

CABINET

DATE	01/12/2021
REPORT OF	Councillor Stan Shreeve, Deputy Leader and Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director – Environment, Economy and Resources
SUBJECT	Calculation of the Council Tax Base for 2022/23
STATUS	Open
FORWARD PLAN REF NO.	CB 12/21/01

CONTRIBUTION TO OUR AIMS

The Council has a statutory duty to set its Council Tax base on an annual basis. The revenue raised from Council Tax is used to finance the Council's priorities and aims.

EXECUTIVE SUMMARY

North East Lincolnshire Council has the power in statute to raise a tax on households in its area to pay for the provision of local services. It is designated as the billing authority for the area. This means that it is responsible for levying a Council Tax to meet its own demands and to meet the precepts other authorities in the area.

This report also outlines the proposed Council Tax Support Scheme (CTSS) for the forthcoming year. The setting of the CTSS plays a key role in calculating the tax base in calculating the likely scheme spend and the impact on the wider financial planning process.

RECOMMENDATIONS

It's recommended that Cabinet:

- 1) Supports the proposed Council Tax Support Scheme for 2022/2023 which maintains the discount of 65% for all eligible working age customers and refers the proposals to Full Council for approval.
- 2) Subject to the recommendations above, Cabinet agrees that the Council Tax Base for the Council and other precepting bodies in 2022/23 be set at 45,206.9 Band D equivalents (as detailed in Appendix A).

REASONS FOR DECISION

Setting the Council Tax Base is a statutory requirement that forms the basis of the calculation of the Council Tax charge for 2022/23. The tax base needs to be agreed and notified to major precepting bodies by no later than the end of January 2022.

1. BACKGROUND AND ISSUES

- 1.1. North East Lincolnshire Council has the power in statute to raise a tax on households in its area to pay for the provision of local services. It is designated as the billing authority for the area. This means that it is responsible for levying a Council Tax to meet its own demands and to meet the precepts of other authorities in the area. The precepting bodies are:
 - Humberside Police and Crime Commissioner
 - Humberside Fire Authority
 - Parish and Town Councils in North East Lincolnshire
- 1.2. It also provides details of its tax base to levying bodies to which it must pay a contribution for the cost of services provided in the area. That includes the Environment Agency and the Port Health Authority.
- 1.3. Section 33 of the Local Government Finance Act 1992 and the Local Authorities (Calculation of Tax Base) Regulations 2012 requires the Council to determine its tax base for Council Tax purposes each year. This is the basis on which the Council Tax is raised. The Council keeps a database of the properties in its area. Properties are recorded in 8 national bands by value (A to H) as determined by the independent Valuation Office Agency. Band H taxpayers pay twice as much as those in band D and three times as much as those in band A. The number of properties is expressed as a number of Band D equivalent properties for the purposes of calculating what £1 on the Council Tax would raise.
- 1.4. All precepting bodies have a right to receive the tax base figure for the area or their part of the area no earlier than 1 December and no later than 31 January in advance of the relevant tax year. It is this tax base that they will use to calculate a precept to fund their services, which they will direct the Council to collect on their behalf. The tax base is subject to change as new properties are built or converted and old properties demolished, so the tax base needs to be recalculated each year. Government also requires information on the Council Tax base to determine the Council's share of national grant funding.
- 1.5. North East Lincolnshire Council will use the tax base to calculate a combined Council Tax requirement for 2022/23 for itself, Humberside Police & Crime Commissioner, Humberside Fire Authority and Parish and Town Councils. The Council Tax collected is pooled in a collection fund and then distributed to North East Lincolnshire Council and the precepting bodies, on the basis of their tax decisions.
- 1.6. The calculation of the tax base is informed by the number of Band D equivalent properties and is adjusted by anticipated collection rates and the cost of applicable discounts made to relevant households. This includes a number of nationally determined discounts and the local Council Tax Support Scheme (CTSS), which was introduced in 2013/14. The current CTSS requires working age households to pay a proportion of their Council Tax bill.

Council Tax Support Scheme 2022/23

- 1.7 The current cost of the Council Tax support discount is £11.26m of which 52.5% or £5.92m is mandatory and relates to pensioners. The current discretionary element of the scheme relates to the working age population entitled to CTS including those who are disabled, this relates to 47.5% of the caseload and currently costs £5.34m. Whilst this cost has come down in recent years as a result of the changes to the scheme, the Covid19 pandemic has increased the volume of applications to the scheme. The effect of the discount is a reduction to the Council Tax base and therefore the amount of Council Tax the area can raise. The cost of the scheme falls upon the Council and its major precepting bodies (the Police and Crime Commissioner and the Fire Authority).
- 1.8 Following a consultation process in 2019, a change was implemented in April 2020 with eligible working age households moving to a maximum 65% discount towards their Council Tax liability. It is proposed that no further change to this level is put in place given the economic challenges faced at the current time.

