



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	COUNCIL TAX BASE 2020-2021
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	23 rd December 2019
Key Decision:	YES
Within Policy:	YES
Policy Document:	No
Service Area:	Finance & Resources
Accountable Cabinet Member:	Brandon Eldred
Ward(s)	All

1. Purpose

- 1.1 The report sets out the calculation of Northampton Borough Council's Tax Base for the year 2020/21 under the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) regulations 2003 (SI 2003/3012) and amendments made in the Local Government Act 2012.
- 1.2 The report sets out the option to change the level of premium for long term empty properties in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill, which came into effect in April 2019.

2. Recommendations

- 2.1 That Cabinet recommend to Council to approve the tax base for 2020/21 at 69,376.28 Band D equivalent properties and associated parish tax bases within this report.

'Band D' is used as a denominator value and changes to discounts, exemptions and collection rates will impact on the calculated 'tax base', in addition to any gains or losses in the number of physical properties.

	2019/20	2020/21	Change
Billing	2,804.54	2,820.81	16.27
Collingtree	528.4673	536.15	7.68
Duston	5,562.62	5,581.06	18.44
Great Houghton	294.8073	289.50	-5.31
Hardingstone	816.3065	818.18	1.88
Upton	2,723.61	2,788.69	65.07
Wootton	2,980.14	2,990.71	10.57
East Hunsbury	3,510.44	3,506.83	-3.60
West Hunsbury	1,661.73	1,667.27	5.54
Hunsbury Meadow	888.343	972.28	83.93
Northampton (Unparished)	46,647.54	47,404.79	757.25
Total tax base	68,418.55	69,376.28	957.73

- 2.2 That Cabinet delegate to the Section 151 Officer in consultation with the Cabinet member for Finance to make any technical adjustments necessary arising out of the Local Government draft settlement which impacts on the tax base, and to confirm, and inform the relevant authorities, the estimated surplus/deficit on the Collection Fund and how much would be attributable to each council, including NBC, after the statutory date of the 15th January 2020.
- 2.3 The detailed breakdown of how the tax base and the associated parish tax bases are calculated is shown as a band D equivalent in appendix 1.
- 2.4 Cabinet to recommend that the long-term empty property premium of 200% is implemented for properties vacant for over five years to Council, to take effect from the 1st April 2020.

3. Issues and Choices

3.1 Report Background

3.1.1 The tax base changes each year due to the movement in property type and how they are used. The key areas to review when making the estimate for next year are:

- The actual growth in the tax base as compared to the planning assumptions from the previous year.
- The planning assumptions for the rest of the current year and the next financial year
- The estimated movement in exemptions and discounts
- The estimated movement in the Council Tax Reduction Scheme
- The estimated non-collection in the tax base as a whole.

3.1.2 A summary of movement in the tax base is summarised below.

2019/20		2020/21
74,651.36	Tax Base (Band D equivalent)	75,260.13
271.11	Growth in tax base (note 1)	318.11
388.89	Planning Assumptions (note 2)	499.11
-51.24	Exemptions & Discounts (note 3)	-83.75
-5,658.35	Council Tax Reduction Scheme (note 4)	-5,417.53
-1,183.23	Non-Collection (note 5)	-1,199.79
68,418.55	Taxbase for Council Tax	69,376.28

3.1.3 Note 1 – The number of properties completed by the builders since November 2018 has been in line with the estimate. There has been an increase of 833 properties from the 2019/20 tax base to the 2020/21 tax base.

3.1.4 Note 2 – This is an estimate of the properties that the builders expect to complete in the next financial year, plus any that are due to be completed between the 1st December 2019 and the 31st March 2020. There is currently a reduction of 50% of the potential banding applied to the estimated new build figures to allow for part year liability, discounts and exemptions.

3.1.5 Note 3 – The main changes to exemptions, discounts and disregards are increases in awards for

- 3.1.5.□.1 Customers in hospital or care has increased (21%), this is due to an aging population.
- 3.1.5.□.2 Customers where the property is awaiting probate (19%) have increased.
- 3.1.5.□.3 Students in halls of residence (573%) has increased, this due to the extra accommodation available in the University and the district valuer rating the properties individually, rather than cumulatively.
- 3.1.5.□.4 Customers in student accommodation (10%) has also increased, primarily due to a shift to flats, rather than shared houses.
- 3.1.5.□.5 Properties occupied by persons under 18 years old (58%) have increased due an increase in accommodation being available to care leavers.

- 3.1.5.□.6 Increase in Severe Mental Impairment (32%) and Carer (20%) cases is due to continued awareness, with more customers remaining in their homes for longer and the reduction in awards for CTRS.
- 3.1.5.□.7 Single Person Discount awards have reduced by 5% due to a NCC funded review, which historically has resulted in a significant reduction in claims.

Please see appendix 2 for a list of all breakdown of all exemptions, discounts and disregards, as at the 30th November, used for the 2019/20 and 2020/21 tax bases.

