

PLYMOUTH CITY COUNCIL

Subject: Council Tax Base Setting 2019/20 and Council Tax Support Scheme 2019/20

Committee: Council

Date: 28 January 2019

Cabinet Member: Cllr Mark Lowry (Cabinet Member for Finance)

CMT Member: Andrew Hardingham - Service Director for Finance

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Ref:

Key Decision: **No**

Part: **I**

Purpose of the report:

To recommend the 2019/20 Council Tax base to Council in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

The Corporate Plan:

The Medium Term Financial Plan and associated 2019/20 budget papers will set out the resources available to deliver the Corporate Plan priorities.

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

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 73,095 band D equivalent properties.

Other Implications: e.g. Child Poverty, Community Safety, Health and

Safety and Risk Management:

None.

Equality and Diversity:

None.

Recommendations and Reasons for recommended action:

That Council -

1. approves the Council Tax Base for 2019/20 as set out in the report;
2. approves the continuation of the current Council Tax Support Scheme for 2019/20 with a new paragraph added to clarify when the claim can be made as follows:
 - a. 69.2(d) *By means of an electronic notification to the Local Authority from the Department of Work and Pensions, generated when a claim to Universal Credit is made.*
3. use the powers described in paragraph 5.6 to apply a full council tax discount, effectively reducing the amount of council tax payable to zero, for Plymouth care leavers until they reach their 25th birthday.
4. remove the 50% discount for empty properties as set out in section 6 of the report.
5. Increase the premium for properties which have been empty for more than two years from 50% to 100% as set out in section 7 of the report.

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.

Published work / information:

None.

Background papers:

None.

Sign off:

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

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 2019, 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 2019/20 during the period 1 December 2018 to 31 January 2019. 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 73,095. The Council Tax Base for 2018/19 was 71,932.
- 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 2019/20 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 2018;
 - (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 2018 and 31 March 2020;
 - (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 2019/20 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 In calculating the tax base the following has been taken into consideration for 2019/20;

3.5.1 Council Tax exemption for care leavers up to the age of 25

3.5.2 Empty Homes Premium. From 1/4/2019 the empty homes premium for properties that have been empty for more than 2 years will increase from 50% to 100%;

3.5.3 Removal of the major works discount.

3.6 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. As part of the review for the 2019/20 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 continued rollout of full service Universal Credit

4.4 Current caseload figures confirms that the number of residents claiming Council Tax Support has decreased by 7.6% 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 2019/20 can be funded within the available financial envelope.

4.5 Taking the factors in the above paragraph into account it is recommended that there are no material changes for 2019/20.

4.6 It is suggested that a further review of the scheme is undertaken during the early part of the next financial year to determine changes for implementation in 2020/21. 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.

5. CARE LEAVERS

- 5.1 Children and young people who are looked after by the local authority are amongst the most vulnerable groups in our community. Plymouth City Council has statutory corporate parenting responsibilities towards young people who have left care up to the age of 25. As corporate parents, the Council has the responsibility to keep them safe, make sure their experiences in care are positive, and improve their on-going life chances.
- 5.2 A child in the care of the council looks to the whole council to be the best parent it can be to that child. Every member and employee of the council has the statutory responsibility to act for and for that child in the same way that a good parent would act for and for their child.
- 5.3 Care leavers can find themselves grappling with the challenges of living independently; managing a household, continuing education or seeking employment, as well as managing their personal finances and paying household bills for the first time – often on a very low income and without the support of family or previous financial education to help them navigate this.
- 5.4 This can make care leavers a particularly vulnerable group when it comes to the collection of council tax when moving into independent accommodation. Further anecdotal evidence shows spiralling debt and the threat to their tenancies are amongst the biggest issues in care leaver's lives, often leading to abandonment and tenancy loss, making it extremely difficult for young people to access accommodation at a later stage. This can have a great impact on not only the young person's health and wellbeing but the wider community i.e. homelessness, health, crime and the prison service.
- 5.5 Research by the Children's Society has found that more than a third of councils across England have taken the step to exempt care leavers from council tax, enhancing their service's 'local offer' to care leavers, the quality of which is a key point of focus in Ofsted inspections.
- 5.6 Section 13A of the Local Government Finance Act 1992 allows the Council to reduce the amount of Council Tax payable. We have the right to choose whether to use powers on a case by case basis or to specify a class of use, where several taxpayers may fall into a group due to similar circumstances.
- 5.7 This paper recommends the Council use the powers described in paragraph 5.6 above to apply a full council tax discount, effectively reducing the amount of council tax payable to zero, for Plymouth care leavers until they reach their 25th birthday.

6. MAJOR WORKS DISCOUNT

- 6.1 The Government made some technical changes to council tax which came into effect on 1 April 2013, which included removing some exemptions (classes A and C) and replacing these with a locally awarded discount (Class D). One of the Class D discounts relates to empty properties undergoing refurbishment.
- 6.2 Council Tax legislation permits local authorities to offer a Class D discount of up to 100% on dwellings that are empty and unfurnished whilst they undergo renovation. The Council made the decision on 28 January 2013 to charge 50 per cent Council tax for properties undergoing major repair, for as long as the property remains in that state up to the maximum period of one year.
- 6.3 The proposal is to remove the 50% discount for empty properties undergoing major repairs. This would mean owners would not receive any Council Tax discount as a result of refurbishing their empty properties, though they would still be entitled to a 100% discount for an empty property for up to one month.

6.4 Removing the Class D discount for empty properties undergoing major repairs would increase council tax revenue. This step, alongside implementing the maximum premium chargeable for empty properties as permitted by current legislation, will further encourage empty properties back into use.

7. EMPTY HOMES PREMIUM

7.1 The Government plans to introduce a change 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 charged will rise from 50% to 100% of a normal full charge. Therefore a property will have a charge that is 200% of the normal charge. The Council plans to introduce this to encourage empty properties back into use.

The Housing Delivery Team supports the proposed increase to the council tax premium attached to empty homes as it 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 eyesore empty properties that may blight neighbourhoods;
- Address problems 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)

The legislation relating to the new premium can be found at the following link;
<http://www.legislation.gov.uk/ukpga/2018/25/contents/enacted>

Council Tax Base - Previous Years

Appendix B

	2016/17			2017/18			2018/19		
Band	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent	Number of propertie	Estimated Collection Rate	Adjusted Band D Equivale	Number of propertie	Estimated Collection Rate	Adjusted Band D Equivale
A	46,908	98.5%	18,260	47,103	98.5%	18,482	47,211	98.5%	18,573
B	31,876	98.5%	18,452	32,153	98.5%	18,638	32,347	98.5%	18,972
C	22,217	98.5%	16,287	22,488	98.5%	16,508	22,709	98.5%	16,890
D	9,316	98.5%	7,816	9,539	98.5%	7,938	9,622	98.5%	8,130
E	4,770	98.5%	5,147	4,854	98.5%	5,208	4,913	98.5%	5,340
F	1,686	98.5%	2,183	1,722	98.5%	2,262	1,738	98.5%	2,308
G	591	98.5%	826	600	98.5%	833	596	98.5%	835
H	59	98.5%	34	60	98.5%	40	58	98.5%	36
Total	117,423		69,004	118,519		69,909	119,194		71,084
MOD			842			866			848
Tax Base			69,846			70,775			71,932