

Cheshire East Council

Cabinet

Date of Meeting:	5 th December 2017
Report of:	Director of Finance & Procurement
Subject/Title:	Council Tax Base 2018/19 – Domestic Rates
Portfolio Holder:	Councillor Paul Bates, Finance and Communication

1.0. Report Summary

- 1.1. This report sets out the Council Tax base calculation 2018/19 for recommendation from Cabinet to Council.
- 1.2. The calculation sets out the estimates of new homes less the expected level of discounts and the level of Council Tax Support (CTS). This results in a band D equivalent tax base position for each Town and Parish Council.
- 1.3. The tax base reflects growth of £3.9m (1.9%) on the 2017/18 position highlighting the positive changes locally. Additional new homes and more properties brought back into use over the last eight years, have increased the taxbase by 11%.

2.0 Recommendation

- 1.4. That Cabinet, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, recommend to Council the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2018/19 as **147,003.80** for the whole area.
- 1.5. No changes are made to the Council Tax Support Scheme for 2018/19, other than the annual increase in the allowances used and clarification following changes in other state benefits.

3.0 Other Options Considered

- 1.6. None.

4.0 Reason for Recommendation

- 1.7. In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 Cheshire East Council is required to agree its tax base before 31st January 2018.

5.0 Background/Chronology

- 1.8. Cheshire East Council is required to approve its tax base before 31st January 2018 so that the information can be provided to the Cheshire Police and Crime Commissioner and Cheshire Fire Authority for their budget processes. It also enables each Town and Parish Council to set their respective budgets. Details for each parish area are set out in **Appendix A**.

- 1.9. The tax base for the area is the estimated number of chargeable dwellings expressed as a number of band D equivalents, adjusted for an estimated number of discounts, exemptions and appeals plus an allowance for non-collection. A reduction of 1% is included in the tax base calculation to allow for anticipated levels of non-collection.
- 1.10. Processes to collect Council Tax locally continue to be effective and collection rates of 99% continue to be achieved over two years. Changes to Council Tax discounts, specifically the introduction and subsequent amendments to the CTS scheme are being managed and the forecast level of non-collection at Cheshire East has been maintained at 1% for 2018/19.
- 1.11. The tax base has been calculated in accordance with the Council's policy to offer no reduction for empty properties. However discretionary reductions will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992 for periods of up to eight weeks between tenancies. This is no change from 2017/18.
- 1.12. Analysis of recent trends in new homes, and homes being brought back into use, suggest an increase of nearly 4,000 homes is likely between the setting of the 2017/18 taxbase in October 2017 and the 31st March 2019. The impact of this growth is affected by when properties may be available for occupation and the appropriate council tax banding and this is factored into the tax base calculation.
- 1.13. The tax base also reflects assumptions around CTS payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultation for 2016/17. The history of the scheme including budgets available compared to actual payments made is shown in **Table 1** below.

Table 1 – Council Tax Support Budget since the introduction of the Scheme

Taxbase Year	CTS Payments £m	Risk Allowance £m	Resulting CTS Budget £m
2013/14 (original scheme)	18.2	0.7	18.9
2014/15	17.7	1.4	19.1
2015/16	17.7	0.9	18.6
2016/17 (revised scheme)	15.7	1.9	16.7
2017/18 (estimated)	15.0	1.2	16.2
2018/19 (estimated)	15.0	1.2	16.2

- 1.14. This level of budget will allow a risk factor of £1.2m to remain within the scheme. The ongoing level of risk reflects a number of possible influences on the scheme such as:
- Challenges over the medium term economic position.
 - The risk of a major employer leaving the area.
 - The risk of delay in the significant development projects delaying employment opportunities.
 - The prospect of a greater number of residents becoming of pensionable age and potentially becoming eligible for CTS.

- The risk of increased non-collection due to the increasing demand on non-protected residents.

1.15. No changes are proposed to the Council Tax Support Scheme for 2018/19 other than to amend the allowances used within the calculation to mirror those used within the calculation of Housing Benefit and clarification following changes in other state benefits.

6.0 Wards Affected and Local Ward Members

1.16. All

7.0 Implications of Recommendations

1.17. Policy Implications

1.17.1. None.

1.18. Legal Implications

1.18.1. In accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended and Chapter 4 of the Council's Constitution, the calculation of the Council Tax Base is a matter for full Council following a recommendation by Cabinet.

1.19. Financial Implications

1.19.1. The calculation of the tax base provides an estimate that contributes to the calculation of overall funding for Cheshire East Council in each financial year.

1.20. Equality Implications

1.20.1. None.

1.21. Rural Community Implications

1.21.1. This report provides details of taxbase implications across the borough.

1.22. Human Resource Implications

1.22.1. None.

1.23. Public Health Implications

1.23.1. None.

1.24. Other Implications (please specify)

1.24.1. None.

8.0 Risk Management

- 1.25. Consideration and recommendation of the Tax Base for 2018/19 to Council ensures that the statutory requirement to set the taxbase is met.
- 1.26. Estimates contained within the Council Tax Base calculation, such as the loss on collection and caseload for Council Tax Support, will be monitored throughout the year. Any significant variation will be reflected in a surplus or deficit being declared in the Collection Fund which is then shared amongst the major precepting authorities.

9.0 Contact Information

The background papers relating to this report can be inspected by contacting the report writer:

Name:	Jan Willis
Designation:	Director of Finance & Procurement
Tel No:	01270 686979
Email:	jan.willis@cheshireeast.gov.uk