

**RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE**

DECISION

Agenda Item No 12

meeting date: 12 NOVEMBER 2013
title: COUNCIL TAX BASE 2014/15
submitted by: DIRECTOR OF RESOURCES
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1 PURPOSE

- 1.1 To inform members of the latest position regarding the calculation of the council taxbase for the next financial year i.e. 2014/15.
- 1.2 To consider changes to our current council tax discounts on long term empty properties.
- 1.2 Relevance to the Council's ambitions and priorities:
 - The Council has a statutory duty to set its tax base. The revenue raised from council tax is used to finance the Council's priorities, objectives and ambitions.

2 BACKGROUND

- 2.1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (the council tax base regulations), made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2.2 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and major precepting authority's band D council tax.
- 2.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 2.4 The relevant amounts are calculated as
 - number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those dwellings
- 2.5 Some significant changes took place last year which affect how we need to calculation our tax base, these are:
 - The introduction of our local council tax support scheme
 - The introduction of any new flexibilities under the technical changes to council tax

3 THE CALCULATION OF OUR TAX BASE 2014/15

- 3.1 The calculation briefly comprises:
 - a) The number of properties in each valuation band shown on the valuation list.

- b) Less the number of dwellings that are exempt where, for example, properties are unoccupied and unfurnished for a period of less than six months.
- c) Adjustments for properties where disabled relief applies.
- d) Deductions in respect of discounts:

	Discount Allowed
Single Persons	25%
Empty Dwellings Not Exempt	50%
Dwellings Where All Residents Are Disregarded	50%
Dwellings Occupied Wholly by Students	100%

- e) Deductions in respect of the discount given under the local council tax support scheme
- f) Adjustments

- Dwellings coming on or moving off the list.
- Changes in the number of discounts.
- Allowance for appeals against the valuation banding.

- g) The resultant figure is then multiplied by the appropriate quotient for that band to give the band D equivalent, e.g.:

$$\text{Band A} \times \frac{6}{9} = \text{Band D Equivalent} \quad \text{Band H} \times \frac{18}{9} = \text{Band D Equivalent}$$

- h) A special reduction applies for disabled persons living in band A properties, they pay 5/9ths of the band D charge.
- i) Finally, an aggregate of each band is then multiplied by the assumed collection rate to give the taxbase for that parish.

This calculation is then repeated for each parish and town. The sum of them all at this stage equals the Council's taxbase, which is 21,253. This compares with a tax base for 2013/14 of 21,053.

4 LOCAL GOVERNMENT FINANCE ACT 2012

- 4.1 The *Local Government Finance Act 2012* allowed changes to the discounts on council tax for second homes and empty properties. From 1 April 2013, second homes may be charged 100% of their normal rate of council tax, instead of the previous maximum of 90%. "Unoccupied and substantially unfurnished" properties are subject to a discount of anything between 0% and 100% of their council tax, at the discretion of the billing authority. Properties undergoing "major repair work" or "structural alteration", which are vacant, can be subject to a discount of any amount between 0% and 100%, for a maximum of 12 months.
- 4.2 The full 50% discount must be retained on a second home where the liable person is required as part of his/her employment to live in job-related accommodation.

- 4.3 From 1 April 2013, local authorities can also set an 'empty homes premium' for long-term empty properties. Properties which have been unoccupied and substantially unfurnished for over two years may be charged up to 150% of the normal liability.
- 4.4 The Council decided when setting the 2013/14 tax base to leave the rates of our current discounts/exemptions unchanged mainly because of the introduction of the local council tax support scheme and the impact this would have on our tax base calculation.
- 4.5 We did however agree to keep the technical changes under review and the Budget Working Group at its October meeting considered the new flexibilities and recommend that we implement the following with effect from 1 April 2014:
- For long term empty properties (empty from 6 months up to 2 years) remove the current 50% discount which will mean owners are liable for the full 100% council tax due
 - Implement an empty homes premium of a further 50% for those properties still empty after a 2 year period
- 4.6 The Budget Working Group believe this will provide a strong incentive to bring empty properties back into use. Such a change will however have to be agreed by Full Council.
- 4.7 If you were to agree to implement these two changes regarding long term empty properties the overall tax base would increase from 21,253 by a further 138 to 21,391. Annex 1 shows how this total figure is broken down by parish.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Recommend to Full Council that the discount of 50% on long term empty properties is removed from 1 April 2014.
- 5.2 Recommend to Full Council that an empty homes premium of 50% is charged for properties empty for more than 2 years.

DIRECTOR OF RESOURCES

PF65-13/JP/AC
4 November 2013

	2014/15 taxbase	2013/14 taxbase	difference
Aighton, Bailey & Chaigley	431	427	4
Balderstone	195	194	1
Bashall Eaves	84	81	3
Billington & Langho	1,994	1,973	21
Bolton By Bowland	250	238	12
Bowland Forest HD	67	59	8
Bowland Forest LD	82	80	2
Bowland with Leagram	82	80	2
Chatburn	363	361	2
Chipping	472	466	6
Clayton Le Dale	498	497	1
Clitheroe	4,649	4,584	65
Dinckley	46	41	5
Downham	52	48	4
Dutton	106	106	0
Easington	27	26	1
Gisburn	191	190	1
Gisburn Forest	63	65	-2
Great Mitton	98	99	-1
Grindleton	342	343	-1
Horton	48	43	5
Hothersall	75	71	4
Little Mitton	16	16	0
Longridge	2,584	2,526	58
Mearley	8	7	1
Mellor	995	982	13
Middop	21	21	0
Newsholme	19	19	0
Newton	143	143	0
Osbaldeston	106	104	2
Paythorne	42	41	1
Pendleton	105	103	2
Ramsgreave	267	266	1
Read	537	542	-5
Ribchester	641	631	10
Rimington	196	195	1
Sabden	508	468	40
Salesbury	174	170	4
Sawley	165	161	4
Simonstone	490	485	5
Slaidburn	124	117	7
Thornley with Wheatley	161	165	-4
Twiston	34	34	0
Waddington	438	427	11

	2014/15 taxbase	2013/14 taxbase	difference
West Bradford	355	350	5
Whalley	1,423	1,408	15
Wilpshire	1,070	1,072	-2
Wiswell	513	485	28
Worston	41	43	-2
TOTAL	21,391	21,053	338