax premium that can be charged on a property that has been empty for more than 2 years. From April 2019 the maximum premium rose from 50% to 100% of a normal full charge, meaning a property having a council tax cost that is 200% of the normal charge. Plymouth City Council introduced this maximum premium on 1 April 2019 as part of a strategy to encourage empty properties back into use.

4.2 Further increases are possible under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which amends Section 11B of Local Government Finance Act 1992 (higher amount for long-term empty dwellings: England), as follows:

From 1 April 2020 an additional premium can be charged of up to:

- 100% for any dwelling empty between 2 and 5 years;
- 200% for any dwelling empty for 5 years or more.

From 1 April 2021 an additional premium can be charged of up to:

- 100% for any dwelling empty between 2 and 5 years.
- 200% for any dwelling empty between 5 and 10 years.
- 300% for any dwelling empty for 10 years or more.

4.3 The Housing Delivery Team recommends an increase to the council tax premium attached to empty homes to the fullest extent possible as the legislation allows. This will provide a further disincentive for keeping properties empty. We envisage that returning empty homes to use will:

- Help to alleviate pressures on the housing waiting list through increased availability of rental properties
- Improve the visual appearance of empty properties that may blight neighbourhoods;
- Address problems that may be associated with living next door to an empty home for example damp ingress, vermin, anti-social behaviour and loss of property value;

- Generate New Homes Bonus funding for the city (subject to changes to the NHB scheme).

4.4 The legislation relating to the new premium can be found at the following link;

<http://www.legislation.gov.uk/ukpga/2018/25/contents/enacted>

## B. Council Tax Base Calculation Table 2020/21

	BAND A with disabled relief	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	Total
Number of dwellings in valuation list as at 30th November 2019	-	47,747	32,932	23,207	9,939	5,057	1,786	603	56	121,327
Number of exempt dwellings (including demolished)	-	3,302	1,550	1,033	654	189	38	36	19	6,821
Reductions to lower band due to disabled relief	-	144	167	155	121	69	28	29	12	725
Additions to band due to disabled relief	144	167	155	121	69	28	29	12	-	725
<b>CHARGEABLE DWELLINGS FOR BAND</b>	<b>144</b>	<b>44,468</b>	<b>31,370</b>	<b>22,140</b>	<b>9,233</b>	<b>4,827</b>	<b>1,749</b>	<b>550</b>	<b>25</b>	<b>114,506</b>
Total discounts at 25%	59	22,414	10,670	5,892	2,205	904	268	75	1	42,488
Total discounts at 50%	1	63	56	37	25	15	28	27	14	266
Total discounts at 100%	-	96	61	25	8	6	-	-	-	196
Total discounts at 100% - One Month Only	-	787	385	183	76	31	5	9	-	1,476
<b>TOTAL DISCOUNTS</b>	<b>15</b>	<b>5,797</b>	<b>2,789</b>	<b>1,532</b>	<b>578</b>	<b>242</b>	<b>81</b>	<b>33</b>	<b>7</b>	<b>11,074</b>
Long Term Empty Premium at 100%	-	130	15	6	4	-	1	-	-	156
Long Term Empty Premium at 200%	-	28	12	4	1	-	-	-	-	45
<b>LONG TERM EMPTY PREMIUM</b>	<b>-</b>	<b>186</b>	<b>39</b>	<b>14</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>246</b>
						<b>0</b>				
Estimated number of dwellings not listed but which will be listed in the band for the whole or any part of the financial year	-	227	193	148	63	34	12	4	0	682
Estimated number of reductions to lower band due to successful appeals	-	-	9	2	1	4	3	1	-	20
Estimated number of additions to lower band due to successful appeals	-	9	2	1	4	3	1	-	-	20
<b>TOTAL ADJUSTMENTS</b>	<b>-</b>	<b>218</b>	<b>200</b>	<b>149</b>	<b>60</b>	<b>35</b>	<b>14</b>	<b>5</b>	<b>0</b>	<b>682</b>
<b>LOCAL COUNCIL TAX SUPPORT SCHEME REDUCTIONS</b>	<b>42</b>	<b>8,855</b>	<b>2,932</b>	<b>938</b>	<b>234</b>	<b>50</b>	<b>17</b>	<b>3</b>	<b>-</b>	<b>13,071</b>
Family annexes discount at 50%	-	18	10	18	11	7	9	1	-	73
<b>FAMILY ANNEXES</b>	<b>0</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>36</b>
<b>TOTAL DWELLINGS</b>	<b>87</b>	<b>30,211</b>	<b>25,884</b>	<b>19,825</b>	<b>8,482</b>	<b>4,566</b>	<b>1,662</b>	<b>518</b>	<b>18</b>	<b>91,253</b>
<b>RATIO TO BAND D</b>	5	6	7	8	9	11	13	15	18	
	9	9	9	9	9	9	9	9	9	
<b>RELEVANT AMOUNTS FOR 2020/21</b>	<b>48</b>	<b>20,141</b>	<b>20,132</b>	<b>17,622</b>	<b>8,482</b>	<b>5,581</b>	<b>2,400</b>	<b>863</b>	<b>36</b>	<b>75,306</b>
<b>COLLECTION RATE</b>										<b>98.00%</b>
<b>ADJUSTED RELEVANT AMOUNT</b>	<b>47</b>	<b>19,738</b>	<b>19,729</b>	<b>17,270</b>	<b>8,312</b>	<b>5,470</b>	<b>2,352</b>	<b>846</b>	<b>35</b>	<b>73,800</b>
<b>MOD CONTRIBUTION</b>										<b>804</b>
<b>TAX BASE</b>										<b>74,603</b>

**C. Council Tax Base - Previous Years**

Band	2017/18			2018/19			2019/20		
	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent
A	47,103	98.5%	18,482	47,211	98.5%	18,573	47,750	98.0%	19,359
B	32,153	98.5%	18,638	32,347	98.5%	18,972	32,674	98.0%	19,307
C	22,488	98.5%	16,508	22,709	98.5%	16,890	22,947	98.0%	17,006
D	9,539	98.5%	7,938	9,622	98.5%	8,130	9,752	98.0%	8,155
E	4,854	98.5%	5,208	4,913	98.5%	5,340	4,950	98.0%	5,332
F	1,722	98.5%	2,262	1,738	98.5%	2,308	1,755	98.0%	2,308
G	600	98.5%	833	596	98.5%	835	601	98.0%	834
H	60	98.5%	40	58	98.5%	36	58	98.0%	36
Total	118,519		69,909	119,194		71,084	120,487		72,336
MOD			866			848			836
<b>Tax Base</b>			<b>70,775</b>			<b>71,932</b>			<b>73,172</b>