

# Crawley Borough Council

## Consideration Report for Delegated Decision by the Leader of the Council

Expected Date of Decision 20 December 2017

### Calculation of the Council Tax Base for the Year 2018/2019

Report of the Head of Finance, Revenues and Benefits, **FIN/430**

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#### 1. Purpose

- 1.1 The purpose of this briefing note is for the Leader of the Council to exercise his delegated authority to approve the 2018/19 Council Tax Base.

#### 2. Recommendations

- 2.1 To the Leader of the Council, you are requested to use your delegated authority to approve the Council Tax Base of 34,484.4.

#### 3. Reasons for the Recommendations

- 3.1 The calculation required by statute has produced a tax base of 34,484.4 which is recommended for approval. The regulations provide that in the current year this authority must set the tax base between 1 December 2017 and 31 January 2018.

#### 4. Background

- 4.1 The Council Tax in England and Wales is provided for and governed by the provisions of the Local Government Finance Act 1992. Within this act, the Council is designated as a "Billing Authority", responsible for the billing, collection and enforcement of Council Tax.
- 4.2 The Council Tax Base forms part of the process to set the tax, being an estimate of the number of residential properties that will be liable for the tax in the coming year. This is then divided into the budget requirement of each authority to determine the tax payable per property. The calculation to determine the tax base is updated each year to allow for new properties, demolitions and changes in discounts. Of the final tax base, approximately 99% relates to actual properties and discounts with the remaining 1% being the estimated changes.
- 4.3 The Local Government Finance Act 2012 provided billing authorities with powers to:
- vary certain Council Tax discounts
  - introduce a local council tax reduction scheme

#### DISCOUNTS

- 4.4 The Second Homes discount was reduced from 10% to zero from 1 April 2013.
- 4.5 The discount for Class A, empty properties undergoing major repair or structural alteration, was reduced from 100% to zero from 1 April 2013.

- 4.6 A premium of 50% will be applied if such a property is still empty after 2 years.
- 4.7 The discount for Class C properties, empty and substantially unfurnished, is 100% for one week.
- 4.8 The family annex discount was introduced from 1 April 2014 and gives a 50% discount for people living in annexes that are related to person liable to pay the council tax in the main dwelling.
- 4.9 The Council has adopted a local council tax reduction scheme which replaced the national council tax benefit scheme from 1 April 2013.
- 4.10 The Council, as billing authority, is able to reduce the total Council Tax payable by individuals or groups of individuals. The purpose of this power is in the main to provide for disasters such as flooding to enable councils to reduce the tax liability of affected households during a given period. Authority to award such discounts has been delegated to the Head of Finance, Revenues and Benefits.

## **5. Information & Analysis Supporting Recommendation**

### CALCULATION OF THE TAX BASE

- 5.1 All residential properties are valued by the District Valuer and allocated to one of 8 bands, A to H. In order to arrive at the Council Tax payable for the year the number of properties is adjusted to a Band D equivalent for comparative purposes across the country, e.g. one Band H property pays twice the amount of a Band D and is therefore counted as two Band D equivalent properties. Having arrived at the Band D equivalent, this is divided into the amount of income required by the council to arrive at the amount payable for a Band D Council Tax. All other bands are then calculated from this.
- 6.2 The valuation list dated 11 September 2017 has been used, as well as other information dated 2 October 2017 with regards to allowances for additional properties, deletions and alterations to the list.
- 6.3 The Council Tax Base is the total number of Band D equivalents for each of the 8 valuation bands. Detailed calculations for each of the bands are set out in the Appendix to this briefing note.
- 6.3 Finally, it is necessary for the authority to take a view of the potential amount of Council Tax that could be collected and to make allowance for the possibility of bad debts. This is achieved by reducing the Gross Tax Base by a percentage that reflects the potential value of non-collection. It is proposed that for 2018/2019 the provision for bad debts be set at 0.5% (2017/2018: 0.5%).

### COMPARISON WITH CURRENT YEAR

- 6.4 The Council Tax base has increased by 590.9 Band D equivalents as explained in Table One below.

