

Report to: **District Council of Easington**
Date: **10th January 2008**
Report of: **Head of Financial Management**
Subject: **Calculation of Council Tax Base 2008/2009 and Council Tax powers.**
Ward: **All**

1. Purpose of the Report

To agree the Council Tax Base for 2008/2009 and recommendations relating to powers available to the Council concerning Council Tax.

2. Consultation

The Housing Strategy unit, Planning & Building Control Services Unit, other Local Authorities in County Durham and the Department for Communities and Local Government have been consulted.

3. Background

3.1 In order to fulfil obligations under the Local Government Finance Act 1992 with regard to tax setting, the Council must, before 31 January 2008, determine the Council Tax Base for the whole of the District and those parts of the District known as Parish Councils.

3.2 The rules for calculating the Tax Base are prescribed within the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by the Local Authorities [Calculation of Tax Base] [Amendment] [England] Regulations 2003.

The Tax Base is determined by the formula $A \times B$ where A = the total relevant amounts for the area and B = the estimated collection rate for the year

3.3 The total relevant amounts [A] are determined by using the Valuation List as it stood on 30 November last, adjusted for anticipated movements within the list for the year and an estimate of the number of discounts to be applied.

The adjustments taken into account includes estimates of the following:-

- i) anticipated completions of new properties during the year
- ii) successful appeals against bandings
- iii) anticipated demolitions
- iv) movement within bands in respect of disabled reductions
- v) numbers of exempt properties
- vi) the number of discounts in respect of single persons and empty properties

3.4 Factor B is the estimated collection rate for the year and I propose that a collection rate of 98.5% be applied for 2008/2009.

3.5 Appendix A sets out the Council Tax Base Calculation for the whole of the District, calculated in accordance with the above criteria.

3.6 In addition to the above, the Council Tax Base for each parish has also been determined using the same criteria and in accordance with the regulations.

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- 3.7 Members will be aware that parishes throughout the area, precept the Council for monies to provide parish functions throughout the area.
- 3.8 Regulations introduced in 2003 allow billing authorities to change the Council Tax discount in respect of second homes from 50% to a minimum of 10%.
- 3.9 Regulations introduced in 2003 allow billing authorities to reduce or remove completely, the Council Tax discount, in respect of long term empty properties, which was set nationally at 50%.
- 3.10 Regulations introduced in 2003 allow billing authorities to introduce locally defined discounts such as in cases of flood damage etc.

4. Position Statement and Option Appraisal

- 4.1 Whilst the new regulations allow billing authorities to change the Council Tax discount in respect of second homes, it is estimated that only a very small number of properties would be affected in the area, and Easington Council, as the billing authority would only benefit by approximately 12 pence in the £, of any additional revenues generated as a result.
- 4.2 New regulations allow billing authorities to reduce or remove completely, the Council tax discount in respect of long term empty properties, which has been set nationally at 50%. Any increase in revenues resulting from altering the discount would have to be reflected in the Tax Base, which would also mean a reduction in the Formula Grant, formerly the RSG Grant.
 - 4.2.1 We have approximately 1880 void properties, of which 250 are Council owned and 860 void for over 6 months.
 - 4.2.2 I have consulted with the Housing Strategy unit and their Housing business plan, contains details of their strategy, in respect of long term empty properties, which is one of the reasons the Government was hoping this initiative would encourage Local Authorities to set up. As the billing authority, we would retain approximately 12 pence in the £, of any additional revenues generated as a result.
 - 4.2.3 Similar changes, levied on empty properties in the past, have not been successful in forcing owners to occupy or let these properties, due to prevailing local market conditions.
- 4.3 Locally defined discounts would have to be funded by the billing authority, which means that the main body of Council Taxpayers would have to make up the shortfall by paying higher Council Tax.
 - 4.3.1 Recent ideas for the introduction of discounts, have been successfully challenged e.g. pensioner increase capping.

