

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
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.
- 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)