

**Subject:** Council Tax Base 2013/14  
**Date of Meeting:** 24<sup>th</sup> January 2013  
**Report of:** Director of Finance  
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**Ward(s) affected:** All

**FOR GENERAL RELEASE**

Note: The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that some relevant information required to calculate the tax base was not available.

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The council tax base represents the amount that would be raised by the setting of 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 2013/14 before 31<sup>st</sup> January 2013.
- 1.2 The purpose of this report is for Members to agree the tax base for 2013/14. Members will be aware that full Council has already made decisions on the council tax reduction scheme (previously council tax benefit) and also agreed amendments to council tax discounts and exemptions (notably for second and empty homes). Those decisions 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 2013/14.
- 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 2013/14 shall be as follows:-
  - 2.2.1 For Brighton and Hove whole – 79,781.90 (as detailed in appendix 1)
  - 2.2.2 For the Royal Crescent Enclosure Committee – 30.85 (as detailed in appendix 2)
  - 2.2.3 For the Hanover Crescent Enclosure Committee – 38.75 (as detailed in appendix 3)
  - 2.2.4 For the Marine Square Enclosure Committee – 63.17 (as detailed in appendix 4)

- 2.2.5 For the Parish of Rottingdean – 1,456.99 (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 approximately £5,000 council tax reduction grant in total to ensure that 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. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 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 & Hove is shown at appendix 1. This year the calculation has become much more complex because of the introduction of the council tax reduction scheme and changes to discounts and exemptions both of which were agreed by full Council on 13 December 2012 and need to be reflected in the calculation of the tax base.
- 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 will ultimately be collected. It is hard to make comparisons from last year because of the fundamental changes that have been made to the tax base, however, the overall position is very close to the assumptions made in the Budget Update report agreed by this Committee in November 2012.
- 3.3 The key changes to the tax base for 2013/14 are listed below:
- The forecast increase in the number of properties on the council tax register has been offset by a growth of 372 or 9% in the number of properties exempt because they are occupied solely by students.
  - The estimates of the additional income generated by changes to discounts and exemptions agreed by Council come primarily from the abolition of the 10% discount for second homes and by limiting of the discount for empty and unfurnished dwellings to 6 weeks rather than 6 months. The level of income has been based on the latest forecasts for the number of relevant discounts awarded in 2012/13.
  - The number of households eligible for discounts generated by the council tax reduction scheme is expected to remain at the same average levels experienced over the last year under the former council tax benefits scheme.
  - The estimated collection rate has been reduced from 98.6% to 98.48% in line with the forecast set out in council tax reduction scheme report to this Committee in July 2012 reflecting that the income from households that have not previously paid council tax may be harder to collect. This will be closely monitored next year and reported to this Committee as part of the regular budget monitoring reports. Despite the proposed reduction the council is expected to maintain its upper quartile collection performance when compared to its nearest neighbours.

- 3.4 The resultant tax base proposed for 2013/14 is 79,781.90 which is a decrease from the 2012/13 tax base of 94,601.45 largely due to the discounts payable under the council tax reduction scheme. This is because previously council tax benefits was separately funded and not part of the tax base calculation. This loss of council tax income is offset by council tax reduction grant payable by the government as part of the council's grant settlement. Members will also be aware that the level of this grant represents a cut in long-term funding at a national level of 10% when responsibility for council tax benefit is transferred to local authorities and that the scheme has been designed so that the council will receive some transitional funding for one year only.
- 3.5 Full Council also agreed some discretionary discounts in December but these 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. Separate provision will be made in the 2013/14 revenue budget as part of the overall budget proposals coming to this Committee in February. The discretionary discounts are estimated to cost about £250,000 in 2013/14 and for example cover exceptional situations not covered by the proposals for empty dwellings such as flood or fire damage.
- 3.6 The regulations require a separate calculation to be carried out 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 which fall under this category. Each Enclosure Committee sets a levy for maintaining the enclosure gardens and this 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 likely to happen in the majority of councils across the country it is proposed that a small amount of council tax reduction grant is paid to each body to ensure that they are no better or no worse off as a result of the local scheme. It is estimated the total grant payable in 2013/14 will be just over £5,000.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 Extensive public consultation was carried out in relation to both the council tax reduction scheme and changes to discounts and exemptions. Details were shown in the reports to Council in December.
- 4.2 There are regular meetings between Strategic Finance and Revenues to discuss collection performance, monthly movements in tax base and the projections used for determining the tax base for the following year.
- 4.3 Sussex Police Authority and East Sussex Fire Authority have been kept informed of the latest tax base projections.

## 5. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 5.1 The net impact of the proposed tax base on council tax income for 2013/14 less the discretionary budget referred to in paragraph 3.5 is very close to the forecast made in the November budget update report to this Committee.
- 5.2 The latest forecasts for the collection of council tax and the monitoring of discounts and exemptions in the current year 2012/13 show that the collection fund is likely to be in balance as anticipated.

*Finance Officer Consulted: Mark Ireland*

*Date: 16/01/2013*

### Legal Implications:

- 5.3 It is a requirement of the Local Government Finance Act 1992 that the Council determine the council tax base. This must be determined before 31 January 2013.
- 5.4 This is not a function reserved to Full Council by legislation and it is proper for this matter to be decided by this Committee as the calculation of the council tax base is within its terms of reference.

*Lawyer Consulted:*

*Sarita Arthur-Crow*

*Date: 16/01/2013*

### Equalities Implications:

- 5.5 Equalities impact assessments were carried out for the council tax reduction scheme and changes to discounts and exemptions. These are set out in the December reports.

### Sustainability Implications:

- 5.6 None.

### Crime & Disorder Implications:

- 5.7 None.

### Risk and Opportunity Management Implications:

- 5.8 There are greater risks to the forecasts because of the extensive changes made. Monitoring will be increased 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.

### Public Health Implications:

- 5.9 None.

### Corporate / Citywide Implications:

5.10 These were considered by Council in December.

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

6.1 The calculation of the council tax base is determined largely by regulation. Options relating to the council tax reduction scheme and changes to discounts and exemptions were considered by Council in December.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

7.1 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 2013/14 before 31<sup>st</sup> January 2013.

## **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 13 December 2012 Agenda item 63 – Council Tax Support System – Final Scheme
2. Full Council on 13 December 2012 Agenda item 62 – Council Tax Discounts and Exemptions Reform
3. Policy & Resources Committee on 12 July 2012 Agenda item 25 – Council Tax Support System – Draft Scheme
4. Files held within Strategic Finance and the Revenues Team

