

CHESHIRE EAST COUNCIL

Resources Portfolio Holder

Date of Meeting: 29th November 2010
Report of: Borough Treasurer and Head of Assets
Subject/Title: Council Tax Base 2011/12
Portfolio Holder: Councillor Wesley Fitzgerald

1.0 Report Summary

- 1.1 This report notifies Portfolio Holder of the Council Tax Base for Cheshire East.

2.0 Recommendation(s)

- 2.1 That the Resources Portfolio Holder, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, agrees the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2011/12 as:

- for the whole area – 146,899.21 (Assuming option 4 below adopted)
- for each Parish area as set out in Appendix A

3.0 Reasons for Recommendation(s)

- 3.1 In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 Cheshire East Council is required to agree its tax base before 31 January 2011.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 n/a

7.0 Financial Implications

- 7.1 The calculation of the taxbase contributes to the calculation of overall funding for Cheshire East Council in each financial year.

- 7.2 The proposed reduction in the discounts to certain properties (when compared to those currently applied in 2010/2011) as detailed in the report could generate additional annual income of £928,800

8.0 Legal Implications

- 8.1 Included in report

9.0 Risk Management Implications

- 9.1 Confirmation of the Council Tax base for 2011/12 ensures that the statutory requirement to set the Tax Base is met.

10.0 Background and Options

- 10.1 Cheshire East Council is required to approve its Tax Base before 31 January 2011 so that the information can be provided to Cheshire Police Authority and Cheshire Fire Authority for their budget processes.
- 10.2 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, disabled relief 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.
- 10.3 Cheshire East has a high level of housing need with 8,444 households registered as in need of social housing, and a supply of around 1,000 lettings per annum. The affordable housing requirement is 1,243 dwellings per annum, and an average supply of 400 dwellings per annum. The need for housing is outstripping supply. Cheshire East currently has just over 3,000 empty homes which could assist to meet the high level of housing need in Cheshire East, and council tax discounts for long term empty properties act as an incentive to allow owners to leave properties empty.

Bringing empty homes back into use enhances the whole community, making the neighbourhood more attractive through maintained properties, reducing opportunities for anti-social behaviour such as fly-tipping, vandalism, graffiti, drug-taking, squatters and arson, and increasing presence and footfall in the area, promoting a feeling of community safety.

Local authorities have had the power to vary the level of discount on long term empty property since 2004/2005. Since then according to the latest statistics available 232 authorities have decided to use their powers to reduce the level of discount whilst 159 authorities have allowed the statutory discount of 50% to remain in place. The table below shows the various charging arrangements currently in place.

Number of authorities	Level of discount %
179	Zero
47	10%
6	25%
159	50%

(Source DCLG – CTB1 returns October 2009)

In 2008/2009 the Department for Communities and Local Government (DCLG) conducted research into the way local authorities had applied their discretionary powers in relation to empty properties.

Findings from the research included:

a) Those authorities who had seen a reduction in long term empty property following a reduction in the discount did not experience year-on-year reductions. Instead it appears that there was only an initial downward adjustment in year one of the change.

b) At least some of the downward adjustment was due to owners re-classifying their properties as being occupied once the tax incentive to declare them as empty was removed.

c) In general, authorities were sceptical that removing or reducing discounts alone could motivate owners to bring properties back into use given that in many areas the cost of leaving a property empty (in terms of rent forgone) far outweigh the burden of an additional tax.

d) Many authorities felt that at least some properties classed as 'long term empty' were actually part of market churn. This may include properties being inherited; taking a longer time to sell; or undergoing renovations lasting longer than six months.

e) Some authorities removed their discount simply to raise additional revenue or to bring tax policy into line with the treatment of discounts on Second Homes.

10.4 **Option 1**

From 2009-2010 the Tax Base has been calculated on the assumption that properties remaining empty for longer than six months are allowed a discount of 25% and that properties regarded as second homes are allowed a discount of 25%. If the same policy was continued then the number of band D equivalent properties after allowing for non-collection for 2011/12 is 146,135.61. Appendix B shows this per parish area.

10.5 **Option 2**

A proposal that the discount applicable to properties remaining empty for longer than six months is reduced to 0%, effectively no discount. This would increase the band D equivalent properties for 2011/2012 by 700.87 which would have the effect of increasing revenue from Council Tax by £852,500. Appendix C shows the Tax

Base per parish area based on the existing 25% discount for second homes but with no discount for empty properties.

10.6 Option 3

A proposal that the discount applicable to properties regarded as second homes is reduced to 10%. This would increase the band D equivalent properties for 2011/2012 by 62.73 and would have the effect of increasing revenue from Council Tax by £76,300. Appendix D shows the Tax Base per parish area based on the reduced discount of 10% for second homes and the existing discount of 25% for properties remaining empty for longer than six months.

10.7 Option 4 (Recommended)

A proposal to combine options 2 and 3 to remove the discount on properties remaining empty for longer than 6 months and reducing the discount on second homes to 10% will increase the band D equivalent properties for 2011/2012 by 763.6. This would have the effect of increasing revenue from Council Tax by £928,800. Appendix A shows this per parish area which is recommended for approval.

- 10.8** The area identified in the appendices as Wilmslow will be split into 3 separate parish areas known as Wilmslow, Handforth and Styal which will issue their own precept requests. It has not been possible to split the Tax Base into each of these areas at the time of this report but this will be done prior to billing.

11.0 Access to Information

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

Name: Lisa Quinn

Designation: Borough Treasurer and Head of Assets

Tel No: 01270 686628

Email: lisa.quinn@cheshireeast.gov.uk