



Committee and Date

Cabinet
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Council
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Item

11

Public

SETTING THE COUNCIL TAX TAXBASE FOR 2014/5

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1. Summary

- 1.1. In order to determine the appropriate Council Tax levels for Shropshire Council, it is necessary to determine the Council Tax taxbase for the area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D Council Tax.
- 1.2. For 2014/15 the Council Tax taxbase will be 100,475.19 Band D equivalents, this is an increase of 1.20% from 2013/14.
- 1.3. The Council Tax taxbase has a direct impact on the Council Tax that will be levied by the Council for 2014/15.

2. Recommendations

Members are asked:

- 2.1 To approve, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Shropshire Council as its Council Tax taxbase for the year 2014/15, as detailed in Appendix A, totalling 100,475.19 Band D equivalents.
- 2.2 To note that there will be no changes to the Council's localised Council Tax Support (CTS) scheme in 2014/15.
- 2.3 To note the exclusion of 12,073.66 Band D equivalents from the taxbase as a result of localised Council Tax Support.
- 2.4 To approve continuation of the discretionary Council Tax discount policy of 0% in respect of second homes and note the inclusion of 590.11 Band D equivalents in the Council Tax taxbase as a result of this discount policy.

- 2.5 To approve continuation of the discretionary Council Tax discount policy of 50% for up to 12 months in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties, and the resulting exclusion of 103.71 Band D equivalents from the Council Tax taxbase.
- 2.6 To approve revision of the discretionary Council Tax discount policy in respect of vacant dwellings, i.e. former Class C exempt properties, from 25% for up to 6 months to 100% for one month, i.e. effectively reinstating the exemption, and then a 25% discount for the remaining five months and the resulting exclusion of 236.89 Band D equivalents from the Council Tax.
- 2.7 To approve the application of the “six week rule” in respect of vacant dwellings, i.e. former Class C exempt properties.
- 2.8 To approve revision of the long-term empty properties discount to 0%.
- 2.9 To approve implementation of the discretionary power to levy a Council Tax premium of 50% in relation to dwellings which have been empty for more than two years and the resulting inclusion of 277.50 Band D equivalents in the Council Tax taxbase.
- 2.10 To approve the publication of a notice regarding the discretionary Council Tax premium policy levied in respect of dwellings which have been empty for more than two years.
- 2.11 To approve a collection rate for the year 2014/15 of 97.5%.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Determination of the Council Tax taxbase to 2012/13 has been a well understood albeit complex process with any potential for error mitigated to a large extent by adhering to the relevant legislation and through independent checks on the working papers. However, expression of Council Tax Support in terms of Band D equivalents results in a higher potential for inaccuracies in the determination process as Council Tax Support is a significantly more volatile discount element.
- 3.2 Details of the potential risk in relation to establishing a collection rate allowance is detailed within this report in Section 9.

4. Financial Implications

- 4.1 The Council Tax taxbase figure impacts on the Council Tax that will be levied by the Council for 2014/15.

- 4.2 The implication of the Council's localised Council Tax Support scheme are detailed in Section 6.
- 4.3 The implications of maintaining the discount in respect of second homes at 0% are detailed in Section 7.1.
- 4.4 The implications of maintaining the discount in respect of vacant dwellings undergoing major repair at 50% are detailed in Section 7.2
- 4.5 The implications of revising the discount in respect of vacant dwellings are also detailed in Section 7.2.
- 4.6 The implications of revising the discount in relation to long-term empty properties to 0% are detailed in Section 7.3.
- 4.7 The implications of implementing a 50% premium in respect of properties which have been empty for more than two years are detailed in Section 7.4.
- 4.8 The implications regarding the determined collection rate are detailed in Section 9.

