

Subject:	Council Tax Base 2020/21		
Date of Meeting:	23 January 2020		
Report of:	Acting Chief Finance Officer		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
	Email:	James.hengeveld@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The council tax base represents the amount that would be raised by setting a £1 council tax on a band D property. It is a requirement of the Local Government Finance Act 1992 and associated regulations that the tax base is calculated for the purpose of setting the council tax in 2020/21 before 31 January 2020.
- 1.2 The purpose of this report is to provide information to enable Members to agree the tax base for 2020/21. Members will be aware that this committee agreed an unchanged Council Tax Reduction (CTR) scheme on 5 December 2019.

2. RECOMMENDATIONS:

That Policy & Resources Committee:

- 2.1 Approves the calculation of the council's tax base for the year 2020/21.
- 2.2 Notes the collection rate assumed is 99.00%.
- 2.3 Agrees that in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2020/21 shall be as follows:-
- 2.3.1 Brighton and Hove in whole – 90,722.8 (as detailed in appendix 1)
- 2.3.2 Royal Crescent Enclosure Committee – 31.0 (as detailed in appendix 2)
- 2.3.3 Hanover Crescent Enclosure Committee – 39.4 (as detailed in appendix 2)
- 2.3.4 Marine Square Enclosure Committee – 75.8 (as detailed in appendix 2)
- 2.3.5 Parish of Rottingdean – 1,574.1 (as detailed in appendix 2)
- 2.4 Agrees that for the purposes of Section 35(1) of the Local Government Finance Act 1992, the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses.
- 2.5 Agrees that the Enclosure Committees and Rottingdean Parish are paid the required Council Tax Reduction Grant of c£4,000 in total, to ensure they are no

better or no worse off as a result of the introduction of the Council Tax Reduction Scheme for the reasons set out in paragraph 3.7.

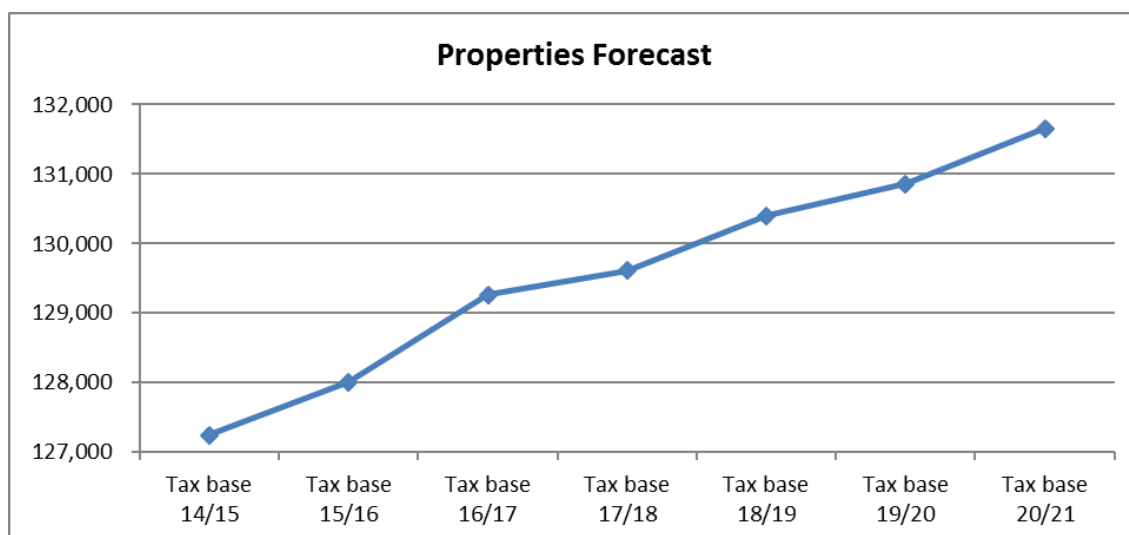
3. CONTEXT/ BACKGROUND INFORMATION

3.1 The tax base has been calculated in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012. The detail of the calculation for the whole of Brighton and Hove is shown at appendix 1.

