

Subject:	Council Tax Base 2015/16		
Date of Meeting:	22 January 2015		
Report of:	Interim Executive Director of Finance & Resources		
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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. 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 2015/16 before 31 January 2015.
- 1.2 The purpose of this report is for Members to agree the tax base for 2015/16. Members will be aware that full Council agreed amendments to the Class C discount (empty and unfurnished), the Class D discount (uninhabitable) and changes to the Council Tax Reduction Scheme on 11 December 2014. There was also a savings proposal included in the Budget Update and Savings report to this committee in December 2014 relating to single person discounts. These changes are reflected in the proposed tax base set out in this report.

2. RECOMMENDATIONS:

That Policy & Resources Committee:

- 2.1 Approves this report for the calculation of the council's tax base for the year 2015/16.
- 2.2 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 2015/16 shall be as follows for each:-
 - 2.2.1 Brighton and Hove in whole – 83,633.50 (as detailed in appendix 1)
 - 2.2.2 Royal Crescent Enclosure Committee – 30.30 (as detailed in appendix 2)
 - 2.2.3 Hanover Crescent Enclosure Committee – 42.10 (as detailed in appendix 3)
 - 2.2.4 Marine Square Enclosure Committee – 67.70 (as detailed in appendix 4)
 - 2.2.5 Parish of Rottingdean – 1,516.60 (as detailed in appendix 5)

- 2.3 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.
- 2.4 Agrees that the Enclosure Committees and Rottingdean Parish are paid the required council tax reduction grant of c£5,000 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 are 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 2015/16 are listed below:
- The number of new properties on the register is approximately 188 more than was estimated this time last year. A further 414 new properties are expected to be added during 2015/16 equivalent to a 0.3% increase in the housing stock of the city, for current housing developments which are nearing completion.
 - The number of properties occupied solely by students and therefore exempt from council tax is anticipated to continue to rise, although this rise is challenging to accurately predict. An average of just over 5,100 properties are estimated to be solely occupied by students during 2015/16, which has doubled in the last 10 years. The estimate value of the exemption in council tax income is over £5.6m for the city council alone in 2015/16. Planned expansion to local universities and Further Education Colleges means the number of exempt properties could increase at a faster rate over coming years, although this would be partly mitigated by delivery of the proposed Halls of Residence developments across the city.
 - The proposed tax base for 2015/16 assumes a lower level of single person discounts (SPD) being awarded. This is partly due to a recent data matching exercise to verify the number of adults within a household. This exercise has ensured that only those households entitled to this discount receive it. As at the end of November 2014, 45,334 or 36% of all households in the city were in receipt of a SPD.
 - Full Council agreed changes to Class C (empty and unfurnished) and Class D (uninhabitable) discounts in December 2014. Details of the changes and the financial implications were given in the reports to those meetings and estimates of the impact of the changes have been included in the proposed tax base. This includes adjusting down the overall collection rate by 0.1% to reflect these harder to collect debts.

- The number of claimants, both working age and pensioners, receiving council tax reduction (CTR) has fallen consistently throughout the current year. Also, there has been a significant increase in the number of exemptions for Severely Mentally Impaired (SMI). 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.
- The impact of the CTR scheme agreed at Council in December 2014 has also been reflected in the projected tax base. This includes a reduction to the overall collection rate of 0.1% to reflect these harder to collect debts.
- In-year collection performance during the current year has been lower than projected and has consistently been below target month by month. This is due to a combination of managing harder to collect debts, as well as an increasing number of council tax payers spreading their payments over 12 months. A drop of in-year collection performance does not necessarily result in a drop in ultimate collection performance, but arrears are known to be harder to collect. There has been an improvement in arrears collection during the current year on the preceding year arrears and a full analysis of this will be looked at in more detail at year-end to determine any shortfall on ultimate collection.

3.4 The resultant tax base proposed for 2015/16 is 83,633.50 which is an increase from the 2014/15 tax base of 81,359.20 or 2.8% for the reasons explained above and summarised in the table below.

	Tax base
2014/15 tax base	81,359.20
Increases:	
- New properties and band changes	+594.50
- Reduced CTR caseload	+420.10
Savings proposed at P&R on 4/12/14 as amended by Council:	
- Changes to CTR scheme	+705.30
- Changes in class C and D discounts	+809.80
- Reduction in SPD through data matching for eligibility	+266.60
Decreases:	
- Increase in exempt properties	-505.90
- Increase in other discounts	-16.10
2015/16 tax base	83,633.50

3.5 The discretionary discounts have to be excluded from the calculation of the tax base because the cost of awarding these discounts has to be met in full by the council and cannot be shared with the Police and Fire Authorities. The discretionary discounts for 2015/16 are estimated to cost £150,000 for CTR (including the £50,000 increase agreed by Council in December 2014), £25,000 for empty properties and £11,500 for difficult-to-let properties. The discretion on empty properties is intended to allow for very exceptional circumstances and only for a maximum four week period, for example fire or flood where insurance does not provide cover.

- 3.6 The regulations require a separate calculation for parts of a local authority area where special expenses apply. Appendices 2, 3 and 4 show the details of the calculations for Enclosure Committees in Brighton & 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 5 shows the 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 2015/16 will be c£5,000, 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 and changes to discounts were considered, and agreed by full Council in December 2014.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Extensive public consultation was carried out in relation to both the Council Tax Reduction Scheme and changes to discounts. Details were shown in the reports to Council in December 2014.
- 5.2 There are regular meetings between Finance and Revenues to discuss collection performance, monthly movements in the tax base and the projections used for determining the tax base for the following year.
- 5.3 Sussex Police Authority and East Sussex Fire Authority have been kept informed of the latest tax base projections.

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 2015/16 before 31 January 2015 and this report enables the Council to fulfil that requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The increase in the proposed tax base reflects the proposals presented to P&R in December 2014 as part of the Budget Update and Savings report, as amended by Council, and generates an additional £0.425m revenue resources based on a 2% council tax increase in 2015/16.

Legal Implications:

- 7.2 Under the Local Government Finance Act 1992, the council must determine the council tax base applicable to Brighton & Hove. In respect of 2015/16, the base must be determined before 31 January 2015; regulation 8 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 refers.
- 7.3 All other references to the legal framework for setting the council tax base are contained within the body of the report.
- 7.4 The calculation of the Council Tax Base is not a function reserved to Full Council by legislation or by local agreement; as such, it is a matter proper to Policy & Resources Committee.

Equalities Implications:

- 7.5 Equalities impact assessment have been carried out for the changes to discounts and exemptions and were included in the Budget Update and Savings Report to Policy and Resources Committee in December 2014 and reports to Council.

Sustainability Implications:

- 7.6 None.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.7 There are greater risks to the forecasts because of the extensive welfare reform changes being made nationally. 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:

- 7.8 These were considered by full Council in December.

SUPPORTING DOCUMENTATION

Appendices:

1. Tax base calculation for the whole of Brighton and Hove
2. Tax base calculation for Royal Crescent
3. Tax base calculation for Hanover Crescent
4. Tax base calculation for Marine Square
5. Tax base calculation for Rottingdean Parish

Documents in Members' Rooms

1. None

Background Documents

1. Full Council on 11 December 2014 Agenda item 52 – Council Tax Reduction Scheme 2015
2. Full Council on 11 December 2014 Agenda item 53 – Council Tax Empty Property Discounts 2015/16
3. Policy & Resources Committee 4 December 2014 Agenda item 90 – Budget Update and Savings 2015/16 - Appendix 2: Detailed savings proposals 2015/16 to support a Referendum Budget
4. Files held within Finance and the Revenues Teams