5. Background

- 5.1 Shropshire Council has responsibility for determining the Council Tax taxbase for the Council's geographical area.
- 5.2 The taxbase for Council Tax must be set between 1 December 2013 and 31 January 2014 in relation to 2014/15, as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012.
- 5.3 The Council is also required to inform the major precepting authorities, West Mercia Police Authority and Shropshire & Wrekin Fire Authority, of the taxbase in order to enable the calculation of Council Tax for the following year. Each town and parish council is also notified of its own Council Tax taxbase.
- 5.4 The purpose of this report, therefore, is to determine and approve the Council Tax taxbase for Shropshire Council for 2014/15.

6. Council Tax Support

- 6.1 The 2010 Spending Review announced the localisation of council tax support and The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 and required that Local Government created a localised Council Tax Support (CTS) scheme effective from 1 April 2013, accommodating a reduction in funding of 10%. Shropshire Council's localised CTS scheme was approved in October 2012 and there will be no changes to the scheme for 2014/15.

- 6.2 From 2013, therefore, council tax support has taken the form of reductions within the council tax system, replacing national council tax benefit. Making reductions part of the council tax system reduces a billing authority's Council Tax taxbase. Billing and major precepting authorities receive funding (Council Tax Support Grant) which reduce their council tax requirement and, depending on the design of the local council tax scheme, can help offset the council tax revenue foregone through reductions.
- 6.3 An estimate of the effect of the local Council Tax Support Scheme on the Council Tax taxbase has been determined for Shropshire. It is estimated that the Council Tax Support Scheme will reduce the Council Tax taxbase by 12,073.66 Band D equivalents.
- 6.4 As Council Tax Support entitlement will vary throughout the year and this will affect the taxbase it is more likely that the amount of Council Tax collected in 2014/15 will vary from the estimate.

7. Discretionary Discount Policies

7.1 *Second Homes*

- 7.1.1 Second homes are defined as furnished properties which are not occupied as a person's main residence and include furnished properties that are unoccupied between tenancies.
- 7.1.2 The Local Government Act 2003 gave councils new discretionary powers to reduce the 50% Council Tax discount previously awarded in respect of second homes to between 10% and 50% with effect from 1st April 2004. Councils retain the additional income raised by reducing the second homes Council Tax discount.
- 7.1.3 The Local Government Act 2012 further extends billing authorities' discretion over the second homes discount to between 0% and 50%. On 17 October 2012 Cabinet approved the reduction of the second homes Council Tax discount from 10% to 0%.
- 7.1.4 The figures used for the 2014/15 Council Tax taxbase incorporate a 0% Council Tax discount in respect of second homes. Implementation of this policy results in the inclusion of 590.11 Band D equivalents in the taxbase.

Vacant Properties

7.2 *Former Class A & Class C Exempt Properties*

- 7.2.1 The Local Government Act 2012 abolished both Class A and Class C exemptions and gave billing authorities' discretion to give discounts of between 0% and 100%. Class A exemptions were previously available for up to 12 months in respect of a vacant property which required, was undergoing, or had recently undergone major repair work to render it habitable, or structural alteration. Class C exemptions were previously available for up to six months after a dwelling became vacant.

