

Cabinet

Date of Meeting: 3rd December 2019

Report Title: Domestic Taxbase 2020/21 Report

Portfolio Holder: Cllr Amanda Stott – Finance, ICT and Communications

Senior Officer: Alex Thompson – Director of Finance and Customer Services
(Section 151 Officer)

1. Report Summary

- 1.1. This report sets out the Council Tax base calculation 2020/21 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 £4.6m (2.1%) on the 2019/20 position highlighting the positive changes locally. Additional new homes and more properties brought back into use over the last ten years, have increased the taxbase by 15%.

2. Recommendations

Cabinet recommends to Council that

- 2.1. In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount to be calculated by Cheshire East Council as its Council Tax Base for the year 2020/21 as 152,597.84 for the whole area.
- 2.2. The following changes are made in respect of empty property charges:
 - i) The period for the award of discount in respect of empty rental property is reduced from 6 weeks to 4 weeks

- ii) The premium charged for property that has been empty for 5 years or longer be increased from 100% to 200%

3. 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 31st January 2020.

4. Other Options Considered

- 4.1. None.

5. Background

- 5.1. Cheshire East Council is required to approve its tax base before 31st January 2020 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**.
- 5.2. 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 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.
- 5.3. 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 2020/21.
- 5.4. The tax base has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992. Based on analysis of the locally determined discretionary reduction period for landlords it is recommended that it be reduced from six weeks to four weeks.
- 5.5. Analysis of recent trends in new homes, and homes being brought back into use, suggest an increase of nearly 5,300 homes is likely between the setting of the 2019/20 taxbase in October 2019 and the 31st March 2021. 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.

5.6. In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for 2 years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties. The Autumn Budget 2017 allows Councils to increase the premium from 100% to 200% with effect from April 2020. It is recommended that Cheshire East Council implements this change with effect from 1st April 2020.

5.7. 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 and is being reviewed for 2020/21 following a consultation. 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	14.2	2.0	16.2
2018/19	14.6	1.6	16.2
2019/20 (estimated)	15.3	0.9	16.2
2020/21 (estimated)	15.3	1.5	16.8

5.8. This level of budget will allow a risk factor of £1.5m 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.

5.9. Changes to the Council Tax Support Scheme for 2020/21, as set out in a separate report to Council, are included within the calculations of this tax base report.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. 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.

6.2. Finance Implications

6.2.1. 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.

6.3. Policy Implications

6.3.1. None

6.4. Equality Implications

6.4.1. None.

6.5. Human Resources Implications

6.5.1. None

6.6. Risk Management Implications

6.6.1. Consideration and recommendation of the Tax Base for 2020/21 to Council ensures that the statutory requirement to set the taxbase is met.

6.6.2. 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

6.7. Rural Communities Implications

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

6.8. Implications for Children & Young People/Card for Children

6.8.1. None.

6.9. Public Health Implications

6.9.1. None.

6.10. Climate Change Implications

6.10.1. None

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

8.1. Not subject to any specific consultations.

9. Access to Information

9.1. Supporting system reports evidencing current taxbase numbers is available on request.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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