

<b>TITLE</b>	<b>Council Tax Base 2019/20</b>
<b>FOR CONSIDERATION BY</b>	Council on 14 December 2018
<b>WARD</b>	None Specific;
<b>DIRECTOR</b>	Director of Corporate Services - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Set the Council Tax Base for 2019/20 in respect of the whole Borough and all constituent parts so that each precepting body can subsequently set their Council Tax budgets for the year. The higher the tax base the lower the tax burden.

Agree a Premium of 100% for Long Term Empty properties (two years or more)

## **RECOMMENDATION**

Council is asked to:

- 1) agree the proposed Council Tax Base, for the whole area and by Parish, as set out in the report;
- 2) approve the proposed allocation of £20,000 grant to the parishes in respect of council tax reduction as set out in the council tax base table;
- 3) agree a Premium payment of 100% (increased from 50%) on those homes that have been empty and unfurnished for a period of two years or more.

## **SUMMARY OF REPORT**

### **Council Tax Base**

Local authorities must ensure their council tax base for the forthcoming financial year is approved by Council, or a delegated body, by 31<sup>st</sup> January each year.

This year's tax base calculations show that with a total of 67,635 properties on the Council Tax register as at 1st October 2018, after making all relevant adjustments for discounts, exemptions, new builds, bad debts, etc. the proposed tax base of band D equivalents is 70,176.60 for 2019/20.

The proposed tax base for 2019/20 reflects an increase of 2.20% on the equivalent figure for the 2018/19 financial year.

The Council is also proposing to allocate £20,000 to parishes to offset some of the reduction in the council tax base for them arising from the council tax reduction scheme which replaced council tax benefit in April 2013.

A summary of the impact of the movements on the council tax base is as follows:

- (i) The Borough had 69,908.0 properties at 1 October 2018 net of the loss due to any Council Tax Reduction

(ii) The increase arising from the estimated new properties in 2019/20 and other changes is estimated at 977.5 band D equivalent properties.

(iii) The total of (i) to (ii) above is 70,885.5 properties. The bad debt provision for 2019/20 is 1% of this amount, i.e. 708.9 properties.

The net total of (i) to (iii) above is 70,176.6 properties as set out in the analysis of issues.

### **Empty Homes Premium**

Local Authorities have the ability to increase the Empty Homes Premium on long term empty properties (empty for two years or more) from 50% to 100%. This will encourage owners of those long term empty homes to bring them back into use. 76 properties have been charged a premium during the current year, generating additional income of £63,512. If this had been at 100% that would have generated an additional £63,512. If we allowed for a 10% reduction for people bringing their properties back into use rather than pay the 100% Premium that would generate an additional £57,000 income.

## Background

The Local Authorities (Calculation of Tax Base) Regulations require the billing authority (Wokingham Borough Council) to notify its major precepting bodies (The Police and Fire Authorities) and its Parishes of the tax base for the following financial year. The precepting bodies may request this information between the 1<sup>st</sup> December 2018 and 31<sup>st</sup> January 2019.

## Analysis of Issues

The prescribed calculation is made as follows;

- (i) A return is made to the Ministry of Housing, Communities and Local Government (form CTB1). This analyses the valuation list as at a prescribed date into the various property bands and then provides details of discounts and exemptions;
- (ii) The Band D equivalent property numbers for tax purposes for the whole of the area are broken down into each constituent Parish area;
- (iii) An adjustment is made to allow for the impact of council tax reduction grant (which reduces the Band D equivalent property numbers in each area and overall);
- (iv) An estimate of unbanded and new properties expected to be banded during 2019/20 are added;
- (v) An adjustment is then made to take account of bad debts. This has been maintained at 1.0% as in previous years.

The resultant outcome reflects the tax base for the coming financial year in accordance with the table below:

<i>Parish</i>	<i>Share of £20k CTR grant</i>	<i>2019/20 Tax Base</i>	<i>2018/19 Tax Base</i>	<i>% Change</i>
<i>Arborfield &amp; Newland</i>	£504.22	1,292.30	1,272.4	1.56%
<i>Barkham</i>	£67.56	1,687.10	1,594.4	5.81%
<i>Charvil</i>	£172.39	1,411.90	1,409.7	0.16%
<i>Earley</i>	£2,801.56	11,894.10	11,842.5	0.44%
<i>Finchampstead</i>	£408.18	5,933.30	5,769.5	2.84%
<i>Remenham</i>	£0	326.30	320.0	1.97%
<i>Ruscombe</i>	£103.66	498.80	496.8	0.40%
<i>St. Nicholas Hurst</i>	£55.93	1,064.40	1,058.1	0.60%
<i>Shinfield</i>	£1,703.56	5,656.80	5,371.7	5.31%
<i>Sonning</i>	£161.90	817.60	815.3	0.28%
<i>Swallowfield</i>	£60.66	1,069.90	1,041.4	2.74%
<i>Twyford</i>	£259.82	3,011.80	3,004.9	0.23%
<i>Wargrave</i>	£494.80	2,119.60	2,110.3	0.44%
<i>Widdersley</i>	£615.03	4,117.70	4,011.3	2.65%
<i>Wokingham Town</i>	£3,414.48	15,513.80	15,052.5	3.06%
<i>Wokingham Without</i>	£532.22	3,232.40	3,179.5	1.66%
<i>Woodley</i>	£8,644.03	10,528.80	10,318.8	2.04%
<b><i>Whole Area</i></b>	<b>£20,000.00</b>	<b>70,176.60</b>	<b>68,669.1</b>	<b>2.20%</b>

The grant allocations are distributed using the same formula as in the previous four years, and are based upon council tax base levels.

## **Background**

1. Government has introduced new legislation intended to help local authorities increase the volume of their local housing stock by incentivising property owners to bring long term empty homes back into use to provide safe, secure and affordable homes. This will support local communities by increasing the supply of affordable housing and enhancing the sustainability of local communities without the necessity of additional new build properties.
2. A certain level of empty homes is inevitable due to housing market churn; however, long term empty properties are more likely to deteriorate and may result in associated anti-social behaviour in an area. There are a variety of reasons why properties remain empty, but it is important to try and encourage homeowners to bring empty properties back into use particularly with the current pressure on finding housing for residents. There are 76 properties which have been unoccupied and unfurnished for more than two years within the borough and therefore are already subject to an Empty Homes Premium.
3. Government is now handing Local Authorities additional powers to further incentivise property owners to bring properties back to the market by introducing a higher premium. From 1 April 2019 the premium is set to increase to 100% (from 50%) for those properties which are empty for 2 years and over.
4. There are however certain exemptions to this premium being applied. These include premises owned by members of the armed forces, annexes and properties that are genuinely on the market for sale or let.

## **Analysis of Issues**

76 properties have been charged a premium during the current year, generating additional income of £63,512. If this had been at 100% that would have generated a further additional income of £63,512. .If we allowed for a 10% reduction for people bringing their properties back into use rather than pay the 100% Premium that would generate an additional £57,000 income. Should the premium prove successful and reduce long term empty properties then there could be no financial benefit or indeed a small cost as premium charges fall away.

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	Yes	Revenue
Next Financial Year (Year 2)	N/A	Yes	Revenue
Following Financial Year (Year 3)	N/A	Yes	Revenue

<b>Other financial information relevant to the Recommendation/Decision</b>
The revised tax base and total grant allocation will be factored in to the 2019/20 budget setting process

<b>Cross-Council Implications</b>
Council tax income contributes to the funding of all services.

<b>List of Background Papers</b>
None

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