

The Council Tax Base and the Local Council Tax Support Scheme

Summary

To approve the Council Tax Base and Council Tax technical changes for 2017/18.
To review the Local Council Tax Support Scheme for 2017/18 including the level of support given to parishes as compensation.

Portfolio - Finance

Date signed off: 9 November 2016

Wards Affected

All

Recommendation

The Executive is asked to RESOLVE

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

	Band D Equivalent Properties
Bisley	1,566.16
Chobham	1,960.49
Frimley and Camberley	23,664.75
West End	2,027.92
Windlesham	8,098.72
Surrey Heath Borough Council	37,318.04

- (ii) to 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 2017/18;
- (iii) that £19,943.44 be given to Parishes in 2017/18 to offset the effect on the tax base of the Local Council Tax Support scheme; and
- (iv) that the final setting of the Tax Base be delegated to the Executive Head of Finance.

The Executive is asked to RECOMMEND to Full Council that

- (v) the Local Council Tax Support Scheme for Surrey Heath, approved by Council on 22 January 2013, remains unchanged for 2017/18;
- (vi) bullet point 7 of the background at Section 1 of the Council Tax Exceptional Hardship Policy be amended to state that Council Tax Support must be in payment, or have been in payment, in the financial

year which an award is sought, to ensure the Exceptional Hardship awards can be made to those meeting the set criteria;

- (vii) 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; and
- (viii) 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.

Key Issues

Technical changes to Council Tax

1. 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.
2. The table below sets out the permitted range of relief categories, the exemption set in 2016/17 and the proposed relief for 2017/18.

Category	Permitted changes	2016/17 Reliefs	Proposed 2017/18 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 that are unoccupied and substantially unfurnished	Discount of up to 100% for any period	Discount given for first 28 days a property remains unoccupied or substantially unfurnished whichever is the shorter.	No change
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	No discount and 50% premium on	No change

	to set a premium after 2 years	properties empty more than 2 years	
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3. The reducing of exemptions for empty properties has encouraged property owners to bring these back in to occupation sooner.
4. 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

5. 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 council tax benefit based on regulations set by Central Government.
6. 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. Members also agreed to put £10,000 in to an exceptional hardship fund for individual cases.
7. The Council Tax Support Exceptional Hardship fund, as introduced from 1 April 2013 has a requirement that Council Tax Support must be in payment in the week in which an Exceptional Hardship fund award is made or the applicant must have been in receipt of Council Tax Benefit on 31 March 2013.
8. The current conditions include the criterion that Exceptional Hardship awards can be made to those in receipt of Council Tax Benefit as of 31 March 2013. It is considered that the passage of time has made this reference obsolete.
9. Members are asked to amend the wording to: Council Tax Support must be in payment, or have been in payment, in the financial year which an award is sought, to ensure the Exceptional Hardship awards can be made to those meeting the set criteria.
10. A separate grant of £419k was received from Government to fund the scheme in 2013/14. This however was included within the overall support grant for 2014/15, 2015/16 and 2016/17 and was not separately

identifiable. In 2017/18 the Revenue support grant is being reduced to zero and so it is reasonable to assume that no Government Support is being received to fund the LCTSS. As a result of this it is likely that the scheme may have to be reviewed in 2017/18 with a view to increasing the amounts claimants pay from the existing 30% to a higher level however this will need to be balanced against claimant's ability to pay any additional council tax.

11. Hence it is recommended that the scheme remains unchanged for 2017/18 but the scheme may have to change for 2018/19 in the light of expected government funding.
12. 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 is asking for delegated authority to make such minor changes as may be necessary to the LCTSS for all types of claimant.

Support to Parishes

13. 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.
14. 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
15. Given a reduction in funding was made last year it is proposed that no reduction be made in the current financial year and that the situation be reviewed again in 2018/19 in the light of further anticipated government funding reductions. This will also mean that Parishes will not have to increase their precepts in 2017/18 just to cover any grant reduction The level of support is shown in the table below:

Parish/Town	Support given in 2016/17	Support for 2017/18
Bisley	1,334.30	1,334.30
Chobham	2,962.87	2,962.87
Frimley and Camberley	8,116.98	8,116.98
West End	1,591.65	1,591.65
Windlesham	5,937.64	5,937.64
TOTAL	£19,943.44	£19,943.44

Resource Implications

16. Surrey Heath Borough Council is legally required to set its Council Tax Base for 2017/18 by 31st January 2017.
17. The 2017/18 Council Tax for this Borough will be set at the Council meeting on 22nd February 2017.
18. The increase in the tax base of 427.84 will generate an additional £82,400 in income.
19. In February 2015 the Government has stated that money is provided to compensate parishes for the loss of income from the Local Council Tax Support Scheme (LCTSS). From 2017/18 the Revenue support grant has been reduced to zero and so for this reason so for this reason it is recommended that the payment made last year of £19,943.44 be unchanged.

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 2017.

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	1,566.16
Chobham	1,960.49
Frimley and Camberley	23,664.75
West End	2,027.92
Windlesham	8,098.72
 Surrey Heath Borough Council	 37,318.04

- (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 2017/18;
- (iii) resolve that £19,943 be given to Parishes in 2017/18 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.

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 3 October 2016.
 - 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 2017/18.
 - 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 2017 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 2017/18.

