

## PLYMOUTH CITY COUNCIL

**Subject:** Council Tax Base Setting 2018/19 and Council Tax Support Scheme 2018/19

**Committee:** Cabinet

**Date:** 16 January 2018

**Cabinet Member:** Cllr Darcy (Cabinet Member for Finance and ICT)

**CMT Member:** Andrew Hardingham (Interim Joint Strategic Director for Transformation and Change)

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**Ref:**

**Key Decision:** **No**

**Part:** **I**

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### **Purpose of the report:**

To recommend the 2018/19 Council Tax base to Council in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

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### **The Corporate Plan 2016/19:**

The 2018/19 Draft Budget sets out the resources available to deliver the Corporate Plan priorities.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:**

A collection rate of 98.5% has been used in calculating the Council Tax Base. Appendix A details the Tax Base calculations. The tax base is 71,932 band D equivalent properties.

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

None

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### **Equality and Diversity:**

None

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**Recommendations and Reasons for recommended action:**

1. That Cabinet recommends Council approves the Council Tax Base for 2017/18 as set out in the report.
2. That Cabinet recommends Council approves the continuation of the current Council Tax Support Scheme for 2018/19 with an update that “The authority may use information provided by the DWP and HMRC for the purposes of Council Tax Reduction, council tax liability, billing, administration and enforcement”

*It is a statutory requirement for Council to approve the Council Tax Base for the forthcoming financial year.*

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**Alternative options considered and rejected:**

Not applicable

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**Published work / information:**

None

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**Background papers:**

None

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**Sign off:**

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Originating SMT Member: Andrew Hardingham													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## **1. 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 2018 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 2018/19 during the period 1 December 2017 to 31 January 2018. 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 A.
- 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 71,932. The Council Tax Base for 2017/18 was 70,775.
- 2.2 The Tax Base calculation includes the impact of the Council Tax Support Scheme. This report assumes that all elements of the scheme remain the same for the 2018/19 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 2017.
  - (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 2017 and 31 March 2019
  - (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 2018/19 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 98.5%. This rate reflects recent arrears collection performance and the pattern of write offs. It is the same level used in setting the 201/18 Council Tax Base. Analysis of collection rates across the age profile of debts suggests that an eventual collection rate of 98.5% remains realistic and prudent in the current economic climate.

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

#### **4. COUNCIL TAX SUPPORT**

4.1 In April 2013 the National Council Tax Benefit scheme was abolished and replaced by local assistance schemes, developed and administered by local Councils. Plymouth City Council introduced two schemes from 1 April 2013; Council Tax Support and a discretionary Exceptional Hardship Scheme. The main Council Tax Support (CTS) scheme requires all working age claimants to make a minimum 20% contribution towards their Council Tax bill.

4.2 The qualifying criterion for the CTS scheme follows the basic calculation for Housing Benefit. This is based on a 'means test' with those on a basic qualifying benefit, known as a passported benefit, receiving a maximum 80% payment towards their Council Tax with a sliding qualification scale applied to all other claimants in order determine entitlement.

4.3 All Councils are required to annually review their local CTS schemes. Changes were agreed to the Plymouth CTS scheme at the Council meeting on 31 January 2017 for implementation in 2017/18 and 2018/19, to align it with changes to housing benefit that would otherwise have not been reflected. As part of the review for the 2018/19 CTS scheme a number of factors were considered:

- The Council's ability to collect council tax from individuals previously awarded council tax support
- Any possible future increase in council tax will affect the cost of the scheme.
- The phased introduction of full service Universal Credit mid-way through the 2017/18 financial year

4.4 Current caseload figures confirms that the number of residents claiming Council Tax Support has decreased by 3.6% in the last 12 months and assuming the number of claimants continues to decrease at this rate, it is expected that the caseload and scheme cost within 2018/19 can be funded within the available financial envelope

4.5 Taking the factors in the above paragraph into account it is recommended that, aside from the changes already agreed by Council in January 2017 for implementation in the 2018/19 CTS scheme, there are no material changes. An administrative update should be included to continue to enable the use of information from DWP and HMRC for the purposes of the CTS scheme.

- 4.6 It is suggested that a further review of the scheme is undertaken during the early part of 2018 to determine changes for implementation in 2019/20. The Customer Services and Finance Departments will work closely together to consider Welfare Benefit changes, the roll out of Universal Credit and any other changes that would impact on the Council Tax Support scheme and how it can be improved.
- 4.7 These factors have been taken into account in establishing the proposed Council Tax Base and the impact will be closely monitored throughout the year.



**Council Tax Base - Previous Years**

**Appendix B**

	2015/16			2016/17			2017/18		
<b>Band</b>	<b>Number of properties</b>	<b>Estimated Collection Rate</b>	<b>Adjusted Band D Equivalent</b>	<b>Number of propertie</b>	<b>Estimated Collection Rate</b>	<b>Adjusted Band D Equivale</b>	<b>Number of propertie</b>	<b>Estimated Collection Rate</b>	<b>Adjusted Band D Equivale</b>
A	46,694	98.5%	17,904	46,908	98.5%	18,260	47,103	98.5%	18,482
B	31,618	98.5%	17,942	31,876	98.5%	18,452	32,153	98.5%	18,638
C	22,046	98.5%	16,067	22,217	98.5%	16,287	22,488	98.5%	16,508
D	9,194	98.5%	7,671	9,316	98.5%	7,816	9,539	98.5%	7,938
E	4,711	98.5%	5,035	4,770	98.5%	5,147	4,854	98.5%	5,208
F	1,648	98.5%	2,146	1,686	98.5%	2,183	1,722	98.5%	2,262
G	578	98.5%	799	591	98.5%	826	600	98.5%	833
H	60	98.5%	41	59	98.5%	34	60	98.5%	40
Total	116,549		67,605	117,423		69,004	118,519		69,909
MOD			856			842			866
<b>Tax Base</b>			<b>68,460</b>			<b>69,846</b>			<b>70,775</b>