

Full Council

Supplementary Information



Date: Tuesday, 13 December 2016

Time: 2.00 pm

Venue: The Council Chamber - City Hall, College Green, Bristol, BS1 5TR

Issued by: Ian Hird, Democratic Services
City Hall, Bristol, BS1 5TR
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Supplementary Agenda

9. Approval of council tax base 2017-18

To agree, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 that the amount calculated by Bristol City Council as its council tax base for the financial year 2017-18 shall be 124,083.

(Pages 3 - 16)

Includes supplementary note as requested by OSM Board



Full Council

13 December 2016



Report of: Strategic Director – Resources

Title: Approval of Council Tax Base 2017/18

Ward: Citywide

Member presenting report: Councillor Craig Cheney, Cabinet Member for Finance, Performance and Governance

Recommendation

To agree, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, that the amount calculated by Bristol City Council as its Council Tax base for the financial year 2017/18 shall be 124,083.

Summary

The Local Government Finance Act 1992 (as amended) requires the Council as the Billing Authority to calculate a Council Tax Collection Fund estimate by 31 January each year.

The significant issues in the report are:

The number of Band D equivalent properties, net of exemptions, reductions and discounts, in the Tax Base for 17/18 is 124,083 and increase of 3,137 (2.6%) Band D equivalent properties since October 2015.

Policy

Bristol City Council has the power in statute to raise a tax on households in its area to pay for the provision of local services. It is designated as the Billing Authority for the area. This means that it is responsible for levying a council tax to meet its own demands and to meet the precepts of other authorities in the area. The major precepting bodies are Avon Police and Crime Commissioner and Avon Fire Authority.

2. Consultation

i. Internal

Assistant Local Tax Manager – Citizen Services

ii. External

Not Applicable

3. Context

- i. Section 67 of the Local Government Finance Act 1992 (as amended) requires the Council to determine its tax base for council tax purposes each year. Properties are recorded in eight national bands by value (A to H) as determined the Valuation Office agency. Band H taxpayers pay twice as much as those in Band D and three times as much as those in Band A. The number of properties is expressed as a number of Band D equivalent properties.
- ii. In accordance with Regulations the Authority must set a tax base for council tax purposes and notify major precepting bodies by 31 January each year.

4. Calculation of council tax base

- i. The calculation has been prepared in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 which came into force on 30 November 2012. In October each year DCLG requires a snapshot, which is based on the number of properties, of the Tax Base at a specified date in September, net of exemptions, reductions and discounts. This is known as the CTB1 return. A copy of the return for October 2016 is attached as Appendix A to this report. This calculates the number of chargeable properties in the City. Adjustments are then made for discounts and exemptions including those for the Council Tax Support Scheme. The adjusted numbers of properties in each of the eight valuation bands A to H are expressed as numbers of band D equivalents so they may be added together to produce a single figure.
- ii. The significant factors required to be taken into account in calculating the Tax Base are as follows:

5. Local Council Tax Reduction Scheme

- i. From 1 April 2013 local council tax support schemes replaced council tax benefit in England. Under these local schemes reductions are part of the council tax system rather than a welfare benefit. Bristol City Council introduced a localised scheme that provided a full set of discounts that replicated the previously existing national Council Tax benefit scheme. No change to this

arrangement is proposed for 2017/18.

- ii. Projections to the end of March 2017, indicate that, since October 2015 the number of pensioner claimants has reduced by 10.7%, primarily because pensioner benefit income is rising more quickly than the cost of living (“triple lock”), while the number of working age claimants has reduced by 5.4%. This is in line with previously reported trends and therefore has been reflected in the calculation of the Tax Base.

6. Unoccupied Properties

- i. Unoccupied Furnished Properties – the Council has discretion to set the level of discount for properties which are substantially furnished but are not anyone’s sole or main residence (often referred to as “second homes”) The Council has determined this level of discount will remain at 0% and this is reflected in the proposed Tax Base.
- ii. Vacant Properties – The Council has discretion to determine the discount, if any, to be awarded in respect of vacant dwellings (that is dwellings that are unoccupied and substantially unfurnished). This discount is currently set at 10% for the first six months followed by 5% for the following 18 months.
- iii. Long Term Empty Properties – There is a discretionary power for the Council to impose a premium of up to 50% in respect of properties that have remained vacant for at least two years. The proposed Tax Base incorporates a premium of 50% charged in respect of properties that have been empty for at least two years in accordance with the Council’s previous determination that a premium of 50% should apply to this category of dwellings.