- 7.2.2 On 17 October 2012 Cabinet approved the award of a 50% Council Tax discount in respect of vacant dwellings undergoing major repair, i.e. former Class A exempt properties.
- 7.2.3 In respect of former Class A exempt properties the figures used for the 2014/15 Council Tax taxbase allow for the continuation of the decision previously approved by Council, i.e. to award a 50% discount for up to 12 months. Continuation of this policy results in the exclusion of 103.71 Band D equivalents from the taxbase.
- 7.2.4 On 17 October 2012 Cabinet also approved the award of a 25% Council Tax discount in respect of vacant dwellings, i.e. former Class C exempt properties.
- 7.2.5 Implementation of this policy has resulted in a large number of low value Council Tax demands being raised primarily in relation to landlords whose properties are between tenants. A significant number of landlord complaints have been received in relation to these Council Tax demands and these small amounts are proving to be very difficult to collect. It is, therefore, proposed that in future a 100% discount is awarded for one month, i.e. effectively reinstating the exemption, and then a 25% discount is awarded for the remaining five months.
- 7.2.6 In order to avoid fraudulent 100% claims in respect of these types of properties it is also proposed to apply the “six week rule”, i.e. if a dwelling which is unoccupied and unfurnished is either exempt or entitled to a discount, becomes occupied or substantially furnished for a period of less than six weeks, after which it falls empty again, it will only resume exemption or discount for any of the original exemption or discount period which remains.
- 7.2.7 In respect of former Class C exempt properties the figures used for the 2014/15 Council Tax taxbase incorporate a discount of 100% for one month and a 25% discount for the remaining five months. Implementation of this revised policy results in the exclusion of 236.89 Band D equivalents from the taxbase.
- 7.3 Long-Term Empty Properties**
- 7.3.1 A property is classed as long-term empty if it has been empty and unfurnished for more than six months and does not qualify for an exemption.
- 7.2.1 The Local Government Act 2003 gave Councils new discretionary powers to reduce or remove the 50% Council Tax discount previously awarded in respect of long-term empty properties with effect from 1st April 2004.
- 7.3.3 The Council's current discretionary policy in respect of long-term empty properties is to award a 25% discount for six months and completely remove the discount after six months. In order to encourage these properties back into the housing market and so increase the range of affordable housing available to Shropshire residents it is proposed to remove this 25% discount so that owners are encouraged to either sell or rent out homes that have been empty for more than six months.

7.4 **Empty Homes Premium**

7.4.1 The Local Government Act 2012 also gave billing authorities' discretion to levy an empty homes premium of 50% after a dwelling has been empty and unfurnished for at least two years. Until now Shropshire Council has chosen not to enact this discretionary power, however, it is recommended that this discretionary power is now utilised.

7.4.2 The figures used for the 2014/15 Council Tax taxbase incorporate a 50% Council Tax premium in respect of dwellings which have been empty for more than two years. Implementation of this policy results in the inclusion of 277.50 Band D equivalents in the taxbase.

8. **Taxbase Calculation**

8.1 Based on the valuation list, the Council Tax taxbase is the number of properties in the area falling within each council tax property valuation band, modified to take account of the adjustments set out below. Taxbase is expressed as a Band D equivalent.

8.2 An analysis of Council Tax bands within Shropshire Council is detailed below:

Property Band	House Value	Ratio to Band D	Analysis of Dwellings on the Valuation List (as at 9 th September 2013)	% Increase / (Decrease) over 2013/14
A	Under £40,000	6/9	19.1	0.9
B	40,001 - 52,000	7/9	25.8	0.9
C	52,001 - 68,000	8/9	20.8	0.6
D	68,001 - 88,000	9/9	14.4	0.7
E	88,001 - 120,000	11/9	10.8	1.0
F	120,001 - 160,000	13/9	5.7	1.1
G	160,001 - 320,000	15/9	3.2	1.1
H	Over 320,000	18/9	0.2	0.0

8.3 There are 135,649 properties in the valuation list for the Shropshire Council area. This compares with a figure of 134,519 in the list at the same time last year. There has been an increase of 1,130 properties overall, which equates to 0.84% and, with the exception of Band H, the number of properties in all property bands has increased.

8.4 The methodology followed for calculating the taxbase is as follows:

- Ascertain the number of properties in each Council Tax band (A to H) shown in the valuation list as at 9 September 2013.
- Adjust for estimated changes in the number of properties through new build, demolitions and exemptions.
- The number of discounts and disabled relief allowances which apply as at 7 October 2013.

- Convert the number of properties in each Council Tax band to Band D equivalents by using the ratio of each band to Band D and so arrive at the total number of Band D equivalents for the Council.
- Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year

These calculations are undertaken for each property band in each parish.