3.2 The tax base is calculated by estimating how many properties there will be in each tax band, determining what relevant discounts and exemptions apply and how much council tax should ultimately be collected, allowing for expected collection rates.

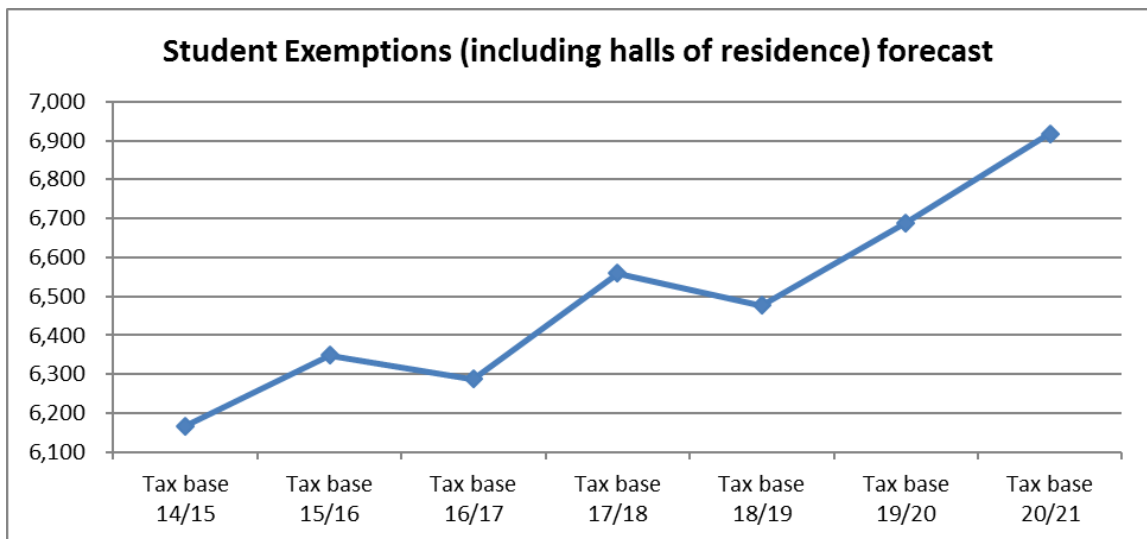
3.3 The key changes to the proposed tax base for 2020/21 are set out below.

3.3.1 As at 18 November 2019 there were 130,486 properties on the valuation list. It is forecast that 1,168 new properties will be added by March 2021 equivalent to a 0.9% increase in the housing stock of the city. This includes 142 new properties at the Circus Street development, 70 properties at the former Astoria at Gloucester Place, 58 at the former service station St Aubyns/Kingsway, 48 at Le Carbone, Portslade and 47 properties at the former Lansdowne Hotel. The council's own housing development programme includes an additional 42 properties at Selsfield Drive and Buckley Close. There are also over 175 student properties and halls of residence to be added to the list. The graph below shows the trend of registered properties over time.

