

## Impact of Boundary Changes on Council Tax

**EXECUTIVE MEMBER:** Councillor E Woodburn  
**LEAD OFFICER:** Martin Jepson, Head of Legal and Democratic Services

**REPORT AUTHOR:** Jane Salt, Head of Customer Services  
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**Summary and Recommendation:** As a result of receiving changes to some parish boundaries after the Council Tax had been set there is a requirement to change council tax liabilities for those properties moving parishes. In line with Leading Counsel's opinion The Executive are asked to approve the recommendation outlined in option 2.

### 1. INTRODUCTION

- 1.1 A request was made to the Department for Communities and Local Government (DCLG) last year for them to make the Copeland (Parishes) Order which affected a number of Parish and town Councils in the Copeland area on behalf of the Council. These parishes are listed in Appendix 1.
- 1.2 Although legislation brought into effect in February 2008 would have allowed the Council to take over the making of the Order, it was decided that since no Guidance for the process of making such Orders had been given, the DCLG should be asked to complete the making of the Order for the relevant parishes.
- 1.3 The Council had been advised by the DCLG that the Order would be made prior to April 1<sup>st</sup> 2009 and some parishes were made aware of this. At the Annual Meeting with the Parishes in March it became clear that at least two parishes had set their annual parish precept based on the assumption that a revised tax base would be in place in time for the 2009/10 Council Tax setting and billing exercise.
- 1.4 The Order was made on 4<sup>th</sup> March 2009, prior to 1<sup>st</sup> April but after the Council meeting of 24<sup>th</sup> February when the Council Tax base and rates were approved and set using the existing data, i.e. before the boundary changes .

- 1.5 The majority of residents of the properties affected are unaware that these changes have happened or that they have affected their Council Tax liability.
- 1.6 The Council sought Leading Counsel 's opinion who confirmed that we had to amend the accounts for those properties affected by the boundary changes, therefore doing nothing in this financial year is not an option. However there are 2 options that the Council can consider, these are outlined in section 3 and were also discussed with Leading Counsel .

## **2. ARGUMENT**

- 2.1 The effect of the Boundary change is that it changes the tax base of the affected parish and therefore, the Council Tax levy on each property (band D equivalent) changes. Each parish has a different precept amount and by moving the properties between parishes some customers could gain by paying less Council Tax whilst others, pay more. The band D differences are shown at Appendix 1.
- 2.2 Consequently there are four different impacts upon Council Tax payers depending on specific circumstances:
  - a) Council tax payers who reside in those two parishes who set a higher precept amount in anticipation of the boundary changes will be paying more than they should as the tax base at the time of billing was lower than it anticipated.
  - b) Council Tax payers in the parishes that have made no adjustment to the precept for the impending boundary changes are least affected but could be paying more or less if their parish tax base is affected by the overall changes. The impact on each parish is shown at Appendix 1.
  - c) For those residents that are remaining in the same parish, we have established through extensive consultation, including taking advice from Queens Leading Counsel , that there is no requirement to amend their annual bills.
  - d) The difficulty arises for those properties that now need to be moved into a new parish to correctly reflect the Copeland (Parishes) Order 2009 in the Council Tax base. Each parish has a different precept amount and by moving the properties between parishes some customers could gain by paying less Council Tax whilst others will have to pay more. The band D differences are shown at Appendix 1.

### **3. OPTIONS TO BE CONSIDERED**

- 3.1 There are two options to be considered, each of which impacts differently on the Council Tax payers, the Collection Fund and the Council.

#### **Option1**

- 3.2 To amend all the records on the Council Tax system and to issue a new Council Tax bill to all of those properties affected, i.e. both to those that will gain by moving to a parish with a lower amount and those who will lose by moving to a higher parish amount.
- 3.3 The residents most affected by this would be those moving from Moresby to Whitehaven as they would see a £31.60 reduction in their Council Tax liability for the full year. Whilst the worse affected would be those moving in the other direction as they will see a £31.60 increase for the full year.
- 3.4 This would be the easiest option from a practical billing point of view, but would attract some negative press from parishes and tax payers. Due to the relative small amounts involved the additional charge could be difficult to recover from those who insist on not paying the increased amount.
- 3.5 The impact on the Collection Fund for this option would be an overall gain of approx £ 6,300 to the Collection Fund as there are more homes transferring to parishes with higher precepts overall, given the changes affect homes which previously in an un-parished area. The Collection Fund is shared between the Police Authority, the County Council, and the District Council in relation to their share of the Council Tax demand. Copeland would receive around 12 % of the surplus. Parishes receive the precept they request, and they do not share in either the surplus or deficit from the actual level of collection being different to that budgeted.

