

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan

Cabinet: 8th January 2020

Report of the Executive Director of Core Services

CALCULATION OF COUNCIL TAX BASE 2020/21

1. Purpose of Report

1.1 This report sets out the criteria to be taken into account in setting the 2020/21 Council Tax Base.

2. Recommendations

2.1 It is recommended that:

- The calculation of the Council's Tax Base for the year 2020/21 be approved including the necessary adjustments to reflect the revised Local Council Tax Support Scheme;
- The Council Tax Base for the year 2020/21 shall be 65,405.74. This figure has been calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012;
- Calculated in accordance with the above regulations the Council Tax Base for the year 2020/21 in respect of each Parish being listed in the table below:

Parish Area	Band D Equivalent Chargeable Properties	95% of Band D Equivalent Chargeable Properties
Penistone	4,431.00	4,209.45
Billingley	97.10	92.25
Great Houghton	674.80	641.06
Little Houghton	191.90	182.31
Shafton	969.80	921.31
High Hoyland	68.70	65.27
Hunshelf	161.60	153.52
Langsett	111.60	106.02
Cawthorne	609.20	578.74
Dunford	248.20	235.79
Gunthwaite and Ingbirchworth	298.10	283.20
Thurgoland	757.50	719.63
Tankersley	666.90	633.56
Wortley	304.20	288.99
Oxspring	470.20	446.69
Silkstone	1,214.30	1,153.59
Stainborough	163.90	155.71
Barnsley and other Non-Parish areas	57,409.10	54,538.65
Total	68,848.10	65,405.74

- The empty property premium is increased to 200% for properties left empty for 5 years or more as outlined at paragraph 5.5 of the report;
- The one month 100% discretionary council tax discount be amended to become a one month landlord discount and amend the criteria so only a landlord / letting agent would be eligible for the discount.

3. Introduction/Background

- 3.1 The Local Government Finance Act 1992 requires the Authority to calculate its Council Tax Base, before 31 January each year, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 3.2 The Valuation List dated 1 April 1993 shows domestic properties within the Borough subject to council tax and places each of them into a valuation band between A to H, dependent on a valuation as at an antecedent date of 1 April 1991.
- 3.3 The Council Tax Base is expressed in terms of band D equivalent properties and represents the estimated, full year number of chargeable dwellings in the area after allowing for disabled persons relief, discounts and other statutory adjustments.

4. Consideration of Alternative Approaches

- 4.1 The calculation of the Council Tax Base is a statutory requirement and therefore there are no alternative approaches to consider.

5. Proposal and Justification

- 5.1 It is proposed that the Council Tax Base for the year 2020/21 shall be **65,405.74**
- 5.2 The relevant calculations for each Parish or District are calculated by applying the following formula: -

$$(H + J) \times \frac{F}{G}$$

where:

H is the estimated number of chargeable dwellings in the area and band after taking into account the effect of exemptions and discounts.

J is the amount of any adjustments in respect of changes in the number of chargeable dwellings or discounts calculated by the authority for 2020/21 (see notes at 5.3 below).

F is the number appropriate to each band as set out in Section 5(1) of the Act.

G is the number appropriate to band D as set out in Section 5(1) of the Act. In all cases for 2020/21 this is 9.

- 5.3 In determining the figure used at point J of the calculation the following aspects have been taken into account:

- i) A full survey of the properties within the Authority's tax base was carried out at the commencement of Council Tax in 1993 to identify those properties entitled to discounts and/or exemptions. Each year further checks are made to ensure that the Council Tax database remains accurate;
- ii) Each tax payer's eligibility for discounts/exemptions is thoroughly investigated prior to being awarded, and an ongoing programme to survey current recipients is undertaken;
- iii) An assessment of the housing growth needs of the borough in accordance with the recently adopted Local Plan.
- iv) Local knowledge has been used to identify which Parish will see an increase/decrease in the number of properties. This information is then used to obtain the revised number of band D equivalent properties that are in that particular area.

Technical Changes to Council Tax

Long Term Empty Properties (More Than 2 Years)

- 5.4 Local authorities can currently charge owners a premium of 100% (or a 200% Council Tax charge) on unfurnished properties left empty for 2 years or more. The Council adopted this policy from 1st April 2019. There are currently 288 empty properties being charged this premium.
- 5.5 The Chancellor of the Exchequer announced in his 2018 autumn budget speech the flexibility to increase this premium to 200% (equivalent to a 300% council tax charge) with effect from 1st April 2020, for any property left empty and substantially unfurnished for a period of five years or more. There are currently 125 empty properties that have been empty in excess of five years and will be charged this premium.
- 5.6 The new legislation will also allow local authorities to further increase the Council Tax empty premiums as follows:
 - With effect from 1st April 2021 to increase the premium up to 300% (400% Council Tax charge) for any properties left empty and substantially unfurnished for a period of ten years or more.

Future reports will recommend a proposal for the above in due course.

Second Homes / Short Term Empty Properties (less than 2 years)

- 5.7 Local authorities currently have further discretion to charge Council Tax on second homes and empty properties.
- 5.8 In April 2014 the Council introduced a discretionary one month discount of 100% council tax to vacant and unfurnished properties. The aim of the discount was to afford landlords a reasonable amount of time to get new tenants into a property.

