

# CHESHIRE EAST COUNCIL

## Cabinet

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**Date of Meeting:** 10<sup>th</sup> December 2012  
**Report of:** Director of Finance & Business Services  
**Subject/Title:** Council Tax Base 2013/14  
**Portfolio Holder:** Cllr Raynes

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### **1.0 Report Summary**

- 1.1 This report notifies Cabinet of the Council Tax Base for Cheshire East and identifies important changes to the calculation of the tax base for 2013/2014.

### **2.0 Decision Requested**

- 2.1 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 2013/14 as 137,122.19 for the whole area.
- 2.2 That Cabinet recommend the Cheshire East Council Tax Support Scheme to Council in accordance with Appendix A.
- 2.3 That Cabinet recommend the calculation of the Council Tax Base for Local Preceptors to Council, in accordance with Appendix B.

### **3.0 Reasons for Recommendations**

- 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 2013.

### **4.0 Wards Affected**

- 4.1 All

### **5.0 Local Ward Members**

- 5.1 All

### **6.0 Policy Implications including - Climate change - Health**

- 6.1 N/a

## **7.0 Financial Implications 2013/14 and beyond (Authorised by the Borough Treasurer)**

- 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 2012/2013), as detailed in the report, could generate additional annual income of £3.2m.
- 7.3 The replacement of Council Tax Benefit with Council Tax Support has the effect of reducing the taxbase, as reductions under this scheme are provided as a discount to Council Tax liability as opposed to a rebate (which was subsequently repaid to the Council via Central Government subsidy).
- 7.4 Overall costs for the Council Tax Support scheme in Cheshire East are anticipated to mirror the existing expenditure on Council Tax Benefit, less the 10% overall reduction in Government Funding for this welfare benefit. The net effect on Council Tax income is therefore nil.

## **8.0 Legal Implications (Authorised by the Borough Solicitor)**

- 8.1 Included in report

## **9.0 Risk Management**

- 9.1 Confirmation of the Council Tax base for 2013/14 ensures that the statutory requirement to set the Tax Base is met.
- 9.2 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.

## **10.0 Background and Options**

- 10.1 Cheshire East Council is required to approve its Tax Base before 31 January 2013 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 The Local Government Finance Act 2012 allows Billing Authorities flexibility over the application of council tax discounts and premiums in respect of empty properties of the following classes:

i)	Homes	2 <sup>nd</sup>
ii)	Uninhabitable property undergoing substantial renovation (formerly Class A exemption)	Unimproved
iii)	Property vacant for less than 6 months (formerly Class C exemption)	Pro-rated
iv)	Property left empty for more than 2 years	Pro-rated

This flexibility is especially important for a Council, such as Cheshire East, that has low government funding due to the high local tax base. Where flexibility has been provided in the past, in relation to unoccupied properties, the Council has also maximised the amount payable, particularly in an effort to maintain the housing supply which is currently not meeting demand.

The Council Tax base of 137,122.19 has been calculated on the basis that no discount will be awarded for classes i) – iii) and a premium of 50% charged on class iv).

- 10.4 It should be noted that the current exemptions which apply to property left vacant following the death of the occupier (Class F & FP) have not been amended and will remain in place. This affords exemption for the period up to, and for 6 months following, probate.
- 10.5 Council Tax legislation allows Billing Authorities further discretion to apply discounts locally where it considers the circumstances require. This discretion is contained in Section 13A of The Local Government Finance Act 1992. The replacement of the Class C exemption with a nil discount is not intended to discourage landlords from maintaining property standards by utilising short periods between lettings for minor refurbishment work. Proposals will therefore be developed to allow vacancy periods of up to 8 weeks to be discounted in these circumstances under the provisions of Section 13A.
- 10.6 In addition to the above changes the Government are proposing to replace the Council Tax Benefit Scheme in 2013. Each Council must develop its own local scheme to provide continuing support for local residents, but reflecting a need to make overall savings. The Council will support the local scheme through an estimated investment of c.£15.5m in 2013/2014. A non-ringfenced grant will be included in the Council's overall settlement from Central Government to reflect the costs of the scheme in 2013/2014, but with a 10% reduction compared to the costs of the 2012/2013 scheme. In future years this grant will become part of the Council's overall funding from the retention of Business Rates and will not be separately identified.

- 10.7 Pensioners are protected from local changes to the scheme and will continue under existing arrangements from April 2013. This means c.14,000 working age households, of the current c.25,000 households receiving Council Tax Benefit in Cheshire East, will be affected. The new scheme must be approved by full Council by 31st January 2013.
- 10.8 An additional report in respect of the ending of the Council Tax Benefit scheme and the introduction of the local Council Tax Support Scheme is appended to this report at **Appendix A**.
- 10.9 The tax base of 137,122.19 reflects the impact of the Council Tax Support Scheme as described in **Appendix A**, including the recommendations which are made in response to the consultation exercise carried out in late summer.
- 10.10 **Appendix B** shows a reduction in tax base for a number of Town & Parish Councils. The Department for Communities & Local Government consulted on the possibility of providing a separate Council Tax Base for Town & Parish Councils due to changes in relation to Council Tax Support. The consultation response is shown below:

- 2.5 The Government will not, therefore, apply an unadjusted council tax base to the local precepting authority or to other special items. Accordingly, the council tax base regulations will apply reductions to the calculation of the council tax base for local precepting authorities and other special items, as well as billing and major precepting authorities.
- 2.6 The Government is clear that the funding attributable to the parish precept has been provided to the billing authority and expects them to work with local parish and town councils to provide certainty over their funding.

Source:

**Localising Support For Council Tax**

Council tax base and funding for local precepting authorities:  
Government response to the outcome of consultation

November, 2012

Department for Communities and Local Government

- 10.11 The tax base of 137,122.19 reflects the impact of the Council Tax Support Scheme, to provide the Council Tax Base for each Local Preceptor as described in **Appendix A**, reflecting the DCLG guidance above.
- 10.12 The Council will therefore communicate directly with Town & Parish Councils to clarify how this position will be managed in the medium term.

## **11.0 Overview of Year One and Term One Issues**

11.1 N/a

## **12.0 Access to Information**

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

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