7. Single Person Discounts

- i. Regular reviews have significantly reduced the number of properties attracting single person discounts. Currently 29% of domestic properties are claiming single person discount. This is the lowest of all Core Cities. Continuing reviews helps to ensure that the Council Tax Base properly reflects entitlements to this discount.

8. Student Discounts

- i. Students are entitled to an exemption from paying Council Tax if everyone in the property is a full time student. Alternatively they may be entitled to a discount if some of the people occupying a property are full time students. Bristol has a large student population, and as at the end of October all student lists have not been made available to the Council. It is therefore necessary to estimate the number of additional students likely to be eligible for exemptions. Any estimate to be included in the Tax Base will also take account of any known student related property developments. The adjustment of 1,250 Band D equivalents in the table below comprises of an estimated increase in student exemptions of 850 Band D equivalents and an additional 400 Band D equivalent student properties.

9. Growth

- i. In determining the Tax Base for the forthcoming year the Council is able to take into account any increase in Tax Base that may arise from the completion of new properties. Recently there

has been significant property development across the City and, in view of this continuing trend, it is considered reasonable to allow for an element of growth in the Tax Base due to the anticipated completion of new properties in respect of known major developments. In estimating the effect on the Tax Base of new properties it is prudent to assume the majority of new properties will be in lower valuation Bands. Allowances must also be made for discounts that will apply in respect of new properties, including Council Tax Support discounts, and for the fact that Council Tax will only be payable for new properties from the date of completion rather than for a full financial year.

10. Losses on Collection

- i. In estimating the provision for losses on collection the Council makes an estimate of debts which, after full recovery measures have been affected will be uncollectable and therefore recommended for write-off. Losses on collection for 2017/18, after adjusting for the continued collection of prior years' arrears, is estimated to be 1.5%

11. Calculation of the 2017/18 Council Tax Base

	2017/18 Band D Equivalent Properties
Tax Base as per attached CTB 1 Return	125,773
Adjustment due to anticipated growth	1,450
Reduction due to additional student discounts	- 1,250
Adjusted Tax Base	125,973
LESS losses on collection of 1.5%	- 1,890
Recommended Tax Base 2017/18	124,083

- i. This is an increase of 3,137 (2.6%) Band D equivalent properties since the last Tax Base calculation in November 2015. This is primarily due to an increase in the number of chargeable dwellings of 1,896 and the continued reduction in the number of benefit recipients receiving council tax reductions. The Current MTFP assumes annual growth in the Tax Base of 1%, which is consistent with previously identified growth in the local housing market, but is not reflecting the full effect of the reduction in the number of benefit recipients receiving council tax reductions.
- ii. The 2017/18 estimate for growth uses information provided by the Council's Valuation and Inspection team and is based on the number of new developments in the City where work has

commenced. Assumptions are then made as to whether these properties will be banded by the end of the financial year, the actual date during the year they may be banded, the number of exemptions, discounts and Council Tax Support they might attract.

- iii. Valuation & Inspection information has identified that there are potentially 5808 additional domestic assessments where work has commenced. Taking in to account the robust housing market and the higher than anticipated number of new builds in 2016/17, the estimate of properties likely to be banded during 2017/18 has been increased from 50% to 75%, resulting in a figure of 4356. A further reduction of 50% is made to take account of the fact that all of these properties will not have been banded on 1 April 2017. The resulting figure is 2178 and a 25% reduction has been factored in for loss in revenue due to exemptions, discounts and Council Tax Support. The final figure of 1631 is assumed to be lower banded properties so this figure has been converted into the Band “D” equivalent of 1268. Additionally, since the completion of CTB1 a further 182 band D properties have been added to the rating list, bringing the total estimated growth to 1450 band D equivalents.
- iv. To ensure the estimate of overall growth in the Tax Base is prudent officers have carried out an analysis of both growth in the local housing market over the last five years and the reduction in the number of benefit recipients receiving council tax reductions over the last three years.

12. Other Options Considered

- i. Not applicable

13. Risk Assessment

- i. There are a number of risks associated with estimating the amount of Council Tax collected during the year. These include;
 - Difficulty in estimating Council Tax discounts and exemptions, including the take-up of the Council Tax Support Scheme.

14. Public Sector Equality Duties

- i. There are no proposals in this report which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

15. Legal and Resource Implications

- i. **Legal**

The tax base calculations for a particular financial year must comply with the Local Authorities (Calculation of Council tax base) Regulations 2012, and be determined by no later than 31st January in the preceding financial year. These regulations have been made under the Local Government Finance Act 1992, as amended (LGFA 1992).

