

SETTING THE COUNCIL TAX BASE FOR 2015/16**1. Setting the Council Tax Base**

- 1.1 The Council Tax Base is the link between the Council's budget and the level of Council Tax. The tax base will be used to calculate the Council Tax in Sefton, once the Council's budget has been agreed. The Council is required to calculate the various Council Tax Bases and have them approved by the 31 January 2015.
- 1.2 The calculation of the Council Tax Base takes into account many factors such as the rate of new building and the trends in people living on their own (Sole Occupier Discount).
- 1.3 The 2015/16 tax base calculation assumes a collection rate of 97.5%, which reflects that fact that collection is proving challenging in the current economic climate and as a result of the requirement for council tax support claimants to pay at least 20% of their annual council tax liability.

2. Council Tax Base for Sefton Council in 2015/16

- 2.1 The new tax base for 2015/16 is 78,319 Band D equivalent dwellings for Sefton Metropolitan Borough Council, an increase of 1,327 in comparison with the tax base for 2014/15 that was 76,992. An analysis of the changes between the 2014/15 and 2015/16 tax base is provided in the table below:

Tax Base for Sefton Council		Band D Equivalents		
		2014/15	2015/16	Change
H	Dwellings on the Banding List	108,797.7	109,158.7	361.0
Q	<u>Exemptions and Discounts</u>			
	Exempt Dwellings	-2,000.6	-2,016.4	-9.8
	Disabled Persons Reductions	-145.4	-154.1	-8.7
	Sole Occupier & Status Discounts	-9,805.3	-9,855.3	-50.0
	Empty Property – Discounts	-267.6	-325.0	-57.4
	Total	-12,224.9	-12,224.9	-125.9
E	Empty Homes Premium	221.9	211.6	-10.3
J	Adjustments	-363.2	-1,161.3	-798.1
Z	Council Tax Support Scheme	-16,654.3	-15,538.1	1,116.2
B	Collection Rate Adjustment	-2,792.2	-2,008.0	784.2
	MOD Properties	7.0	7.0	0
	Tax Base for Year	76,992.0	78,319.0	1,327.0

2.2 The main reason for the changes in the tax base are:

Dwellings on the banding List: The number of properties on Banding List has increased by 413 (0.3%) in the year. Half of these are in Band B.

Exemptions and Discounts: The number of homes receiving sole occupier discounts has increased by 585 (1.3%) and the number of vacant dwellings undergoing major repair works or structural alterations has increased by 90 (30%).

Empty Homes Premium: 17 long-term empty properties have been brought back into use during the year.

Adjustments: The 2015/16 tax base includes an adjustment for banding changes and changes in occupation that was previously included in the collection rate assumption. The collection rate has been increased to reflect this change.

Council Tax Reduction Scheme (CTRS): The level of CTRS discounts has been reduced to reflect the decline in claimant numbers between April 2013 and March 2014. The level of discounts has continued to fall in 2014, however, the tax base calculation assumes the cost of CTRS discounts will return to 2013/14 levels in 2015/16.

Collection Rate Adjustment: The assumed collection rate has increased from 96.5% in 2014/15 to 97.5% in 2015/16.

3. Council Tax Base in Parish Areas for 2015/16

3.1 There are also new tax base figures for each parish area in 2015/16. The following table provides details of the new tax base for each parish along with a comparison with current year:

Tax Base for Parish Areas	Band D Equivalents		
	2014/15	2015/16	Change
Parish of Aintree Village	1,972.24	1,961.31	-10.93
Parish of Formby	8,877.62	8,907.71	30.09
Parish of Hightown	839.36	837.33	-2.03
Parish of Ince Blundell	157.78	157.18	-0.60
Parish of Little Altcar	261.79	261.16	-0.63
Parish of Lydiate	1,976.84	1,996.25	19.41
Parish of Maghull	6,335.30	6,371.68	36.38
Parish of Melling	953.97	955.64	1.67
Parish of Sefton	228.65	225.23	-3.42
Parish of Thornton	735.83	742.33	6.50

3.2 The level of council tax reduction scheme discounts has fallen in all parish areas. This has led to a net increase in tax base in Formby, Lydiate, Maghull, Melling and Thornton in 2015/16. However, the tax base in other parish areas has reduced as a result of an increase in the number of exemptions recorded on the relevant date..

