

The Council Tax Base and the Local Council Tax Support Scheme

Summary

To approve the Council Tax Base and Council Tax technical changes for 2016/17.
To review the Local Council Tax Support Scheme for 2016/17 including the level of support given to parishes as compensation.

Portfolio - Finance

Date signed off: 22 December 2015

Wards Affected

All

Recommendation

The Executive is asked to

- (i) NOTE the calculations of the tax base in Annexes A to F summarised below:

	Band D Equivalent Properties
Bisley	1,513.05
Chobham	1,928.94
Frimley and Camberley	23,382.72
West End	2,013.81
Windlesham	8,051.68
Surrey Heath Borough Council	36,890.20

- (ii) NOTE that the changes to Council Tax discounts made by Executive on 7 January 2014 under the freedoms given in the Local Government Finance Act 2012 and relevant statutory instruments remain unchanged for 2016/17;
- (iii) RESOLVE that £19,943 be given to Parishes in 2016/17 to offset the effect on the tax base of the Local Council Tax Support scheme;
- (iv) RESOLVE that the final setting of the Tax Base be delegated to the Executive Head of Finance; and
- (v) RECOMMEND to Full Council that the Local Council Tax Support Scheme for Surrey Heath, approved by Council on 22 January 2013, is amended to remove the award of a Family Premium for any new claims or new births after 31 March 2016.
- (vi) RECOMMEND that at the Executive Head of Finance make any further minor changes to the Local Council Tax Support scheme so as to ensure that where applicable to income and applicable amount calculation it

remains in line with Housing Benefit changes introduced by legislation.

- (vii) RECOMMEND that the that incomes and applicable amounts and non-dependant deceptions are uprated in line with the percentages and amounts supplied by DWP and DCLG, and applied to Housing Benefit claims.

Resource Implications

1. Surrey Heath Borough Council is legally required to set its Council Tax Base for 2016/17 by 31st January 2016.
2. The 2016/17 Council Tax for this Borough will be set at the Council meeting on 24th February 2016.
3. The increase in the tax base of 289.70 equivalent Band D properties will generate an additional £61,500 in income, based on the current Band D council tax charge.
4. Central Government has stated that money is provided to compensate parishes for the loss of income from the Local Council Tax Support Scheme (LCTSS). However this is included within the overall settlement and so is not separately identified. Last year the Council agreed to reduce the money paid over to parishes in line with the overall percentage reduction in government funding. Ministers have stated that they expect no reduction in the grant that is paid over to parishes and so for this reason it is recommended that the payment made last year of £19,943.44 be unchanged.

Key Issues

Technical changes to Council Tax

5. Technical changes to Council Tax were introduced from April 2013 under the Local Government Finance Act 2012 which meant that Councils were empowered to set a number of changes to Council Tax discounts and exemptions as well as introduce a premium for long term empty properties.
6. The table below sets out the permitted range of relief categories, the exemption set in 2015/16 and the proposed relief for 2016/17 is unchanged.

Category	Permitted changes	2015/16 Reliefs	Proposed 2016/17 relief
Empty Homes in need of or undergoing major repair or structural alterations	Discount of up to 100% for 12 months	No discount from day one	No change
Empty Homes	Discount of up	100%discount	No change

that are unoccupied and substantially unfurnished	to 100% for any period	for the first 28 days a property remains unoccupied and substantially unfurnished.	
Furnished Homes not occupied as anyone's main home	Can discount up to 10%	No discount from day one	No change
Long term empty houses (over 1 year)	Discount of up to 50% for one year and ability to set a premium after 2 years	No discount and 50% premium on properties empty more than 2 years	No change

7. The reducing of exemptions for empty properties has encouraged property owners to bring these back in to occupation sooner.
8. The biggest single discount given on Council Tax is the "Single person's discount" which gives a reduction of 25% on Council Tax for those properties with one occupier. This ability to vary this discount has been retained by Government and so cannot be varied by local councils.