9. Collection Rate

- 9.1 In determining the taxbase, an allowance has to be made to provide for changes to the taxbase during the year (e.g. due to new properties, appeals against banding, additional discounts, Council Tax Support award changes, etc.) as well as losses on collection arising from non-payment. This is achieved by estimating a Council Tax collection rate for the year and must be common for the whole of Shropshire.
- 9.2 A collection rate of 97.5% was assumed for the 2013/14 financial year and it is recommended that a collection rate of 97.5% should also be assumed for the purpose of determining the Council Tax taxbase in 2014/15.
- 9.3 Continuation of a collection rate of 97.5% in 2014/15 is recommended due to the higher potential for inaccuracy introduced into the Council Tax taxbase determination process as a result of the requirement to express the local Council Tax Support scheme in terms of a reduction in the taxbase. This is simply because Council Tax Support is a significantly more volatile discount element than the other well understood Council Tax discounts.
- 9.4 Additionally, the local Council Tax Support scheme results in the need to collect numerous small amounts of council tax from low income customers which may prove to be impossible in the current economic climate.
- 9.5 If the actual rate exceeds 97.5% a surplus is generated, which is shared between the Unitary Council, West Mercia Police Authority and Shropshire & Wrekin Fire Authority, pro rata to their demand on the Collection Fund for the relevant year. Conversely, any shortfall in the collection rate results in a deficit, which is shared in a similar manner. The surplus or deficit is taken into account in setting the Council Tax in the following year.

10. Council Tax Base

- 10.1 The estimated Council Tax taxbase for the whole of the area will be used by this Council to calculate its Council Tax Levy. It will also be used by West Mercia Police Authority and Shropshire & Wrekin Fire Authority to calculate the levy in respect of their precepts.

- 10.3 The Council Tax taxbase for this purpose in 2014/15 is 100,475.19 Band D equivalents, an increase of 1.20% from 2013/14. The detailed build of this figure analysed by both parish and town council and Environment Agency region is shown in Appendix A.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Cabinet Member (Portfolio Holder)

Keith Barrow, Leader of the Council.

Local Member

N/A

Appendices

Appendix A: 2014/15 Parish and Town Council Tax Taxbase Summary for Shropshire Council.

2014/15 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Abdon & Heath	104.15
Acton Burnell, Frodesley, Pitchford, Ruckley & Langley	235.48
Acton Scott	35.86
Adderley	165.90
Alberbury with Cardeston	357.18
Albrighton	1,436.48
All Stretton, Smethcott & Woolstaston	160.97
Alveley & Romsley	795.21
Ashford Bowdler	34.74
Ashford Carbonel	175.31
Astley	188.16
Astley Abbotts	231.54
Aston Bottrell, Burwarton & Cleobury North	108.20
Atcham	112.46
Badger	54.12
Barrow	261.23
Baschurch	892.98
Bayston Hill	1,683.42
Beckbury	145.94
Bedstone & Bucknell	301.31
Berrington	321.57
Bettws-Y-Crwyn	81.07
Bicton	362.34
Billingsley, Deuxhill, Glazeley & Middleton Scriven	154.79
Bishops Castle Town	607.62
Bitterley	325.11
Bomere Heath & District	741.74
Bonningale	133.11
Boraston	73.36
Bridgnorth Town	4,284.98
Bromfield	112.00
Broseley Town	1,367.75
Buildwas	92.74
Burford	414.01
Cardington	193.33
Caynham	483.14
Chelmarsh	218.99
Cheswardine	363.16
Chetton	156.35
Childs Ercall	277.10
Chirbury with Brompton	323.62
Church Preen, Hughley & Kenley	115.25
Church Pulverbatch	158.27
Church Stretton & Little Stretton Town	2,048.93
Claverley	810.27
Clee St. Margaret	65.24
Cleobury Mortimer	1,042.17
Clive	224.54
Clun & Chapel Lawn	477.16
Clunbury	237.64