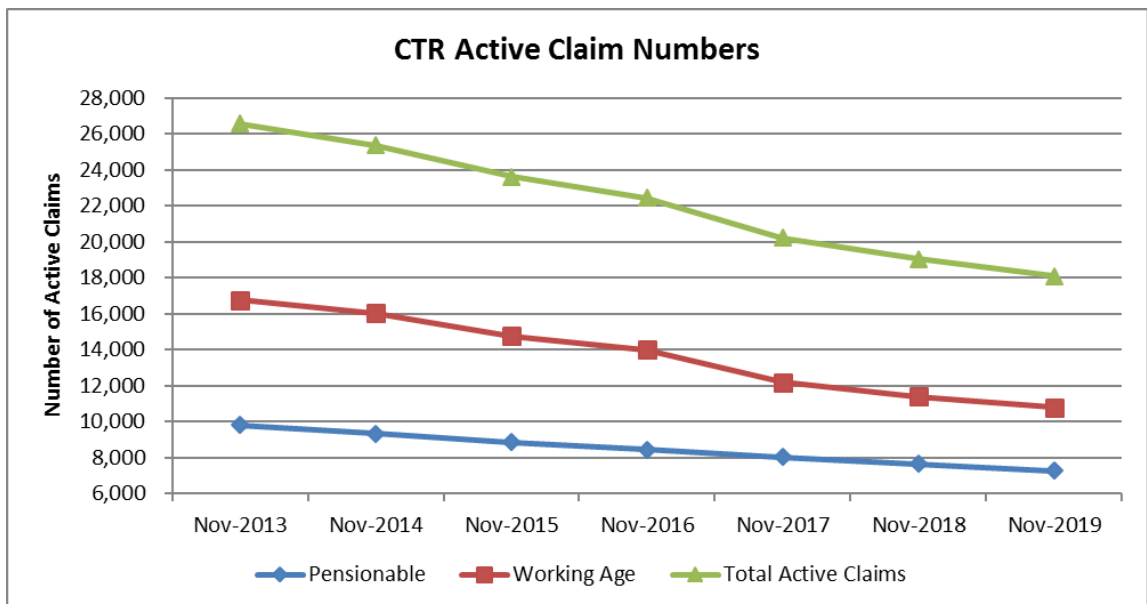


3.3.2 It is estimated that an average of 6,918 properties will be solely occupied by students (including halls of residence) during 2020/21 and the estimated value of the exemption in council tax income is £9.794m for the city council (assuming a 3.99% council tax increase). This is an increase compared with 2019/20 which is due to the increase in the numbers of halls of residence being built within the city. The University of Sussex have a significant increase in units on campus either completed or in progress. The Circus Street and Hollingdean Road developments are now built and there are further developments in progress on the Lewes Road and Heath Hill Avenue. It is expected that increases in halls of residence will ultimately reduce the number of other housing properties solely occupied by

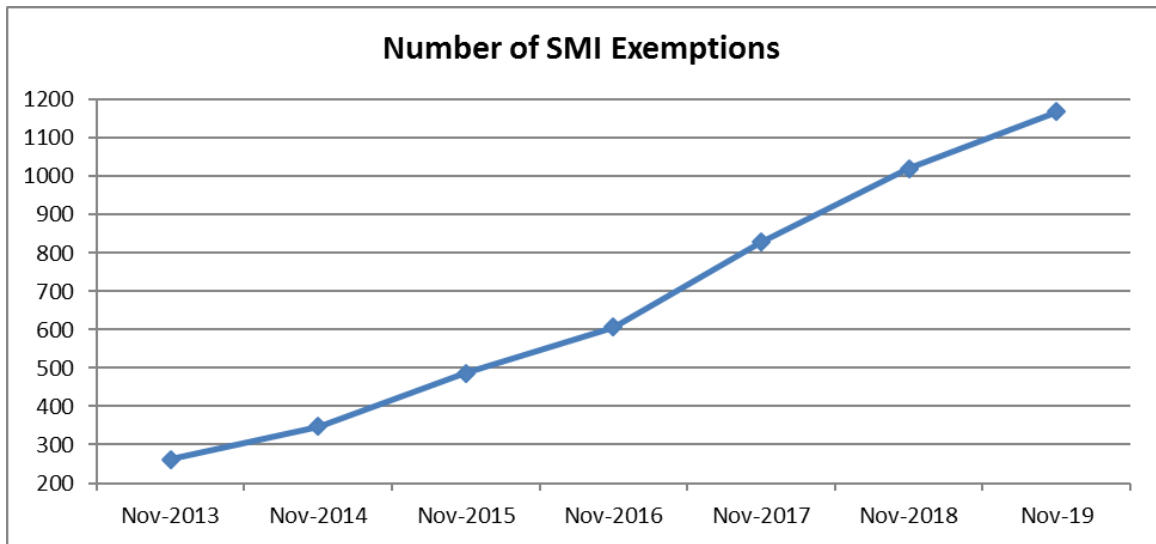
students. The graph below shows the number of student exempt properties forecast in the tax base.



