

CHESHIRE EAST COUNCIL

Cabinet

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| Date of Meeting: | 6 th December 2016 |
| Report of: | Chief Operating Officer |
| Subject/Title: | Council Tax Base 2017/18 – Domestic Rates |
| Portfolio Holder: | Councillor Peter Groves, Finance and Assets |

1.0. Report Summary

- 1.1. Cheshire East Council is the third largest council in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Annual spending around £730m, with a balanced net budget for 2016/17 of £266.7m. The complexity of customer demands and the size of the organisation make it very important to manage performance and control expenditure to ensure the best outcomes for residents and businesses.
- 1.2. In November 2016 the Council reported its mid-year review of performance demonstrating how the Council is continuing to manage demand pressures by reflecting a manageable forecast overspend of £1.2m or 0.5% of net budget. This is lower than at the first quarter review stage (£1.5m) confirming that the Council's reserves strategy remains effective.
- 1.3. The overall financial health, performance, resilience and value for money at Cheshire East Council is strong despite taking over £50m out of its cost base since 2011/12. The 2015/16 accounts were recently signed off by the Council's external auditors, without qualification, and savings are consistently achieved through efficiency, removing duplication of effort, making reductions in management costs, and planned programmes of asset disposals. The approach continues to protect funding provided to front line services.
- 1.4. The sustainability of the Council's financial position is enhanced as, unlike many local authorities, 67% of the Council's net revenue funding is raised locally through Council Tax. The Council has continued to protect local residents by keeping Council Tax levels low and ensuring that everyone who is eligible to pay does so. This report sets out the tax base calculation for recommendation from Cabinet to Council.
- 1.5. 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.

- 1.6. The tax base reflects growth of 1.4% on the 2015/16 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 almost 9%. Reductions in CTS payments have also contributed to recent additional growth in the taxbase.

2.0 Recommendation

- 1.7. That Cabinet, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, recommends to Council, the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2017/18 as **144,201.51** for the whole area.
- 1.8. No changes are made to the Council Tax Support Scheme for 2017/18, other than the annual increase in the allowances used.

3.0 Other Options Considered

- 1.9. The Council published its [Pre-Budget Report 2017-20](#) for consultation at the beginning of November 2016. Within that document there is a proposal to vary the Council Tax Support budget (see page 93) and also to vary the non collection rate (see page 87). This proposal is reflected in the recommended taxbase in section 2 above.

4.0 Reason for Recommendation

- 1.10. 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 2017.

5.0 Background/Chronology

- 1.11. Cheshire East Council is required to approve its tax base before 31st January 2017 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**.
- 1.12. 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.
- 1.13. Processes to collect Council Tax locally continue to be effective and the Revenues and Customer Services Team recently won the Innovation Award for their collaborative work from the Institute of Revenues, Rating and Valuations. 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 therefore been reduced from 1.25% to 1% for 2017/18.

- 1.14. 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 2016/17.
- 1.15. Analysis of recent trends in new homes, and homes being brought back into use, suggest an increase of around 3,000 homes is likely between the setting of the 2015/16 taxbase and the end of 2017/18. The impact of this growth, which is affected by when properties may be available for occupation and the appropriate council tax banding, is factored into the tax base calculation.
- 1.16. 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 | 15.0 | 1.2 | 16.2 |

- 1.17. Low unemployment rates, compared to national averages, have contributed to a further reduction in the required CTS budget for 2017/18 of £0.5m.
- 1.18. This level of budget will still 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.

1.19. No changes are proposed to the Council Tax Support Scheme for 2017/18 other than to amend the allowances used within the calculation to mirror those used within the calculation of Housing Benefit.

6.0 Wards Affected and Local Ward Members

1.20. All

7.0 Implications of Recommendations

1.21. Policy Implications

1.21.1. None.

1.22. Legal Implications

1.22.1. 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.

1.23. Financial Implications

1.23.1. 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.

1.24. Equality Implications

1.24.1. None.

1.25. Rural Community Implications

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

1.26. Human Resource Implications

1.26.1. None.

1.27. **Public Health Implications**

1.27.1. None.

1.28. **Other Implications (please specify)**

1.28.1. None.

8.0 **Risk Management**

1.29. Consideration and recommendation of the Tax Base for 2017/18 to Council ensures that the statutory requirement to set the taxbase is met.

1.30. 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:

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