

**Committee: COUNCIL**

**Date of meeting: 5 December 2018**

<b>Subject:</b>	2019/20 Council Tax Base
<b>Lead Officer:</b>	Head of Finance
<b>Portfolio Holder:</b>	Resources – Councillor Ruth Mitchell
<b>Link to Council Priorities:</b>	All
<b>Exempt information:</b>	None
<b>Delegated status:</b>	For Resolution

**Executive Summary:**

To provide the statutory details of the 2019/20 Council Tax Base for approval.

**Recommended:**

**That the Council Tax bases (showing band ‘D’ equivalent dwellings for tax setting purposes) for the Elmbridge area in respect of the year 2019/20 be approved as follows:**

**For the whole borough 64,720**

**For the area of the borough covered by Claygate Parish Council 3,474**

**Report:**

1. The Council is required to undertake a formal calculation of the 2019/20 council tax base, in accordance with the requirements of the Local Government Finance Act 1992. Tax base details must be determined and relevant information passed to precepting authorities by the required date of 31 January 2019.
2. Legislation requires that the calculations made must be based on the position as at 30 November 2018. These tax bases will then be used by each precepting authority early next year in setting their individual elements of the 2019/20 council tax.
3. Claygate Parish requires a specific council tax base calculation for its area; there is an additional and separate council tax levied on each of the domestic properties in the Claygate Parish area.
4. Two separate calculations for both recommendations A and B are attached as appendices to this report:

Appendix A - overall tax base for the Elmbridge Borough area (including the Claygate Parish area).

Appendix B - tax base for the Claygate Parish area.

5. The tax base is calculated by taking the actual number of properties in each property band then making allowances for anticipated changes to the end of the next financial year. These changes include the number of physical properties, statutory exemptions, discounts and the cost of awards under the Local Council Tax Support Scheme (LCTSS). The adjusted totals are then multiplied by a band specific ratio to produce the number of band D equivalents. Working out to band D equivalents is a legal requirement.

This year's tax base calculation include changes recommended by cabinet on 19 September 2018 and approved by Council on 3 October 2018 to remove a one month 100% discount for vacant properties and increase a premium on properties that have been vacant for over two years from 50% to 100%.

6. Given the tax base is estimating events up to 16 months ahead, an allowance is built in to protect against adverse movements such as successful appeals against banding, increases in the number of discounts, exemptions, and Local Council Tax Scheme (LCTS) discounts granted etc. as well as non-payment and bad debt. Last year an allowance of 1.0% was deducted from the tax base. Although there is a shortfall in the number of new properties (the significant reduction in the Council Tax Surplus for 2018/19) it is still considered prudent that an allowance of 1.0% is used for the calculation for 2019/20. This gives an estimated collection rate of 99.0% and has been used in the calculation of the council tax base for 2019/20. When next year's council tax base is calculated the 1.0% allowance will be reviewed in the light of experience at that time.

#### **Financial implications:**

The removal of the one month 100% discount increases the total tax base by 204 band D equivalents which, based on the current council tax, is worth approximately £43,500 based on Elmbridge's 11.5% share of the tax.

The increase in the empty premium charge increases the total tax base by 87 band D equivalents which is worth approximately £18,500 based on Elmbridge's 11.5% share of the tax. This additional income is likely to diminish over time as this change encourages bringing empty homes back into use more quickly.

The changes to empty discount and premium represent 50% of the total 0.9% increase in tax base from last year. For comparison the total tax base increase from 2017/18 to 2018/19 was 1.1%.

The Council Tax Base stated in this report will be used to work out the council tax funding in the 2019/20 budget to be approved by Council in February 2019.

#### **Environmental/Sustainability implications:**

None identified.

#### **Legal implications:**

Approval of the tax base by the Council, and notification to precepting authorities by no later than 31 January 2019, is a statutory requirement.

**Equality Implications:**

None for the purpose of this report.

**Risk Implications:**

None, other than the legal implications above and the estimated nature of the tax base calculation.

The collection rate of 99% may not be realised causing a deficit in the collection fund, however, this is considered an acceptable risk.

**Community Safety Implications:**

None for the purpose of this report.

**Principal Consultees:**

None for the purpose of this report.

**Background papers:**

None for the purpose of this report.

**Enclosures/Appendices:**

Appendix A - Overall tax base for the Elmbridge Borough area (including the Claygate Parish area).

Appendix B - Tax base for the Claygate Parish area.

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