Local Council Tax Support Scheme

9. On 1 April 2013 the Council introduced a new Local Council Tax Support Scheme (LCTSS) to replace Council Tax Benefit, for working age claimants. The new scheme operates as a Council Tax discount and Councils were able to vary the value of discount on Council Tax granted to working age claimants. Pensioner claimants were protected and continued to receive help towards their council tax based on regulations set by Central Government.
10. The funding given by Government to fund the new scheme was insufficient to pay the full cost of granting all claimants 100% discount. Members took the view when setting the scheme in January 2013 that the cost of the LCTSS should not fall on local tax payers and so set the discount level at 70% for working age claimants, rather than the 100% previously, subject to a number of specific exemptions for defined vulnerable groups.
11. Members also agreed to put £10,000 into a hardship fund for individual cases for 2015/16.
12. An increasing number of hardship payments are being refused as the current procedural guidance requires there to have been council tax benefit in payment as at 31 March 2013. The demand for hardship payments is low but it is recommended that the guidance be amended to

remove the reference to the necessity of there having been entitlement to council tax benefit as at 31 March 2013.

13. A separate grant of £419k was received from the Government to fund the scheme in 2013/14. This however was included within the overall support grant for 2014/15 and for 2015/16 is not separately identifiable. It is anticipated that the loss of income to the borough will amount to £416k in 2016/17 as a result of the discount given for the LCTSS. Given that overall government funding is being reduced it is likely that the reduced grant paid will not meet the cost of the LCTSS. If reductions in funding continue it is likely that the scheme may have to be reviewed in 2016/17 with a view to increasing the amounts claimants pay from the existing 30% to 40% however this will need to be balanced against claimant's ability to pay any additional council tax.
14. On 2 December 2015 the Department for Communities and Local Government launched a review into how local Council Tax support schemes are working across the country which closes 12 January 2106. In considering changes to our local scheme the findings of this review will be referred to.
15. It is recommended that the scheme remains unchanged for 2016/17 but the scheme may have to change for 2017/18 in the light of government funding changes when known.
16. For ease of administration it is important that there is alignment in respect of treatment of income and calculation of applicable amounts between housing benefit and the local council tax support scheme. Each year the Government makes minor changes to their scheme to reflect uprating of benefits etc. In order that the housing benefit and LCTSS remain aligned the Executive Head of Finance has delegated authority to make such minor changes as may be necessary to the LCTSS for all types of claimant.

Support to Parishes

17. The introduction of the LCTSS in April 2013 had the effect of reducing the Council Tax base since it operated as a discount rather than a benefit.
18. In order to recognise the effect that this would have on parishes the Government provided a grant to Councils in 2013/14 to give to parishes to ensure they were no worse off because of the introduction of the LCTSS. This amounted to £22,923. The grant was again provided in 2014/15 as it was not separately identifiable the Council agreed to reduce the parish element by 13% in line with the overall reduction in funding received by the Council
19. It is proposed that no reduction be made in the current financial year and that the situation be reviewed again in 2016/17 in the light of further anticipated Government funding reductions. This will also mean that

Parishes will not have to increase their precepts in 2016/17 just to cover any grant reduction. The level of support is shown in the table below:

Parish/Town	Support given in 2014/15	Support for 2015/16	Support for 2015/16
Bisley	1,334.30	1,334.30	1,334.30
Chobham	2,962.87	2,962.87	2,962.87
Frimley and Camberley	8,116.98	8,116.98	8,116.98
West End	1,591.65	1,591.65	1,591.65
Windlesham	5,937.64	5,937.64	5,937.64
TOTAL	£19,943.44	£19,943.44	£19,943.44

Options

20. The Executive can accept, amend or reject any part of the proposal. It should be noted that the Council has a statutory duty to determine its Tax Base by 31st January 2016.

Proposals

21. It is proposed that the Executive:

- (i) note the calculations of the tax base in Annexes A to F summarised below;

	Band D Equivalent Properties
Bisley	1,513.05
Chobham	1,928.94
Frimley and Camberley	23,382.72
West End	2,013.81
Windlesham	8,051.68
Surrey Heath Borough Council	36,890.20

- (ii) note that the changes to Council Tax discounts made by Executive on 7 January 2014 under the freedoms given in the Local Government Finance Act 2012 and relevant statutory instruments remain unchanged for 2016/17;
- (iii) resolve that £19,943 be given to Parishes in 2016/17 to offset the effect on the tax base of the Local Council Tax Support scheme;
- (iv) resolve that the final setting of the Tax Base be delegated to the Executive Head of Finance; and
- (v) Recommend to Full Council that the Executive Head of

Finance be delegated to make minor changes to the Local Council Tax Support scheme so as to ensure that where applicable to income calculation it remains in line with Housing Benefit changes introduced by legislation.