5. Implications

5.1 Financial

- 5.1.1 There are no new financial implications for the Council if the recommendations in the report are agreed.

5.2 **Legal**

5.2.1 The report is in accordance with the prevailing legislation and the Council Tax base will be used to determine Council Tax levels for 2008/09.

5.3 **Policy**

5.3.1 The report sets out the implications of Council Tax discounts and locally defined discounts if introduced or varied for the council.

5.4 **Risk**

5.4.1 A risk assessment has been completed and the necessary actions required to manage the identified risks have been/will be implemented.

5.5 **Communications**

5.5.1 The Council has a legal obligation under the Local Government Finance Act 1992, before the 31st January 2008, to determine the Council Tax Base for the whole of District and those parts of the District known as Parish Councils.

5.6 **Corporate**

5.6.1 The report fulfils the obligation under the Local Government Finance Act 1992 with regard to tax setting, which will assist the Council in raising the monies it needs to help meet its expenditure requirements.

6. Recommendations

6.1 The Council are recommended to agree the proposals on the Council Tax Base as set out in Resolutions 1,2 and 3 in Appendix B.

6.2 The Council are recommended to adopt the proposals on Council Tax decisions and locally defined discounts as set out in Resolutions 4, 5 and 6 in Appendix B.

Background Papers

District of Easington Risk Assessment

coctb-2007-2008/AS/SU

Appendix B

Proposed Resolutions

Resolution No. 1

That the report of the Head of Financial Management for the calculation of the Council's Tax Base for the year 2008/2009 be approved.

Resolution No. 2

That pursuant to the report of the Head of Financial Management and in accordance with the Local Authorities [Calculation of Tax Base] Regulations 1992, as amended by the Local Authorities [Calculation of Council Tax Base] [Amendment] [England] Regulations 2003, the relevant amounts calculated by the District of Easington Council as its Council Tax Base for the year 2008/2009 shall be 26,997.1

Resolution No. 3

That pursuant to the report of the Head of Financial Management and in accordance with the Local Authorities [Calculation of Tax Base] Regulations 1992, as amended by the Local Authorities [Calculation of Council Tax Base] [Amendment] [England] Regulations 2003, the amounts calculated for individual parishes throughout Easington District are as follows:-

Castle Eden	298.0
Dalton le Dale	516.7
Easington Colliery	1,425.5
Easington Village	740.0
Haswell	558.7
Hawthorn	194.6
Horde	2,255.2
Hutton Henry	492.1
Monk Hesleden	1708.5
Murton	1,970.3
Nesbitt	3.3
Peterlee	5698.1
Seaham	5,564.1
Seaton with Slingley	419.7
Sheraton	52.4
Shotton	1,185.2
South Hetton	797.9
Thornley	685.4
Trimdon	396.0
Wheatley Hill	856.3
Wingate	1,179.1

Resolution No. 4

That pursuant to the report of the Head of Financial Management and in accordance with the Local Government Finance Act 1992, as amended by the Local Government Act 2003, The Council Tax [Prescribed Classes of Dwellings] [England] Regulations 2003 and The Local Authority (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003, the discount in respect of second homes shall remain at 50% for the year 2008/2009.

Resolution No. 5

That pursuant to the report of the Head of Financial Management and in accordance with the Local Government Finance Act 1992, as amended by the Local Government Act 2003, The Council Tax [Prescribed Classes of Dwellings] [England] Regulations 2003 and The Local Authority (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003, the discount in respect of long term empty properties shall remain at 50% for the year 2008/2009.

Resolution No. 6

That pursuant to the report of the Head of Financial Management and in accordance with the Local Government Finance Act 1992, as amended by the Local Government Act 2003, The Collection Fund (Council Tax Reductions) (England) Directions 2003 (Annex C) and The Council Tax (Administration and Enforcement) (Amendment) Regulations 2003, the Council does not intend to introduce a locally defined discount for the year 2008/2009.

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