4. Compensating Parish Areas for Loss of Council Tax Income

- 4.1 The tax base in Parish Areas was reduced in April 2013 as a result of the introduction of the local council tax support scheme. The Government have built funding into Sefton's Settlement Funding Assessment in order to provide Parish Areas with compensation for the loss of council tax income as a result of this change. How much, if any of this funding is to be passed on to Parish Council's has been left to Council's to decide in discussion with the parishes.
- 4.2 The Government made the following comments on the funding for parish councils in their response to the consultation on council tax base and funding for local precepting authorities:

Certainty of Funding for Parish and Town Councils

B8. As there is not a mechanism for providing funding through the business rates retention system directly to parish and town councils the Government is providing the funding attributable to them to the billing authority. To enable this funding to reduce the local precepting authority's council tax requirement, and so potentially offset some or all of the costs of offering support, the billing authority will need to pass funding down to the local precepting authority.

B9. To support considerations over funding, the Government has published provisional funding allocations, setting out how much funding might be attributable to the local precepting authorities, based on its share of council tax in the billing authority area.

B10. This figure is intended as a starting point: Precisely how much funding should be passed down will depend on a number of factors, including the design of the scheme and the number of claimants in the local precepting authority area.

B11. In line with the localism agenda there will not be a legislative duty to pass down funding. Billing and local precepting authorities should be able to come to agreement on arrangements for passing down the funding attributable to the local precepting authority, reflecting the factors outlined above, and other relevant local circumstances.

- 4.3 On 23 October 2014, Local Government Minister Kris Hopkins praised the majority of councils who passed on government grants to their parishes to fund council tax support schemes. However, he also expressed concern about a small minority of authorities who are failing to pass sufficient money down to parish councils. He stated that he would be writing to 31 councils in particular who intend to pass none of this cash to their parishes
- 4.4 As part of the 2013/14 and 2014/15 budget setting process it was agreed to pay £118,118 in total to parish councils in order to ensure that they were protected from the impact of the council tax reforms. It was also agreed to review this payment as part of the 2015/16 budget process.

4.5 The Medium Term Financial Plan presented to Cabinet on 27 November 2014 assumed that £118,118 would continue to be paid in 2015/16. However, the number of council tax payers claiming council tax support has fallen in both 2013/14 and 2014/15. This reduction in claimant numbers has been reflected in the parish council tax base calculations for 2015/16. The actual loss of income in parish areas as a result of the Council Tax Reduction Scheme (CTRS) has reduced to £93,492 in 2015/16 as shown in the following table:

Parish Area	A CTRS Discounts (Band D) Equivalents)	B Band D Charge £	C Collection Rate	= A x B x C Loss of Income £
Aintree Village	264.58	45.63	97.5%	11,771
Formby	556.41	6.20	97.5%	3,363
Hightown	40.34	5.05	97.5%	199
Ince Blundell	33.55	11.09	97.5%	363
Little Altcar	20.51	9.55	97.5%	191
Lydiate	219.20	65.71	97.5%	14,044
Maghull	693.50	88.85	97.5%	60,077
Melling	125.05	18.87	97.5%	2,301
Sefton	59.25	12.15	97.5%	702
Thornton	80.54	6.12	97.5%	481
Total				93,492

4.6 The Council is facing significant budget cuts and can no longer afford to provide parish council's with the same level of funding protection in 2015/16. It is therefore recommended that the level of council tax support grant provided to parish areas is reduced to £93,492 in 2015/16 in line with their actual funding losses as a result of CTRS. The change in grant in each area is set out below:

Parish Area	Grant 2014/15 £	Grant 2015/16 £	Change / Saving (-) £
Aintree Village	12,972	11,771	-1,201
Formby	3,070	3,363	+293
Hightown	246	199	-47
Ince Blundell	311	363	+52
Little Altcar	226	191	-35
Lydiate	19,959	14,044	-5,915
Maghull	77,638	60,077	-17,561
Melling	2,470	2,301	-169
Sefton	721	702	-19
Thornton	505	481	-24
Total	118,118	93,492	24,626