- (vi) Recommend to Full Council that incomes and applicable amounts and non-dependant deceptions are uprated in line with the percentages and amounts supplied by DWP and DCLG, and applied to Housing Benefit claims.
- (vii) Recommend to Full Council that the current guidance for discretionary hardship awards be amended to remove the reference to the necessity to have been in receipt of council tax benefit as at 31 March 2013
- (viii) Recommend to Full Council that a sum of £10,000 be made available in 2016/17 for discretionary hardship awards

Supporting Information

- 22. Attached in Annexes A to F of this report are detailed breakdowns of the calculations of the Tax Base for each part of the Borough, i.e. the 4 parishes and the urban area of Frimley and Camberley. In addition Annex F includes a breakdown of the calculation of the Tax Base for the whole area. The format of the Annexes meets statutory requirements.
- 23. The Annexes assume that there will be no change to the discounts and exemptions given nor to the LCTSS.
- 24. The Executive should note that Tax Base calculation, which must be calculated for each area of the Borough for bands A to H, reflects the following:
 - a) The number of chargeable properties on the Listing Officer's Valuation List, as adjusted for exempt properties and disabled relief which have been granted.
 - b) Discounts where there are only one or no residents in a property. The figures reflect the position as at 5 October 2015.
 - c) The Ministry of Defence will be making a contribution in respect of its properties which are exempt under Council Tax. The equivalent number of properties is added into the Frimley and Camberley calculations.
 - d) No change is anticipated in the number of discounts given during 2016/17.
 - e) The losses on collection allowance remains at 1.5% to reflect the current economic situation, an allowance for the LCTSS and seeks to avoid creating a deficit on the collection fund.

Corporate Objectives and Key Priorities

25. By setting the tax base and thus raising the correct level of Council Tax the Council is able to support all its corporate objectives.

Legal Issues

26. There is a statutory requirement to set the Council Tax Base by the 31st January 2016 in accordance with the Local Government Finance Act 1992.

Risk Management

27. If the tax base is not set then this would delay the budget setting and billing for 2016/17.

Equalities Impact

28. No discernible impact has been identified over and above those noted and dealt with when the LCTSS was introduced in April 2013.

Annexes A – F	Council Tax Base calculations
Background Papers	None
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Consultations, Implications and Issues Addressed

	Required	Consulted
Resources		
Revenue	✓	✓
Capital		
Human Resources		
Asset Management		
IT		
Other Issues		
Corporate Objectives & Key Priorities		
Policy Framework		
Legal	✓	✓
Governance	✓	✓
Sustainability		
Risk Management	✓	✓
Equalities Impact Assessment		
Community Safety		
Human Rights		
Consultation		
P R & Marketing		

ANNEX C

2016_17										
Frimley and Camberley	BANDS									
	@	A	B	C	D	E	F	G	H	TOTAL
1.Total number of dwellings on the Valuation List	0	402	1610	4302	6739	3991	2908	3277	117	23346.00
Number of dwellings exempt	0	35	32	210	125	184	59	34	11	690.00
2. Adjusted number of chargeable dwellings	0	367	1578	4092	6614	3807	2849	3243	106	22656.00
Number of chargeable dwellings subject to disabled reduction	0	1	2	15	31	19	14	22	5	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	1	2	15	31	19	14	22	5	0	
3. Adjusted number of chargeable dwellings	1	368	1591	4108	6602	3802	2857	3226	101	22656.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	1	240	867	1512	1905	785	413	395	3	1530.25
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	3	1	2	2	2	4	7	0	21.00
4. Adjusted number of chargeable dwellings	0.75	306.5	1373.8	3729.0	6124.8	3604.8	2751.8	3123.8	100.3	21115.25
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	0	10	3	1	0	2	1	0	17.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	0	4	22	19	6	7	3	0	61.00
5. Adjusted number of chargeable dwellings	1	307	1,375	3,709	6,106	3,599	2,746	3,121	100	21062.75
Reduction in taxbase as a result of local council tax support	0.73	96.43	396.27	399.19	408.30	70.66	24.64	9.95	0.00	1,406.17
6. Adjusted number of chargeable dwellings	0.02	210.07	978.48	3,309.31	5,697.95	3,528.09	2,721.11	3,111.30	100.25	19,656.58
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	0	140.0	761.0	2941.6	5698.0	4312.1	3930.5	5185.5	200.5	23169.3
Adjustment for expected new properties at Band D										100
Less										
Allowance for loss on collection of 1.5%										349.04
MOD PROPERTIES										462.50
Tax Base after adjustment										23,382.72

