

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 14

meeting date: 28 OCTOBER 2014  
title: CALCULATION OF COUNCIL TAX BASE 2015/16  
submitted by: DIRECTOR OF RESOURCES  
principal author: JANE PEARSON

### 1 PURPOSE

1.1 To inform members of the council tax base for the next financial year (2015/16).

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 Recent changes introduced in 2013/14 affecting how we calculate our tax base were:

- The impact of our local council tax support scheme
- The impact of any new flexibilities under the technical changes to council tax

### 3 THE CALCULATION OF OUR TAX BASE 2015/16

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 final sum equals the Council's taxbase. For 2015/16 this will be 21,703, compared with a tax base for 2014/15 of 21,391.**

#### 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 In 2013/14, i.e. the first year of the new changes, the Council agreed to leave the rates of our current discounts/exemptions unchanged.
- 4.5 For 2014/15 however the Council, after detailed consideration, decided to implement the following changes:
- For long term empty properties (empty from 6 months up to 2 years) remove the current 50% discount i.e. 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 felt this would provide a strong incentive to bring empty properties back into use. However after writing to all affected properties and considering carefully the responses received Council decided to reverse the decision to implement an empty homes premium.
- 4.7 There are no proposals to change our current discounts for 2015/16.
- 4.8 Annex 1 shows how this total council tax base of 21,703 is broken down by parish.

## 5 LOCAL COUNCIL TAX SUPPORT (LCTS)

- 5.1 The impact of council tax support on our tax base means that overall our figure is reduced by 1,322 band d equivalents. This is because the scheme is now operated as a discount against an individual's council tax rather than paid as a benefit as previously.
- 5.2 In 2013/14 we received a grant of £23,000 from the Government to pass on to parish/town councils as compensation towards the impact of this reduction. We as a Council decided to pass on this funding to parishes as intended.
- 5.3 However in 2014/15 no grant was paid by the Government. Instead they stated that this funding had been rolled into council's overall grant settlement. As such it was impossible to identify how much funding could be attributable to parish/town councils. Whilst some councils paid no funding over we decided to pass over a reduced sum in recognition of the cut in our government funding. This totalled £17,034. Using the same principle the grant we intend to pass on for 2015/16 will be £11,500. Grants will be paid pro rata to the council tax base reduction facing each parish/town council as a result of council tax support for their area.

## 6 CONCLUSION

- 6.1 The provisional council tax base for 2015/16 is 21,703. The final council tax base will be determined between 1 December 2014 and 31 January 2015.

DIRECTOR OF RESOURCES

PF62-14/JP/AC  
16 October 2014

	2015/16 taxbase	2014/15 taxbase	difference
Aighton, Bailey & Chaigley	440	431	9
Balderstone	192	195	-3
Barrow (new parish)	352	N/A	352
Bashall Eaves, Great Mitton & Little Mitton	197	198	-1
Billington & Langho	1,993	1,994	-1
Bolton by Bowland, Gisburn Forest & Sawley	473	478	-5
Bowland Forest (High)	67	67	0
Bowland Forest (Low)	83	82	1
Bowland with Leagram	82	82	0
Chatburn	367	363	4
Chipping	483	472	11
Clayton le Dale	499	498	1
Clitheroe	4,797	4,649	148
Dinckley	45	46	-1
Downham	51	52	-1
Dutton	105	106	-1
Gisburn	194	191	3
Grindleton	355	342	13
Horton	44	48	-4
Hothersall	72	75	-3
Longridge	2,622	2,584	38
Mearley	8	8	0
Mellor	986	995	-9
Newsholme	20	19	1
Newton	145	143	2
Osbaldeston	106	106	0
Paythorne	43	42	1
Pendleton	103	105	-2
Ramsgreave	266	267	-1
Read	547	537	10
Ribchester	651	641	10
Rimington & Middop	216	217	-1
Sabden	516	508	8
Salesbury	171	174	-3
Simonstone	493	490	3
Slaidburn & Easington	147	151	-4
Thornley with Wheatley	160	161	-1
Twiston	37	34	3
Waddington	447	438	9
West Bradford	356	355	1
Whalley	1,474	1,423	51
Wilpshire	1,076	1,070	6
Wiswell (now no longer includes Barrow)	179	513	-334
Worston	43	41	2
	<b>21,703</b>	<b>21,391</b>	<b>312</b>