2013/14 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Clungunford	136.44
Cockshutt-cum-Petton	277.02
Condover	775.61
Coreley	124.87
Cound	194.57
Craven Arms Town	738.81
Cressage, Harley & Sheinton	383.33
Culmington	168.94
Diddlebury	250.01
Ditton Priors	310.68
Donington & Boscobel	565.97
Eardington	231.41
Easthope, Shipton & Stanton Long	191.21
Eaton-Under-Heywood & Hope Bowdler	175.79
Edgton	45.85
Ellesmere Rural	831.24
Ellesmere Town	1,224.88
Farlow	181.24
Ford	279.98
Great Hanwood	350.58
Great Ness & Little Ness	404.46
Greete	50.72
Grinshill	108.68
Hadnall	268.53
Highley	943.00
Hinstock	411.96
Hodnet	534.38
Hope Bagot	28.77
Hopesay	226.64
Hopton Cangeford & Stoke St. Milborough	155.19
Hopton Castle	39.63
Hopton Wafers	264.61
Hordley	97.94
Ightfield & Calverhall	178.34
Kemberton	113.96
Kinlet	373.87
Kinnerley	446.96
Knockin	110.41
Leebotwood & Longnor	187.11
Leighton & Eaton Constantine	199.93
Llanfairwaterdine	95.27
Llanyblodwel	250.83
Llanymynech & Pant	617.99
Longden	485.31
Loppington	234.39
Ludford	238.44
Ludlow Town	3,230.92
Lydbury North	214.72
Lydham & More	119.92
Mainstone & Colebatch	82.29

2013/14 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Market Drayton Town	3,510.89
Melverley	50.30
Milson & Neen Sollars	119.52
Minsterley	512.09
Montford	217.95
Moreton Corbett & Lee Brockhurst	117.48
Moreton Saye	190.27
Morville, Acton Round, Aston Eyre, Monkhopton & Upton Cressett	342.44
Much Wenlock Town	1,144.10
Munslow	167.96
Myddle & Broughton	550.73
Myndtown, Norbury, Ratlinghope & Wentnor	249.44
Nash	130.42
Neen Savage	148.62
Neenton	56.55
Newcastle	122.90
Norton-In-Hales	258.85
Onibury	120.94
Oswestry Rural	1,471.38
Oswestry Town	4,774.43
Pontesbury	1,122.90
Prees	985.24
Quatt Malvern	79.76
Richards Castle	131.32
Rushbury	260.04
Ruyton-XI-Towns	431.20
Ryton & Grindle	76.08
Selattyn & Gobowen	1,063.21
Shawbury	798.04
Sheriffhales	311.57
Shifnal Town	2,224.90
Shrewsbury Town	21,531.77
Sibdon Carwood	34.68
St. Martins	777.59
Stanton Lacy	156.05
Stanton-Upon-Hine Heath	218.21
Stockton	122.36
Stoke-Upon-Tern	427.71
Stottesdon & Sidbury	304.82
Stowe	47.69
Sutton Maddock	101.78
Sutton-Upon-Tern	392.55
Tasley	391.58
Tong	111.39
Uffington	96.97
Upton Magna	115.33
Welshampton & Lyneal	341.83
Wem Rural	631.02
Wem Town	1,791.35
West Felton	497.40

2013/14 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council	APPENDIX A
Parish / Town Council	Council Tax Taxbase (Band D Equivalents)
Westbury	510.21
Weston Rhyn	771.56
Weston-Under-Redcastle	118.99
Wheatill	73.58
Whitchurch Rural	540.07
Whitchurch Town	2,880.19
Whittington	757.69
Whitton	48.92
Whixall	316.17
Wistanstow	322.94
Withington	99.34
Woore	539.85
Worfield & Rudge	856.76
Worthen with Shelve	752.16
Wroxeter & Uppington	151.57
Shropshire Council Total	100,475.19
Environment Agency - Severn Trent Region	94,487.22
Environment Agency - Welsh Region	3,805.13
Environment Agency - North West Region	2,182.84
Shropshire Council Total	100,475.19