(Legal advice provided by Shahzia Daya – Service Director: Legal and Democratic Services)

ii. **Financial**

(a) Revenue

The council tax base directly influences the resources available to the fund the revenue budget due to be considered by Full Council on 21 February 2017.

(b) Capital

Not Applicable

(Financial advice provided by Tony Whitlock – Finance Manager, Corporate Finance

iii. **Land**

Not Applicable

iv. **Personnel**

Not Applicable

Appendices:

Appendix A – Copy of the CTB report submitted to the DCLG October 2016

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

CTB(October 2016)

Calculation of Council Tax Base

Please e-mail to: ctb.statistics@communities.gsi.gov.uk

Please enter your details after checking that you have selected the correct local authority name

Ver 1.0

Please select your local authority's name from this list

Brighton & Hove
Bristol
Bromley
Bromley
Bromley
Bromley
Bromley

Check that this is your authority:

Bristol

E-code:

E0102

Local authority contact name:

Martin Smith

Local authority contact telephone number:

0117 9755744

Local authority contact e-mail address:

martin.smith@bristol.gov.uk

CTB(October 2016) form for x Bristol

Completed forms should be received by DCLG by Friday 14 October 2016

Dwellings shown on the Valuation List
for the authority on
Monday 12 September 2016
Part 1

Band A
entitled to
disabled relief
reduction
COLUMN 1

Band A
COLUMN 2Band B
COLUMN 3Band C
COLUMN 4Band D
COLUMN 5Band E
COLUMN 6Band F
COLUMN 7Band G
COLUMN 8Band H
COLUMN 9TOTAL
COLUMN 10

1. Total number of dwellings on the Valuation List		50,718	72,502	38,487	17,826	9,512	4,730	2,839	335	198,949.0
2. Number of dwellings on valuation list exempt on 3 October 2016 (Class B & D to W exemptions)		2,031	1,330	1,298	1,102	977	150	38	13	6,939.0
3. Number of demolished dwellings and dwellings outside area of authority on 3 October 2016 (please see notes)		0	0	0	0	0	0	0	0	0.0
4. Number of chargeable dwellings on 3 October 2016 (treating demolished dwellings etc as exempt) (lines 1-2-3)		48,687	71,172	37,189	16,724	8,535	4,580	2,801	322	190,010.0
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 3 October 2016		29	190	152	86	53	28	30	28	596.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	29	190	152	86	53	28	30	28		596.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6 or in the case of column 1, line 6)	29	48,848	71,134	37,123	16,691	8,510	4,582	2,799	294	190,010.0
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 3 October 2016	7	21,697	20,741	9,552	3,725	1,686	651	338	26	58,423.0
9. Number of dwellings in line 7 entitled to a 25% discount on 3 October 2016 due to all but one resident being disregarded for council tax purposes	0	423	636	409	201	76	28	14	4	1,791.0
10. Number of dwellings in line 7 entitled to a 50% discount on 3 October 2016 due to all residents being disregarded for council tax purposes	0	25	60	58	29	29	29	39	22	291.0
11. Number of dwellings in line 7 classed as second homes on 3 October 2016 (b/wvd from Flex Empty tab)		745	602	385	255	129	45	27	4	2,192.0
12. Number of dwellings in line 7 classed as empty and receiving a zero% discount on 3 October 2016 (b/wvd from Flex Empty tab)		0	0	0	0	0	0	0	0	0.0
13. Number of dwellings in line 7 classed as empty and receiving a discount on 3 October 2016 and not shown in line 12 (b/wvd from Flex Empty tab)		1,096	875	354	189	61	30	16	6	2,626.0
14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 3 October 2016 (b/wvd from Flex Empty tab)		125	101	40	14	10	10	3	2	305.0
15. Total number of dwellings in line 7 classed as empty on 3 October 2016 (lines 12, 13 & 14)		1,221	978	394	203	71	40	18	8	2,931.0
16. Number of dwellings that are classed as empty on 3 October 2016 and have been for more than 6 months. NB: These properties should have already been included in line 15 above.		374	341	154	60	34	31	18	5	1,017.0
16a. The number of dwellings included in line 16 above which are empty on 3 October 2016 because of the flooding that occurred between 1 December 2013 and 31 March 2014 and are only empty because of the flooding		0	0	0	0	0	0	0	0	0.0
16b. The number of dwellings included in line 16 above which are empty on 3 October 2016 because of the flooding that occurred between 1 December 2015 and 31 March 2016 and are only empty because of the flooding		0	0	0	0	0	0	0	0	0.0
17. Number of dwellings that are classed as empty on 3 October 2016 and have been for more than 6 months, and fall to be treated under empty homes discount class D (formerly Class A exemptions). NB: These properties should have already been included in line 16 above. Do NOT include any dwellings included in line 16a and 16b above.		35	51	21	14	9	6	4	1	141.0
18. Line 18 - line 16a - line 16b - line 17. This is the equivalent of line 18 on the GIB(October 2015) and will be used in the calculation of the New Homes Bonus.		339	290	133	46	25	25	14	4	876.0
19. Number of dwellings in line 7 where there is liability to pay 100% council tax before Family Annex discount	22	25,482	48,721	26,710	12,533	6,648	3,834	2,390	234	126,574.0