Table One

	2018/19 Band D equiv.	2017/18 Band D equiv.	Net Change
Actual per valuation list	42,463.9	42,032.2	+431.7
Estimated new properties	393.0	357.0	+36.0
Known Demolition	-	-	-
Estimated banding appeals	-10.5	-1.4	-9.1
Estimated exempt properties	-311.1	-282.9	-28.2
Estimated disabled reductions	-24.4	-24.1	-0.3
Estimated 25% discounts	-3,047.0	-3,042.4	-4.6
Estimated 50% discounts	-27.4	-26.8	-0.6
Estimated 100% discounts	-34.7	-32.1	-2.6
50% premium on homes empty for 2+ years	8.4	10.4	-2.0
Family Annexe discount	-2.0	-1.6	-0.4
Council tax reduction scheme	-4,750.5	-4,924.5	+174.0
Provision for non-collection	-173.3	-170.3	-3.0
Tax base	34,484.4	33,893.5	+590.9

## 6. Implications

- 7.1 The Council Tax Base will increase the tax yield by £114,658.23 at the current band D charge of £194.04.

## 7. Background Papers

Local Government Finance Act 1992

Local Government Finance Act 2012

[Local Council Tax Reduction Scheme, Cabinet – 28 November 2012 \(FIN/286 refers\)](#)

[Review of the Council Tax Reduction Scheme, Cabinet – 30 November 2016 \(FIN/399 refers\)](#)

COUNCIL TAX BASE CALCULATION 2018/2019

	DIS. A	BAND								BUDGET	PREVIOUS
	A	B	C	D	E	F	G	H	2018/19	YEAR 2017/18	
<b>1. Total number of Properties Liable to Council Tax</b>											
(a) Actual Number per Valuation List	1157	6,972	21,507	8,580	3,754	2,214	461	9	44,654	44,151	
(b) Estimated No of New Properties	34	149	100	118	22	12	2	0	437	414	
Known demolitions									0	0	
(c) Estimated No of Rebandings											
- Move from Band	0	-1	-3	-11	-29	-5	-6	0	-55	-52	
- Move to Band	1	3	11	29	5	6	0	0	55	52	
(d) Properties with Disabled Reduction											
- Move from Band	0	-5	-71	-37	-30	-12	-7	-3	-165	-162	
- Move to Band	5	71	37	30	12	7	3		165	162	
(e) Exempt Properties	-25	-63	-124	-58	-31	-18	-6	0	-325	-296	
- Estimate for new properties	-1	-1	-1	-1	0	0	0	0	-4	-4	
Number of Chargeable Properties	1171	7125	21456	8650	3703	2204	447	6	44,762	44,265	
<b>2. Properties Receiving Discounts/Premiums</b>											
- 25% Discount due to single adult household	685	3850	5772	1834	631	306	56	1	13,135	13,086	
- Estimate for new properties	20	82	27	25	4	2	0	0	160	180	
-25% Discount due to all but one resident being exempt	5	35	193	65	29	17	0	0	344	341	
- Estimate for new properties	0	1	1	1	0	0	0	0	3	2	
- Other Discounts											
Empty properties 100% discount	3	9	13	9	3	1	0	0	38	37	
- Estimate for new properties	0	0	0	0	0	0	0	0	0	0	
Empty properties 50% discount	0	1	0	0	0	0	0	0	1	2	
- Estimate for new properties	0	0	0	0	0	0	0	0	0	0	
All residents being disregarded for Council Tax purposes 50%	1	3	9	7	7	7	8	2	44	42	
- Estimate for new properties	0	0	0	0	0	0	0	0	0	0	
Long Term Empties 50% premium	3	3	8	2	0	1	0	1	18	21	
<b>3. Number of Properties Receiving no Discounts</b>	454	3141	15433	6707	3029	1870	383	2	31,019	30,554	
<b>4. Family Annexe discount</b>	0	-2.6	0	0	0	0	0	0			
<b>5. Council Tax Reduction Scheme</b>	-279.7	-1,734.2	-2,851.1	-557.8	-73.9	-20.2	-2.2	-			
6. Tax Base Before Tax Weighting Adjustment	711.81	4,386.69	17,093.14	7,599.43	3,456.61	2,098.56	426.84	5.25	35,778	35,107	
<b>7. Tax Weighting</b>	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9		
<b>8. Band D Equivalent</b>	474.54	3,411.87	15,193.90	7,599.43	4,224.74	3,031.26	711.41	10.50	34,657.6	34,063.8	
<b>LESS : PROVISION FOR NON-COLLECTION</b>								0.50%	-173.29	-170.32	
<b>COUNCIL TAX BASE FOR THE YEAR 2018/2019</b>									34,484.4	33,893.5	

Authorised by Head of Finance, Revenues and Benefits

..... Signature

..... Date