2. RISKS AND OPPORTUNITIES

- 2.1. To determine the Tax Base for Council Tax purposes for the Council and those which precept on it, the CTB1 tax base is adjusted to take account of projected changes in the valuation list and likely levels of discounts and exemptions for 2022/23. Known and projected growth in the number of properties is also factored in.
- 2.2. The size of the tax base takes account of all the discounts and exemptions available, both mandatory and discretionary, based upon estimated take up. There is a range of national discounts and exemptions available, including certain types of unoccupied property; certain types of occupant such as students; and a discount for properties with only one occupant.
- 2.3. Whilst the Council has no scope to amend national discounts and exemptions, financial stewardship and achieving fairness to all taxpayers requires it to ensure those claiming discounts are fully eligible. The single person discount represents the single biggest cost. There are currently 27,481 properties claiming single person discount, which reduces their Council Tax charge by 25%. The Council, via the Fraud Team, has undertaken a full review of all discounts in place during 2021. This review has so far identified 621 properties where the single person discount should not be in place which has led to an additional £221k in council tax billing. The review will be ongoing throughout 2022/23. The overarching aim is to ensure households are paying their fair share towards the much-valued services provided and enabled by the Council.
- 2.4. Failure to set the Council Tax base would result in the Council being unable to meet the statutory requirement to notify precepting authorities of the Council Tax base by 31 January 2022. It may also delay the calculation of the Council Tax charge and the billing and collection processes for 2022/23.

3. OTHER OPTIONS CONSIDERED

- 3.1. In relation to CTSS, any material to changes to the scheme require a consultation process to be undertaken and the approval of full Council.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 Setting of the tax base is a legislative requirement to which the Council has to adhere. Communications will be with Fire, Police and precepting authorities within set timescales.

5. FINANCIAL CONSIDERATIONS

- 5.1. The Council must calculate the tax base each year in accordance with The Local Government Finance Act 1992 and The Local Authorities (Calculation of Tax Base) Regulations 2012.
- 5.2. Judgement has been applied in estimating the Council Tax collection rate. For 2022/23 it is considered prudent to assume a 98.2% collection rate, based on current collection rates and future trends in line with the Council's policy framework and application of discounts. This position has been reviewed in light of ongoing challenges brought about by Covid-19, and has increased from the 97.2% assumed in 2021/22.
- 5.3. The increase in the tax base to 45206.9 from the 2021/22 position of 44405.4 equates to an additional 801.5 Band D equivalent properties. This delivers an extra £1.526m at the current North East Lincolnshire Council average band D level of tax. This is built into the Council's medium-term financial plan.
- 5.4. The actual amount collected in any year may differ from the estimate so that a surplus or deficit can arise on the Collection Fund. This surplus or deficit is shared between the Council and the major precepting authorities and is applied in the following year as required by legislation.
- 5.5. If collection rates fall below that assumed, there is a risk that a deficit may arise on the fund, which would need to be made up in a subsequent year.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 6.1 All financial decisions taken by the Council impact upon the environment. For this reason, the Council must take climate change and environmental issues into account in the establishment of its financial plans.

7. CONSULTATION WITH SCRUTINY

- 7.1 As the tax base report is approved by Full Council, there is no requirement for consultation with scrutiny.

8. FINANCIAL IMPLICATIONS

- 8.1 Income from Council Tax provides around half the Council's net funding. Decisions in relation to the Council Tax base impact upon the total funding available to the Council.

8.2 Failure to agree the Council Tax base would mean the Council is unable to set a legal budget.

9. LEGAL IMPLICATIONS

9.1 In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 the Council Tax base for the authority must be agreed and notified to major precepting bodies before the 31 January 2021.

10. HUMAN RESOURCES IMPLICATIONS

10.1 There are no direct implications arising from the report.

11. WARD IMPLICATIONS

11.1 Information relates to all wards

12. BACKGROUND PAPERS

12.1 Local Government Finance Act 2012

<http://www.legislation.gov.uk/ukpga/1992/14/contents>

12.2 Local Authorities (Calculation of Council Tax Base) regulations 2012

<http://www.legislation.gov.uk/uksi/2012/2914/contents/made>

13. CONTACT OFFICER(S)

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COUNCILLOR STAN SHREEVE

**DEPUTY LEADER AND PORTFOLIO HOLDER FOR FINANCE,
RESOURCES AND ASSETS**

ANNEX 1

Town/Parish	Gross Band D Equivalent		Net Band D Equivalent Assuming 98.2% Collection 2022/2023 and Council Tax Reduction Scheme Changes applicable to spreadsheet		Net Band D Equivalent	Assumed Collection rate
	2022/2023	Loss on Collection			2021/2022	
Ashby cum Fenby	127.2		2.3	124.9	120.2	98.2
Aylesby	65.2		1.2	64.0	62.7	
Barnoldby le Beck	174.8		3.1	171.7	162.5	
Beelsby	53.3		1.0	52.3	52.1	
Bradley	80.9		1.5	79.5	78.5	
Brigsley	174.6		3.1	171.5	169.8	
East Ravendale	37.9		0.7	37.2	37.5	
Great Coates	488.6		8.8	479.8	478.1	
Habrough	206.5		3.7	202.8	201.6	
Hatcliffe	50.8		0.9	49.9	49.5	
Hawerby cum Beesby	10.8		0.2	10.6	10.7	
Healing	1161.4		20.9	1140.5	1109.0	
Humberston	2547.8		45.9	2502.0	2370.7	
Immingham	2592.0		46.7	2545.3	2491.8	
Irby upon Humber	58.7		1.1	57.7	58.0	
Laceby	1082.4		19.5	1063.0	1082.7	
New Waltham	1960.8		35.3	1925.6	1853.2	
Stallingborough	443.1		8.0	435.1	428.0	
Waltham	2237.3		40.3	2197.0	2153.0	
West Ravendale	6.9		0.1	6.7	7.3	
Wold Newton	29.5		0.5	29.0	28.3	
Cleethorpes	9644.5		173.6	9470.8	9384.4	
Grimsby	22800.6		410.4	22390.2	22016.0	
TOTAL	46035.5		828.6	45206.9	44405.4	