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

2017_18										
Frimley and Camberley	BANDS									
	@	A	B	C	D	E	F	G	H	TOTAL
1.Total number of dwellings on the Valuation List	0	410	1657	4406	6792	3988	2916	3293	121	23583.00
Number of dwellings exempt	0	36	26	216	127	197	65	34	12	713.00
2. Adjusted number of chargeable dwellings	0	374	1631	4190	6665	3791	2851	3259	109	22870.00
Number of chargeable dwellings subject to disabled reduction	0	1	2	12	26	16	15	25	5	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	1	2	12	26	16	15	25	5	0	
3. Adjusted number of chargeable dwellings	1	375	1641	4204	6655	3790	2861	3239	104	22870.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	1	240	883	1547	1945	797	408	403	3	6227.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	8	1	4	2	3	5	8	1	32.00
4. Adjusted number of chargeable dwellings	0.75	311.0	1419.8	3815.3	6167.8	3589.3	2756.5	3134.3	102.8	21297.25
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	0	11	4	1	1	0	1	1	19.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	1	7	15	18	4	5	1	0	51.00
5. Adjusted number of chargeable dwellings	1	310	1,418	3,802	6,150	3,586	2,752	3,134	103	21255.75
Reduction in taxbase as a result of local council tax support	0.74	93.82	381.72	357.31	362.69	64.56	24.21	10.00	0.00	1,295.05
6. Adjusted number of chargeable dwellings	0.01	216.18	1,036.53	3,444.94	5,787.56	3,521.19	2,727.29	3,123.75	103.25	19,960.70
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	144.1	806.2	3062.2	5787.6	4303.7	3939.4	5206.3	206.5	23455.9
Adjustment for expected new properties at Band D										80
Less										
Allowance for loss on collection of 1.5%										353.04
MOD PROPERTIES										481.90
Tax Base after adjustment										23,664.75

ANNEX D

2017_18

West End	BANDS								TOTAL
	A	B	C	D	E	F	G	H	
1.Total number of dwellings on the Valuation List	24	36	84	275	558	457	265	18	1717.00
Number of dwellings exempt	3	1	1	0	3	0	0	0	8.00
2. Adjusted number of chargeable dwellings	21	35	83	275	555	457	265	18	1709.00
Number of chargeable dwellings subject to disabled reduction	0	0	0	0	3	3	1	0	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	0	0	0	3	3	1	0	0	
3. Adjusted number of chargeable dwellings	21	35	83	278	555	455	264	18	1709.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	11	25	44	88	102	54	27	3	354.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	0	0	0	0	0	0	0	0.00
4. Adjusted number of chargeable dwellings	18.3	28.8	72.0	256.0	529.5	441.5	257.3	17.3	1620.50
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	0	0	0	0	0	0	0	0.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	0	1	4	1	0	1	0	7.00
5. Adjusted number of chargeable dwellings	18.3	28.8	71.0	252.0	528.5	441.5	256.3	17.3	1613.50
Reduction in taxbase as a result of local council tax support	1.47	9.71	10.56	9.62	8.79	4.12	1.11	0.00	45.38
6. Adjusted number of chargeable dwellings	16.78	19.04	60.44	242.38	519.71	437.38	255.14	17.25	1,568.12
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	11.2	14.8	53.7	242.4	635.2	631.8	425.2	34.5	2048.8
Adjustment for expected new properties at Band D									10
Less									
Allowance for loss on collection of 1.5%									30.88
MOD PROPERTIES									0.00
Tax Base after adjustment									2,027.92

ANNEX E

ANNEX F

2017_18

Surrey Heath	BANDS									
	@	A	B	C	D	E	F	G	H	TOTAL
1.Total number of dwellings on the Valuation List		588	2109	5839	9598	6614	5669	4987	499	35903.00
Number of dwellings exempt		51	30	228	148	215	76	41	14	803.00
2. Adjusted number of chargeable dwellings		537	2079	5611	9450	6399	5593	4946	485	35100.00
Number of chargeable dwellings subject to disabled reduction		1	2	18	39	25	29	31	10	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	1	2	18	39	25	29	31	10	0	
3. Adjusted number of chargeable dwellings	1	538	2095	5632	9436	6403	5595	4925	475	35100.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	1	299	1179	2246	2838	1440	875	603	49	9530.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	9	1	4	3	4	6	12	3	42.00
4. Adjusted number of chargeable dwellings	0.75	458.8	1799.8	5068.5	8725.0	6041.0	5373.3	4768.3	461.3	32696.50
Number of dwellings in line 4 classed as empty and being charged the Empty Homes Premium	0	5	13	6	5	2	4	6	4	45.00
Number of dwellings in line 4 classed as empty and entitled to 28 day 100% discount	0	1	8	26	27	7	8	2	0	79.00
5. Adjusted number of chargeable dwellings	0.8	460.3	1798.3	5045.5	8700.5	6035.0	5367.3	4769.3	463.3	32640.0
Reduction in taxbase as a result of local council tax support	0.74	122.00	470.30	525.52	505.34	116.23	43.09	16.07	0.79	1,800.1
6. Adjusted number of chargeable dwellings	0.01	338.25	1,327.95	4,519.98	8,195.16	5,918.77	5,324.16	4,753.18	462.46	30,839.92
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	225.5	1032.9	4017.8	8195.2	7234.1	7690.5	7922.0	924.9	37242.1
Adjustment for expected new properties at Band D										155
Less										
Allowance for loss on collection of 1.5%										560.96
MOD PROPERTIES										481.90
Tax Base after adjustment										37,318.04