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**COUNCIL TAX BASE 2016/17**

Committee: Corporate Governance & Finance Committee

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Author: Andy Radford, Chief Financial Officer

[Q135]

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1.0 **ISSUE**

1.1 The setting of the council tax base for 2016/17.

2.0 **RECOMMENDATIONS**

2.1 That the calculation of the council tax base for 2016/17, as set out at Appendix 1, be approved.

2.2 That the council tax base be determined, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, for the whole and parts of the Council's area as calculated for the year beginning 1 April 2016 as set out at Appendix 1.

2.3 That the constitution be amended so that the determination of the council tax base in future years is delegated to the Chief Financial Officer.

3.0 **BACKGROUND/OPTIONS**

3.1 The Council is required to set its tax base by the end of January each year. To do this it has to use the information provided by the Valuation Office Agency (VOA) that bands individual properties into one of 8 property valuations. Using information from taxpayers, the Council is able to give discounts and exemptions to this liability to recognise, for example, single person occupation, disability or occupation by overseas armed forces personnel. These two sets of data are combined to produce a schedule of the number of chargeable properties in proportion to valuation band D, which is the required presentation.

3.2 An assessment has also been made of the likely change in tax base to reflect new properties becoming liable to the charge from the date of the VOA's assessment used in this report.

3.3 In setting the tax base, the Committee then needs to consider the proportion of council tax that might remain uncollectible through default, bankruptcy or abscond. This is then treated as reduction in the chargeable base.

3.4 The setting of the council tax base provides the basis on which both the major precepting (County, Fire and Police) and local precepting bodies (Town and Parish Councils) can set their budgets and tax yields.

3.5 The Council's Medium Term Financial Strategy assumed a tax base increase from 28,263 (in 2015/16) to 28,433 (in 2016/17) Band D equivalents. Due to the growth in the housing provision across the district over the past 12 months, and future growth assumed over the period to 31<sup>st</sup> March 2017, the taxbase is projected to be 28,682. This increase of 249 Band D equivalents assists all precepting authorities in

setting their budgets for 2016/17. For this Council, the increased 249 Band D equivalents produces additional council tax of £35,393 in 2016/17.

#### 4.0 CALCULATING THE TAXBASE FOR 2016/17

4.1 The Local Government Finance Act 2012 allows billing authorities flexibilities over the application of council tax discounts and premiums in respect of empty properties of the following classes:

a) 2<sup>nd</sup> Homes

b) Class A empty properties (Uninhabitable properties undergoing substantial renovations)

c) Class C empty properties (Properties vacant for less than 6 months)

d) Properties left empty for more than 2 years.

4.2 The Council Tax Base 2016/17 has been calculated on the basis that the following discounts and premium are applied:

<b>Discount/Premium</b>	
Empty and Substantially Unfurnished Homes with major repairs or structural alterations	10% discount for 12 months
Empty and substantially unfurnished homes	100% discount for 1 month only
Long Term Empty Homes that have been empty for over 2 years	Charge an additional 50% premium.
Second Homes	To remove the discount completely

4.3 In addition to the above, the Government replaced the council tax benefit system in 2013 with a council tax reduction scheme. Each Council has been required to develop its own local scheme from 2013/14 to provide continued support to its local residents, but reflecting the need to make overall savings as the Government had cut the funding it provides to Councils by 10%. From 2014/15, the non – Ringfenced grant became part of the Council's overall funding and is no longer separately identified.

4.4 The cost of the Council Tax Reduction Scheme is converted into Band D equivalent properties which are then deducted from the forecast Tax Base for 2016/17. The Tax Base set out in Appendix 1 reflects the impact of the Council Tax Reduction Scheme.

#### 5.0 APPROVAL OF THE COUNCIL TAX BASE

5.1 The method of determining the council tax base are driven by statutory requirements, latest information available and professional judgements. The Council Tax base figure is therefore not a matter upon which the political decision-making process can really impact.

5.2 The law relating to the determination of the council tax base was amended in November 2003; when Authorities were allowed to delegate the tax base decision

to a committee, sub-committee or an officer. Since 2003, local authorities have increasingly delegated the determination of its council tax base to its Chief Financial (section 151) Officer. Such a change would require an amendment to the Council's constitution.

## 6.0 FINANCIAL IMPLICATIONS

6.1 The Appendix to this report shows the Tax Base analysed by the Town and Parish Councils.

## 7.0 ARGUMENTS/CONCLUSIONS

7.1 The council tax base calculation for 2016/17 is attached at Appendix 1. An allowance of 1.2% has been made for losses on collection.

## 8.0 APPENDIX

Appendix 1 Council Tax Base calculation

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<b><u>Background Documents</u></b>	<b><u>Location</u></b>	<b><u>Contact Officer</u></b>
	Room 203 The Grange Ely	Andy Radford Chief Financial Officer (01353) 616269 E-mail: andy.radford@eastcambs.gov.uk