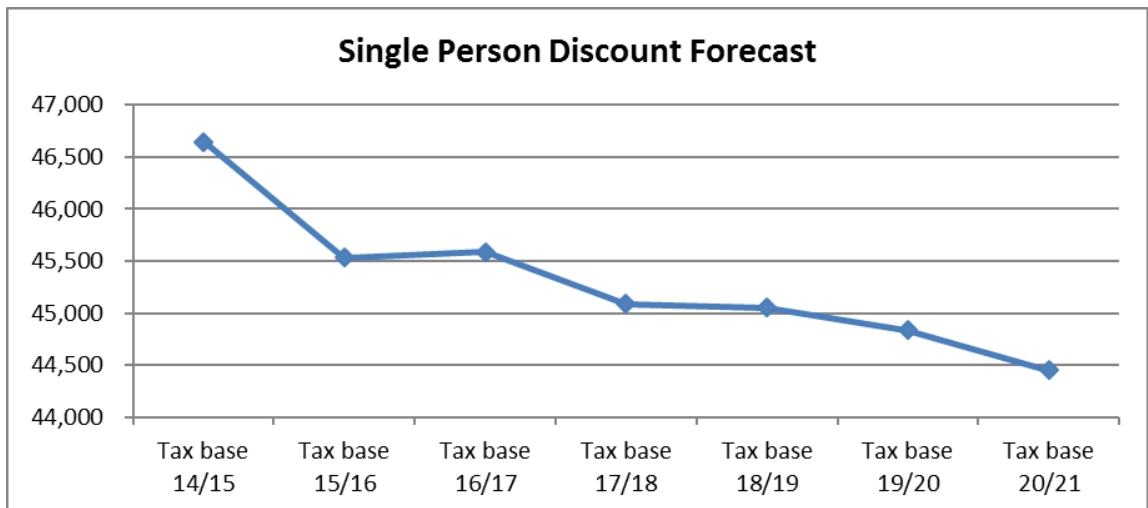
3.3.3 The number of claimants, both of working age and pensioners, receiving CTR has fallen consistently through 2019/20 but at a slightly lower level than previous years as shown in the graph below. The tax base forecast reflects a prudent assumption of this trend continuing into the next financial year.



3.3.4 There continues to be an increase in the number of exemptions for Severely Mentally Impaired (SMI) eligibility although the rate of increase has marginally slowed this financial year. An SMI exemption is a 100% discount and therefore with the introduction of the minimum contribution for working age claimants under CTR, it is beneficial for eligible claimants to be appropriately classified. Since there was no difference to the discount level previously, it is likely SMI was under reported. The changes in the numbers of CTR claimants and SMI exemptions have been reflected in the proposed tax base. SMI exemptions are shown in the graph below.



3.3.5 The proposed tax base for 2020/21 assumes a slightly lower level of single person discounts (SPDs) being awarded despite the increase in properties. This is partly due to the continued focus of the council's Revenues & Benefits Service on ensuring eligibility is correctly applied through data matching to verify the number of adults within a household. It also could be in part due to the increased award of SMI exemptions. SPD trends are shown below.



3.3.6 The empty homes council tax premium for properties that are empty for more than 5 years will increase to 200% (currently 100%) from 1 April 2020 as approved by Council on 13 December 2018 and this increase is reflected in the tax base.

3.4 The resultant tax base proposed for 2020/21 is 90,722.8 which is a 0.8% increase from the 2019/20 tax base of 90,038.5 for the reasons explained above and summarised in the table below.