CTB(October 2016)

Calculation of Council Tax Base

Please e-mail to : ctb.statistics@communities.gsi.gov.uk

Please enter your details after checking that you have selected the correct local authority name

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20. Number of dwellings in line 7 that are assumed to be subject to a discount or a premium before Family Annex discount	7	23,366	22,413	10,413	4,158	1,862	748	409	60	63,436.0
21. Reduction in taxbase as a result of the Family Annex discount (b/ind from Family Annex tab)	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.9
22. Number of dwellings equivalents after applying discounts and premiums to calculate taxbase	27.3	43,265.6	65,733.8	34,593.1	15,685.0	6,055.0	4,400.6	2,692.0	276.0	174,728.2
23. Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
24. Total number of band D equivalents (to 1 decimal place) (line 22 x line 23)	16.1	20,843.8	51,126.3	30,749.4	15,685.0	9,845.0	6,356.4	4,486.7	552.0	147,659.7
25. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2016-17 (to 1 decimal place)										17.1
26. Tax base (to 1 decimal place) (line 24 col 10 + line 25)										147,676.8

CTB(October 2016)

Calculation of Council Tax Base

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Please enter your details after checking that you have selected the correct local authority name

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Part 2


27. Number of dwellings equivalents after applying discounts and premiums to calculate tax base (Line 22)	27.25	43,265.63	65,733.75	34,593.05	15,685.00	8,055.00	4,400.55	2,692.00	276.00	174,728.2
28. Reduction in taxbase as a result of local council tax support (b/fwd from CT Support tab)	6.65	14,445.66	11,300.52	2,946.21	592.37	156.28	42.88	8.59	0.00	29,501.2
29. Number of dwellings equivalents after applying discounts, premiums and local tax support to calculate taxbase	18.6	28,820.0	54,433.2	31,646.8	15,092.6	7,898.7	4,357.7	2,683.4	276.0	145,227.1
30. Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
31. Total number of band D equivalents after allowance for council tax support (to 1 decimal place) (line 29 x line 30)	10.3	19,213.3	42,337.0	28,130.5	15,092.6	9,654.0	6,294.4	4,472.4	552.0	125,756.6
32. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2016-17 (to 1 decimal place) (line 25)										17.1
33. Tax base after allowance for council tax support (to 1 decimal place) (line 31 col 10 + line 32)										125,773.6

Certificate of Chief Financial Officer

I certify that the information provided on this form is based on the dwellings shown in the Valuation List for my authority on 12 September 2016 and that it accurately reflects information available to me about exemptions, demolished dwellings, disabled relief, discounts and premiums applicable on 3 October 2016 and, where appropriate, has been completed in a manner consistent with the form for 2015.

Chief Financial Officer :

Date :



14/10/2016

Supplementary Note to Agenda Item 9: Approval of Council Tax Base 2017/18

This supplementary to the main report is in response to the consideration by OSM on Thursday 8th December, where further information was requested by the Committee prior to Council consideration. The specific points are referred to in the text below.

Student Discounts

- i. Students are entitled to an exemption from paying Council Tax if everyone in the property is a full time student. Alternatively they may be entitled to a discount if some of the people occupying a property are full time students. Bristol has a large student population and it's therefore necessary on an annual basis to undertake detailed reviews and estimate the number of additional students likely to be eligible for exemptions. Any estimate to be included in the Tax Base will also take account of any known student related property developments. The adjustment of 1,250 Band D equivalents in the table below comprises of an estimated increase in student exemptions of 850 Band D equivalents due to existing students yet to register with learning institutions and an additional 400 Band D equivalent student properties new to the rating list in 2017/18.
- ii. The table below sets out both the actual and band D equivalent properties receiving student exemptions over the last four years along with an estimate to the end of this financial year and a projection of Band D equivalent exemptions for 2017/18. For 2016/17 the City Council's share of reduced Council Tax income as a result of student exemptions is estimated to be £8.9m.

