




REPORT TO CABINET

12 December 2018

Subject:	Council Tax Base 2019-2020
Presenting Cabinet Member:	Councillor Steve Eling - Leader of the Council
Director:	Executive Director – Resources – Darren Carter

Contribution towards Vision 2030: 	 
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC01/12/18
Cabinet Member Approval and Date:	
Director Approval:	Executive Director – Resources – Darren Carter
Reason for Urgency:	
Exempt Information Ref:	Not required
Ward Councillor (s) Consulted (if applicable):	Not required
Scrutiny Consultation Considered?	
Contact Officer(s):	Sue Knowles – Head of ICT and Revenues and Benefits sue_knowles@sandwell.gov.uk Ian Dunn – Revenues and Benefits Service Manager ian_dunn@sandwell.gov.uk Carl Jones- Senior Operations Manager Carl_jones@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. recommends to Council that it approves the Council Tax Base for 2019-2020 to be set at 74,150.81.
2. authorises the Executive Director - Resources to adjust the Council Tax Base as required following approval of the 2019-2020 Council Tax Reduction Scheme by Council on 16th January 2019.

1 PURPOSE OF THE REPORT

To approve the Council Tax Base for 2019-2020.

2 IMPLICATION FOR THE SANDWELL'S VISION 2030

- 2.1 The Council Tax Base is an assessment by each billing authority of the number of chargeable dwellings, converted to Band D equivalents (the average band), allowing for discounts, exemptions, non-collection and new properties. This information is used when setting the Council's budget.
- 2.2 In 2018-19 Sandwell was the best performing metropolitan borough council in respect of Council Tax in-year collection.
- 2.3 This excellent performance maximises income levels for the council. It can therefore be argued that the recommendation in this report has implications for all 10 ambitions.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The Council Tax Base represents the amount that could be raised by the Council for every £1 of Council Tax that is levied in the Borough.
- 3.2 In order to calculate the Council Tax Base, it is necessary to take the actual number of properties in each Council Tax band on the valuation list and then make adjustments to these for the number which will be entitled to be exempt from the tax or attract a percentage discount from the tax, such as single person households as well as any adjustments to the Local Council Tax Reduction Scheme. In addition, assumptions need to be made for changes in the number of properties in each band between now and 31 March 2019 as a result of new builds and demolitions.

- 3.3 The adjusted numbers in each band are then converted to the equivalent number of band D properties.
- 3.4 At the time of presenting this report, consultation on Sandwell's 2019-2020 Local Council Tax Reduction Scheme had commenced. A number of changes are being proposed to the scheme. Details of the Local Council Tax Reduction Scheme will be contained within the Local Council Tax Reduction Scheme report to Cabinet on 9 January 2019.
- 3.5 For the purposes of calculating the Council Tax Base for 2019-20 it is assumed that the proposed changes will be made to the Council Tax Reduction Scheme. The Council Tax Base for 2019-20 has been calculated as 74,899.81.
- 3.6 On the 4th December 2012 the Council resolved to remove Council Tax exemptions on empty properties during the initial six months and also introduced an empty home premium of 150% for homes empty longer than two years. These changes were introduced from 1st April 2013.
- 3.7 Legislation has now been passed which will allow for an empty home premium of 200% from 1st April 2019 for homes empty for over two years, and this will be included in the Council Tax award of discount policy report to Cabinet in February 2019. This will result in an increase in the amount of collectable Council Tax which has been taken into account when setting the Council Tax base for 2019-20.
- 3.8 The adjusted Band D equivalent has to be reduced to reflect any anticipated losses on collection. Experience has shown that a 99% collection rate is ultimately achievable. The following shows the adjusted Council Tax Base for 2019/2020 at a collection rate of 99%:

<u>Collection Rate %</u>	<u>Tax Base</u>
99	74,150.81

- 3.9 The actual levels of Council Tax for 2019-2020 will be dependent upon final decisions yet to be taken on both Sandwell budgets and those of the precepting bodies, together with consideration of any surplus or deficit on the Collection Fund.

4. THE CURRENT POSITION

- 4.1 The council tax base for 2018-2019 was approved by Cabinet on 13th December 2017.
- 4.2 Assumptions made for the Council Tax base in the medium term financial strategy for 2018-19 of 72,206.05 are expected to be achieved.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

Not required as the government mandates the formula used for calculating the Council Tax Base.

6 ALTERNATIVE OPTIONS

None.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The Council Tax Base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 and be determined between 1 December and 31 January of the financial year preceding the financial year to which it will apply.
- 7.2 The Council Tax Base is the measure of the number of dwellings to which Council Tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and major precepting authorities' band D Council Tax.
- 7.3 Under the regulations, the Council Tax Base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 7.4 The relevant amounts are calculated as:
 - a. The number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year
 - b. Adjusted for the number of discounts and reductions for disability that apply to those dwellings
 - c. Adjusted to take account of expected numbers of newly built and demolished dwellings for the coming year

8 LEGAL AND GOVERNANCE CONSIDERATIONS

The Council Tax Base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 and be determined between 1 December and 31 January of the financial year preceding the financial year to which it will apply.

9 EQUALITY IMPACT ASSESSMENT

Not required.

10 DATA PROTECTION IMPACT ASSESSMENT

Not required.

11 CRIME AND DISORDER AND RISK ASSESSMENT

Not required

12 SUSTAINABILITY OF PROPOSALS

12.1 The calculation of the Council Tax Base assumes a 99% collection rate.

12.2 Experience has shown that a 99% collection rate is ultimately achievable, with in-year collection levels exceeding 98% regularly in recent years.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

From April 2015 Sandwell's Council Tax has included an amount for the provision of Adult Social Care as recommended by central government.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

No impact.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The Council Tax Base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 to enable the base to be used in the calculation of Sandwell's Council Tax for 2019/2020 to be determined.

15.2 The regulations set out the methodology to be used by authorities when calculating their Council Tax Base. They further dictate that the Council Tax Base should be set between 1 December and 31 January prior to the financial year to which it refers.

15.3 The Council Tax Base recommended in this report assumes the following:

- There will be changes made to Sandwell's Local Council Tax Reduction scheme for 2019-20.
- That the decision to apply 0% Council Tax discounts on empty properties and to apply an empty home premium of 200% for homes empty longer than two years, will commence in 2019/20.

15.4 The actual levels of Council Tax for 2019-20 will be dependent upon final decisions yet to be taken on both Sandwell budgets and those of the precepting bodies, together with consideration of any surplus or deficit on the Collection Fund.

16 BACKGROUND PAPERS

Sandwell CTB (October 2018) Return to The Department of Communities and Local Government.

17 APPENDICES:

None

Darren Carter
Executive Director – Resources