ANNEX D

2016_17									
West End	BANDS								TOTAL
	A	B	C	D	E	F	G	H	
1.Total number of dwellings on the Valuation List	23	37	86	275	561	455	262	18	1717.00
Number of dwellings exempt	3	2	1	1	3	2	0	0	12.00
2. Adjusted number of chargeable dwellings	20	35	85	274	558	453	262	18	1705.00
Number of chargeable dwellings subject to disabled reduction	0	0	0	0	3	2	1	0	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	0	0	0	3	2	1	0	0	
3. Adjusted number of chargeable dwellings	20	35	85	277	557	452	261	18	1705.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	8	24	47	83	112	51	33	3	90.25
Number of dwellings in line 3 entitled to a 50% discount	0	0	0	0	0	0	0	0	0.00
4. Adjusted number of chargeable dwellings	18.0	29.0	73.3	256.3	529.0	439.3	252.8	17.3	1614.75
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	1	1	0	0	1	0	0	0	3.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	0	0	1	2	0	0	0	3.00
5. Adjusted number of chargeable dwellings	18.5	29.5	73.3	255.3	527.5	439.3	252.8	17.3	1613.25
Reduction in taxbase as a result of local council tax support	2.38	10.14	11.17	10.48	10.81	3.10	0.92	0.00	49.00
6. Adjusted number of chargeable dwellings	16.12	19.36	62.08	244.77	516.69	436.15	251.83	17.25	1,564.25
Ratio to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	10.7	15.1	55.2	244.8	631.5	630.0	419.7	34.5	2041.5
Adjustment for expected new properties at Band D									3
Less									
Allowance for loss on collection of 1.5%									30.67
MOD PROPERTIES									0.00
Tax Base after adjustment									2,013.81

ANNEX F

2016_17										
Surrey Heath	BANDS									
	@	A	B	C	D	E	F	G	H	TOTAL
1. Total number of dwellings on the Valuation List	0	573	2062	5731	9558	6607	5668	4950	486	35635.00
Number of dwellings exempt	0	49	39	226	153	199	76	44	14	800.00
2. Adjusted number of chargeable dwellings	0	524	2023	5505	9405	6408	5592	4906	472	34835.00
Number of chargeable dwellings subject to disabled reduction	0	1	2	20	45	30	25	27	8	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	1	2	20	45	30	25	27	8	0	
3. Adjusted number of chargeable dwellings	1	525	2041	5530	9390	6403	5594	4887	464	34835.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	1	293	1165	2205	2772	1440	861	595	49	2345.25
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	3	1	2	4	2	4	10	1	27.00
4. Adjusted number of chargeable dwellings	0.75	450.3	1749.3	4977.8	8695.0	6042.0	5376.8	4733.3	451.3	32476.25
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	4	13	5	6	3	6	5	5	47.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	0	8	26	26	11	10	5	1	87.00
5. Adjusted number of chargeable dwellings	0.8	452.3	1747.8	4954.3	8672.0	6032.5	5369.8	4730.8	452.8	32412.8
Reduction in taxbase as a result of local council tax support	0.73	128.67	490.07	577.14	565.18	125.82	47.61	18.20	0.99	1,954.4
6. Adjusted number of chargeable dwellings	0.02	323.58	1,257.68	4,377.11	8,106.82	5,906.68	5,322.14	4,712.55	451.76	30,458.34
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	0	215.7	979.0	3891.6	8106.8	7218.1	7687.5	7854.2	901.5	36854.4
Adjustment for expected new properties at Band D										128
Less										
Allowance for loss on collection of 1.5%										554.74
MOD PROPERTIES										462.50
Tax Base after adjustment										36,890.20