	Tax base	Change
2019/20 tax base	90,038.5	
New properties and band changes	661.2	+0.7%
Reduced CTR claimants	293.5	+0.3%
Increase in empty homes premium	8.6	0.0%
Net increase in exemptions	-383.3	-0.4%
Net decrease in discounts	104.3	+0.1%
2020/21 tax base	90,722.8	+0.8%

- 3.5 This represents a decrease of 0.2% in the tax base reported in the Draft Revenue Budget proposals reported to this committee in December 2019, and reduces the estimated council tax income by £0.358m.
- 3.6 The regulations require a separate calculation for parts of a local authority area where special expenses apply. Appendix 2 show the summary calculation for Enclosure Committees in Brighton and Hove which fall under this category. Each Enclosure Committee sets a levy for maintaining the enclosure gardens, which is recovered through an additional council tax charge to the enclosure residents. Appendix 2 also shows the summary calculation for the Parish of Rottingdean.
- 3.7 The additional discounts generated by the council tax reduction scheme also have implications for the Enclosure Committees and Rottingdean Parish. In line with government guidance and what is considered fair to local residents it is proposed that the relevant proportion of council tax reduction grant is paid to each body to ensure they are no better or no worse off as a result of the local scheme. It is estimated the total grant payable in 2020/21 will be c£4,000 in line with previous years; the actual figure will depend on the tax level set by each body.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The calculation of the council tax base is determined largely by regulation and is based on the best information available at this time. Options relating to the Council Tax Reduction Scheme were considered and agreed by this committee in December 2019.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There are meetings between Finance and Revenues teams to discuss collection performance, movements in the tax base and the projections used for determining the tax base for the following year.
- 5.2 The Police and Crime Commissioner for Sussex and the East Sussex Fire Authority have been informed of the latest tax base projections as it forms part of setting their council tax precept.

6. CONCLUSION

- 6.1 It is a requirement of the Local Government Finance Act 1992 and associated regulations that the tax base is calculated for the purpose of setting the Council Tax in 2020/21 before 31 January 2020 and this report enables the Council to fulfil that requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The proposed tax base is estimated to generate £150.547m in 2020/21 based on a 3.99% council tax increase, a reduction of £0.358m compared to the estimate included in the Draft Revenue Budget proposals reported to this committee on 5 December 2019. This reduced sum will be reflected in the 2020/21 budget proposals to be presented to this committee and Budget Council in February 2020.
- 7.2 The total increase in resources from the council tax base in 2020/21 compared to 2019/20 is £6.868m. This is represented by a 0.8% increase in the tax base and 3.99% increase in Council Tax.

Finance Officer Consulted: James Hengeveld

Date: 30/12/2019

Legal Implications:

- 7.3 Under the Local Government Finance Act 1992, the council must determine the council tax base applicable to Brighton & Hove. In respect of 2020/21, the base must be determined before 31 January 2020 as required by regulation 8 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 7.4 All other references to the legal framework for setting the council tax base are contained within the body of the report.
- 7.5 The calculation of the Council Tax Base is not a function reserved to Full Council by legislation or by local agreement and, as such, it is a matter to be determined by Policy & Resources Committee.

Lawyer Consulted: Elizabeth Culbert

Date: 08/01/20

Equalities Implications:

- 7.6 There are no equalities impacts as a result of agreeing the council tax base.

Sustainability Implications:

- 7.7 None.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.8 There are potentially greater risks to the forecasts because of the extensive welfare reform changes being made nationally including universal credit.

Monitoring will be maintained at a high level throughout the year to ensure that any issues are identified quickly and mitigation measures adopted. Members will be kept up to date through the regular budget monitoring reports.

Corporate / Citywide Implications:

7.9 None.

SUPPORTING DOCUMENTATION

Appendices:

1. Tax base calculation for the whole of Brighton and Hove
2. Tax base calculation for enclosure committees and the parish of Rottingdean

Documents in Members' Rooms

1. None

Background Documents

1. Files held within the Finance and Revenues Teams