Student Exemptions

Year	Property Numbers	
	Actual Student Exemptions	Band D Equivalents
2012/13	6028	5460
2013/14	5966	5430
2014/15	5980	5425
2015/16	6500	5851
2016/17	6656	6012
2017/18	-	6356

Note: the reduction in student exemptions between 2012/13 and 2013/14 was the result of a national fraud initiative looking at all cases.

Calculation of the 2017/18 Council Tax Base

	2017/18 Band D Equivalent Properties
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Adjustment due to anticipated growth	1,450
Reduction due to additional student discounts	- 1,250
Adjusted Tax Base	125,973
LESS losses on collection of 1.5%	- 1,890
Recommended Tax Base 2017/18	124,083

- i. This is an increase of 3,137 (2.6%) Band D equivalent properties since the last Tax Base calculation in November 2015. This is primarily due to an increase in the number of chargeable dwellings of 1,896 and the continued reduction in the number of benefit recipients receiving council tax reductions. The Current MTFP assumes annual growth in the Tax Base of 1%, which is consistent with previously identified growth in the local housing market, but is not reflecting the full effect of the reduction in the number of benefit recipients receiving council tax reductions.
- ii. The 2017/18 estimate for growth uses information provided by the Council's Valuation and Inspection team and is based on the number of new developments in the City where work has commenced. Assumptions are then made as to whether these properties will be banded by the end of the financial year, the actual date during the year they may be banded, the number of exemptions, discounts and Council Tax Support they might attract.
- iii. Valuation & Inspection information has identified that there are potentially 5808 additional domestic assessments where work has commenced. Taking in to account the robust housing market and the higher than anticipated number of new builds in 2016/17, the estimate of properties likely to be banded during 2017/18 has been increased from 50% to 75%, resulting in a figure of 4356. A further reduction of 50% is made to take account of the fact that all of these properties will not have been banded on 1 April 2017. The resulting figure is 2178 and a 25% reduction has been factored in for loss in revenue due to exemptions, discounts and Council Tax Support. The final figure of 1631 is assumed to be lower banded properties so this figure has been converted into the Band "D" equivalent of 1268. Additionally, since the completion of CTB1 a further 182 band D properties have been added to the

rating list, bringing the total estimated growth to 1450 band D equivalents.

- iv. To ensure the estimate of overall growth in the Tax Base is prudent officers have carried out an analysis of both growth in the local housing market over the last five years and the reduction in the number of benefit recipients receiving council tax reductions over the last three years.
- v. Appendix B below sets out a comparison over the last three years Collection Fund estimates and actuals. There has been an underestimate in each of the last three years, reflected partly in the additional surplus available for distribution in the following year (as shown in Appendix B.) The estimated tax base for each year was as follows:

	<i>2014/15</i>	<i>2015/16</i>	<i>2016/17</i>
Council Tax base estimate	115,008	119,116	120,946

2014/15		2015/16	2015/16	2016/17
Actual		Estimate as per		Estimate
£'000		Feb '16 Budget	Actual	December
		Report	£'000	2016
		£'000		£'000
	Income			
(195,553)	Council Tax Income	(201,210)	(202,668)	(215,032)
	Expenditure			
	Precepts			
160,076	Bristol City Council	169,026	169,026	178,403
19,709	Police	20,819	20,819	21,560
7,510	Fire	7,933	7,933	8,216
	Bad and Doubtful Debts			
1,837	Write Offs	1,600	2,081	3,226
189,132	Total Expenditure	199,378	199,859	211,405
(6,421)	(Surplus)/Deficit for the year	(1,832)	(2,809)	(3,627)
(5,617)	Accumulated (surplus)/deficit Bfwd	(7,266)	(7,266)	(5,406)
4,772	Distribution of prior years estimated surplus	4,669	4,669	4,429
(6,421)	(Surplus)/Deficit for the year	(1,832)	(2,809)	(3,627)
(7,266)		(4,429)	(5,406)	(4,604)
	Distribution of estimated Collection Fund surplus:			
(3,992)	Bristol City Council	(3,785)	(4,624)	(3,945)
(490)	Police	(466)	(570)	(477)
(187)	Fire	(178)	(212)	(182)
(4,669)		(4,429)	(5,406)	(4,604)