- 5.9 Since 2014, the number of empty properties within the Borough (based on MCLG data) has continually fallen. Nationally the numbers of empties are increasing while regionally the numbers have fallen this is due to the large reduction within Barnsley. The Council's empty homes officer will continue the focus on empties beyond the current programme which runs to 2021.
- 5.10 Currently approximately 50% of the discount's awarded have been made to the tenant when they have vacated the property more than one month before the end of their tenancy. As the maximum length of the discount is one month in any 12 month period, no further reduction in liability can be awarded to the landlord.
- 5.11 The main purpose of the introduction of the discretionary 1 month empty property council tax discount is to encourage landlords/property owners to ensure empty properties are re-occupied as swiftly as possible. It is proposed to amend the criteria for claiming the one month discount so that it is only paid to the landlord/letting agent. This will give landlords the guarantee of having no council tax to pay for up to one month to enable them to prepare the property for a new incoming tenant.
- 5.12 In a limited number of circumstances this change in policy may adversely impact tenants though where appropriate it is envisaged that this can be mitigated via other mechanisms as described below.
- 5.13 Where a tenant leaves a property because their tenancy has ended or the tenancy is terminated prematurely (whether by the mutual consent of the landlord / tenant or in circumstances involving eviction of the tenant), the council tax liability would revert to the landlord / owner at this point i.e. no impact from this policy change.
- 5.14 There may be circumstances where the tenant has effectively left the property but without the agreement of the landlord / owner. In these cases, the tenant would remain liable for council tax in the same way that they would remain liable for other property related costs (e.g rent, utilities, insurance etc).
- 5.15 In these circumstances the tenant would no longer receive a 1 month discount from the date they vacated the property but where it is evident that the tenant has left voluntarily through hardship, the Council would seek to work with the individual[s] and offer assistance via the Council's hardship policy where it is appropriate to do so.

Example of Calculation – Penistone Town Council

- 5.16 By way of example using the formula in paragraph 5.2 above, the table below shows the calculated tax base for the Penistone Town Council area.

PENISTONE

BAND	A-	A	B	C	D	E	F	G	H	TOTAL
H =	1.40	1226.00	892.80	947.50	795.30	511.10	272.60	147.30	2.00	4,796.00
J =					13.00					13.00
F =	5.00	6.00	7.00	8.00	9.00	11.00	13.00	15.00	18.00	
G =	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	
(H+ J) x F/G	0.80	817.30	694.40	842.20	808.30	624.70	393.80	245.50	4.00	4,431.00

COUNCIL TAX CALCULATED IN ACCORDANCE
WITH PARAGRAPHS 5.2 & 5.3 OF THE REPORT

4,431.00

x 95% =

4,209.45

Council Tax base for 2020/21

- 5.17 Appendix A shows the relevant amount for each area. The total of the relevant amounts for 2020/21 for each of the valuation bands is summarised below:

<u>Property Value</u>	<u>Band</u>	<u>Ratio</u>	<u>Band D Equivalent Chargeable Properties</u>
Up to £40,000 with Disabled Reduction	A-	5/9	108.90
Up to £40,000	A	6/9	29,782.20
£40,001 to £52,000	B	7/9	12,116.50
£52,001 to £68,000	C	8/9	10,799.60
£68,001 to £88,000	D	9/9	8,435.00
£88,001 to £120,000	E	11/9	4,408.70
£120,001 to £160,000	F	13/9	2,081.00
£160,001 to £320,000	G	15/9	1,060.00
More than £320,000	H	18/9	56.20
			68,848.10

- 5.18 The regulations require the authority to adjust the total relevant amount by a proportion which reflects the following: -

- i) Total amounts expected to be paid to the authority under the Local Government Finance Act 1992 less the total of any Council Tax Reductions for the year.
- ii) Total of amounts in respect of Council Tax Reductions pursuant to directions under Section 98(5) and 98(4) of the 1998 Act.

- 5.19 It is estimated that the appropriate proportion in this respect is 95% and that the Estimated Council Tax Base for the 2020/21 financial year is therefore:-

$$68,848.10 \times 95\% = \mathbf{65,405.74}$$

- 5.20 The reduction rate is relatively prudent taking into account the impact that the LCTS scheme has on overall collection rates as well as an estimate of the local empty property discount to be awarded. Moreover, any surplus over and above the target rate, falls into the Council's Collection Fund and is used to support front line Council services.

6. Delivering Sustainable Community Strategy Ambitions and Local Area Agreement Outcomes

- 6.1 None directly

7. Long Term Sustainability of the Proposal

- 7.1 None

8. Impact on Local People

8.1 None.

9. Compatibility with European Convention on Human Rights

9.1 None.

10. Promoting Equality and Diversity and Social Inclusion

10.1 None

11. Reduction of Crime and Disorder

11.1 None.

12. Conservation of Biodiversity

12.1 None.

13. Risk Management Issues

13.1 The Council Tax Base is a key variable in determining the resources estimated to be available to fund Council Services. Consequently, the risk of variations to the Council Tax Base have been factored into the 2020/21 Service & Financial Planning process as far as is possible. In addition, the Tax Base will be subject to robust monitoring throughout the 2020/21 financial year to identify at an early stage any differences likely to make a material difference to the Council's spending plans.

14. Financial Implications

14.1 The estimated Council Tax Base of 65,405.74 is used to determine the total Council Tax yield available to support the 2020/21 budget.

15. Employee Implications

15.1 None.

16. Glossary

16.1 None.

17. List of Appendices

- Appendix A – Summary of Relevant Tax Bases by Parish

18. Background Papers

- The Local Government Finance Act 1992
- The Local Authorities (Calculation of Council Tax Base) Regulations 1992
- The Local Authorities (Calculation of Council Tax Base) SI 3012 (2003)

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