#### **Option 2**

- 3.6 Whilst we would correct the tax base for all records on the Council Tax system we could issue new bills only to those that will receive a reduction in their Council Tax liability.
- 3.7 In order to achieve this, we would have to remit the increased debt (i.e. do not seek from the Council Tax payer the increased Council Tax charge) in respect of those properties that move to a higher parish amount. Remitting in these circumstances is permissible under Section 13A Local Government and Finance Act 1992.

- 3.8 From a practical billing point of view this would be a manual adjustment on the accounts affected and care would need to be taken if any amendments to these accounts were made during the remainder of the financial year.
- 3.9 The impact on the Collection Fund for this option would be a reduction in the expected level of collection and as this would be due to a decision made by Copeland BC, the deficit on the collection fund, approximately a maximum of £8,500, would be solely funded by Copeland – it could not be shared amongst the other significant precepting bodies.

#### **4. CONCLUSIONS**

- 4.1 Option 1 affects all 463 homes which moved boundaries as a result of the parish order. Option 1 results in additional revenue to the Collection Fund and this surplus will be distributed amongst the three major precepting organisations, but individual Parish precepts for 2009/10 will not change.
- 4.2 Whilst option 2 affects all 463 homes only those 83 homes which have transferred to a parish whose precept is less will see their liability changed. The other 380 will receive a revised bill but will see no difference to the amount they have to pay. Option 2 results in reduced revenue to the Collection Fund and this deficit will be met by Copeland.
- 4.3 Options 1 and 2 result in administration to amend Council tax records in 2009/10 together with administrative costs of re-billing.

#### **5. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)**

- 5.1 Options 1 and 2 result in administration to amend Council tax records in 2009/10 together with administrative costs of re-billing. Option 1 results in a possible increase to the Collection Fund, of which Copeland BC would receive a pro-rata share (around £900) and Option 2 results in a Copeland BC having to refund the Collection Fund ( upto £8,500).

#### **6. PROJECT AND RISK MANAGEMENT**

- 6.1 The main risk is one of reputation, not least because the request for these boundary changes has been an outstanding issue since June 2006.
- 6.2 In addition we had informed some of the parishes back in September 2008 that the Order would be made by 1 April 2009.

## 7. IMPACT ON CORPORATE PLAN

7.1 None

### List of Appendices

Appendix 1 – Parishes affected by the changes.

### List of Background Documents:

List of Consultees: Corporate Team, The Leader, Cllr George Clements

### CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed . This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Monitoring Officer Comments	No further comments
S151 Officer Comments	Nothing further to add

Please say if this report will require the making of a Key Decision NO

### Parishes affected by the boundary changes

Impact on the Band D equivalent:

Parish	Band D before precept	Total precept (£)	Band D equiv after	Revised Precept (£)	Difference (£)
Parish	Band D before	Amount	Band D equiv after	Amount	Difference
Irton & Santon	166.46	0	158.22	0	0
Wasdale	62.52	670	71.76	769	99
Lamplugh	342.32	12500	289.84	10585	-1915
Arl/Friz	1163.5	34000	1171.70	34237	237
Ennerdale	121.2	3000	165.36	4093	1093
Millom without	432.06	5000	339.09	3923	-1077
Bootle	266.62	7250	269.57	7330	80
Millom	2141.60	68600	2196.05	70339	1739
Whicham	149.09	3500	181.1	4252	752
Moresby	427.23	13500	578.49	18280	4780
Whitehaven	7513.91	0	7370.89	0	0
Muncaster	142.44	3713	135.99	3545	-168
Eskdale	148.25	1000	154.7	1044	44
St Bees	750.87	16935	703.86	15872	-1063
Egremont	2366.67	87500	2413.68	89234	1734

Numbers of properties moving between parishes and impact on Band D amount payable:

Parish moving from	Parish moving to	Actual number of properties	Difference in Band D parish amounts
Irton and Santon	Wasdale	8	10.72
Lamplugh	Arlecdon/Frizington	9	-7.30
Lamplugh	Ennerdale	38	-11.77
Lamplugh	Wasdale	1	-25.80
Millom Without	Millom	85	20.46
Millom Without	Whicham	41	11.91
Millom Without	Bootle	3	15.62
Moresby	Whitehaven	29	-31.60
Muncaster	Eskdale	6	-19.32
St Bees	Egremont	53	14.42
Whitehaven	Moresby	190	31.60
	Total	463	