- 3.1.6 Note 4 – The current Council tax Reduction Scheme is due to stay at the same level. Whilst there is a continued reduction in grant funding, the expenditure will reduce due to an expected to be a reduction in caseload.
- 3.1.7 Note 5 - The collection rate of council tax remains at 98.3% for the 2020/21 tax base setting. Collection rates have improved in recent years, especially against arrears, to a level where a surplus has been declared in the Collection Fund. The collection rate is reviewed each year as part of the tax base setting process.
- 3.1.8 There is an estimated surplus apportioned on the Collection Fund, detailed in the draft budget report to December Cabinet, which potentially could change prior to the formal notification on the 15th January 2020. The £126.7k, would be distributed as follows, £17.2k for NBC (which would equate to £87.8k for NCC, £4.3k for NCFRA and £17.4k for NPCC. This surplus also includes the bad debt provision remaining at 80%, due to continued improvement in collection rates.
- 3.1.9 The Government announced in budget in 2017 that they intended to review the level of discount for long term empty homes, and has subsequently published the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Bill, which has passed through the legislation process. This allows Billing Authorities to increase the level of premium from the existing 50%, dependent on the length of time the property has been empty and unfurnished:
- a) Up to 100% for homes empty between 2 and 5 years (this would come into effect in April 2019)
 - b) Up to 200% for homes empty between 5 and 10 years (to come into effect from April 2020) and
 - c) Up to 300% for homes empty for 10 years or more (to come into effect from April 2021)
- 3.1.10 The definition for allowing billing authorities to levy an ‘empty homes premium’ (also referred to as long term empty premium) over and above full council tax liability in respect of dwellings which have been left empty for two years or more.

3.2 Issues

- 3.2.1 The report represents the application of a prescribed process.

3.2.2 The proposal to change council tax long term empty premium must be seen in the wider context of delivering a balance budget for 2020/21 and is part of a number of options to achieve the same.

3.3 Choices (Options)

3.3.1 To not set a tax base would render the authority unable to set a council tax.

3.3.2 The methodology used to calculate the tax base, has taken into account

a) The previous decision by Council in 2013/14 in relation to the level of reductions awarded for Exemptions and Discounts.

b) The previous decision by Council in 2019/20 in relation to the level of premium charged on Long Term Empty premises.

3.3.3 To decide whether or not, to increase the existing premium charge from 100% to 200% for property empty and unfurnished for five years and over, with effect from the 1st April 2020.

3.3.4 The methodology used to calculate the tax base, has taken into account the recommendation to Council with respect to the Local Council Tax Reduction Scheme.

3.3.5 Each of these previous decisions, either individually or as a whole, could be reconsidered by Full Council and the discounts reinstated. Any decision to change the current position would have a negative financial impact on the budget report and tax base.

3.3.6 To approve the recommendations in the report

4. Implications (including financial implications)

4.1 Policy

4.1.1 There are no such implications in this report

4.2 Resources and Risk

4.2.1 No resource required. The base has to be determined by the 31st January 2020 by Full Council

4.2.2 The proposal to change council tax long term empty premium must be seen in the wider context of delivering a balance budget for 2020/21 and is part of a number of options to achieve the same.

4.2.3 The premium only applies to properties that unoccupied and unfurnished, should a property become furnished at any time then the premium would no longer be applicable, even if it remained unoccupied.

4.2.4 Currently there are 56 properties in the borough of Northampton where the increase in premium from 100% to 200% could be applied. If applied, this would increase the 20/21 tax base by 45 band d equivalent properties. Based on the estimated precepts for 20/21 this has the potential to raise the following income.

	£
NBC	11,157.96
NCC	57,843.92
Fire	3,414.85
Police	11,625.42
	<u>84,042.15</u>

4.2.5 It should also be noted that of these properties identified, 9 belong to NBC, 6 of which are at Toms Close. If these properties were to remain empty for the whole of 20/21, there would be a cost to NBC of £14,110, to offset against the increase income.

4.2.6 A risk of the premium for long term empty properties in raising additional income, is that customers may take steps to evade this, or avoiding informing us that the property has become empty.

4.2.7 The Government has announced an intention to develop guidance on considerations for properties subject to long term empty premium, but this not available to date. However, it will be necessary for the Council to consider any recommendations when available.

4.2.8 That the above policy position in respect of the Local Council Tax Reduction Scheme be kept under review in respect of future years

4.2.9 That the above policy position in respect of discretionary discounts and exemptions be kept under review in respect of future years

4.3 Legal

4.3.1 These are covered within the body of the report.

4.4 Equality and Health

4.4.1 No direct impact on equality context, however any resulting impact on options/ consultations for budgets will have to be considered individually.

4.4.2 No direct impact on equality has been identified, however we will monitor to ensure unforeseen equality issues are identified and used to inform future reviews of this policy.

4.5 Consultees (Internal and External)

4.5.1 Internal: Finance & Support – Section 151 Officer
Legal Services – Solicitor to the Council

4.5.2 External: None

4.6 How the Proposals deliver Priority Outcomes

4.6.1 Maximising income streams is a key ingredient in effective financial governance, which contributes to the priority of making every pound go further.

4.7 Environmental Implications (including climate change issues)

4.7.1 There are no such implications in this report

4.8 Other Implications

4.8.1 There are no such implications in this report

5. Background Papers

5.1 There are no such implications in this report

6. Next Steps

6.1 If Cabinet recommend to Council to approve the tax base, this report will need to Full Council before the 31st January 2020 to meet the Council's statutory duty.

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