

## COUNCIL

<b>DATE</b>	21 December 2022
<b>REPORT OF</b>	Councillor Stephen Harness, Portfolio Holder for Finance, Resources and Assets
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot, Executive Director – Environment, Economy and Resources
<b>SUBJECT</b>	Calculation of the Council Tax Base for 2023/24
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	CB 12/22/01

### **CONTRIBUTION TO THE COUNCIL PLAN / STRATEGIC 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**

That Full Council:

- 1) Supports the proposed Council Tax Support Scheme for 2023/2024 which maintains the discount of 65% for all working age customers.
- 2) That subject to the recommendation above, Council agrees that the Council Tax Base for the Council and other precepting bodies in 2023/24 be set at 45710.4 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 2023/24. The tax base needs to be agreed and notified to major precepting bodies by no later than the end of January 2023.

### **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 2023/24 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 2023/24**

- 1.7** The current cost of the Council Tax support discount is £11.2 Million of which 53% or £6 Million 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% of the caseload and currently costs £5.2 Million. 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 working age households moving to a maximum 65% contribution towards their Council Tax liability. It is proposed that no further change to contribution 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 2023/24. 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 28,053 properties claiming single person discount, which reduces their Council Tax charge by 25%. The Council, undertakes a continuous review of the single person discounts in place. The overarching aim is to ensure households are paying their fair share towards 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 2023. It may also delay the calculation of the Council Tax charge and the billing and collection processes for 2023/24.

### **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 2023/24 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.

**5.3.** The overall level of anticipated collection remains the same as 2022/23 however this will be kept under review due to national issues around cost of living. Additional financial support has been made available to the residents of North East Lincolnshire this year through the Council Tax Energy Rebate Scheme £10.5m, Household Support Fund £4.8m (up to March 23) and the Governments Energy Support Package of either £400 or £650 per household depending on circumstances.

- 5.4.** The increase in the tax base to **45710.4** from the 2022/23 position of 45206.9 equates to an additional 503.5 Band D equivalent properties. This delivers an extra £0.9m at the current North East Lincolnshire Council average band D level of tax. This is built into the Council's medium-term financial plan.
- 5.5.** 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.
- 5.6.** 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.
- 5.7.** North East Lincolnshire has implemented all additional premiums for empty properties within the area since 2019. Premiums are an additional 100% charge for properties empty over 2 years, 200% for properties empty over 5 years and an additional 300% charge for properties empty over 10 years.
- 5.8.** In October 2022 there are currently 101 properties which have the additional premium attached to their account, this accounts overall for £487k of council tax billing.
- 5.9** The volume of additional premiums in place may increase in April 2023 as investigations are currently underway to assess additional charges for properties which have hit the timing threshold.

## **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

7.1 All financial decisions taken by the Council impact upon the Children and Young People. For this reason, the Council must take its commitments to the Corporate Parenting Pledge into account in the establishment of its financial plans.

## **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

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.

## **8. CONSULTATION WITH SCRUTINY**

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

## **9. FINANCIAL IMPLICATIONS**

**9.1** 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.

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

## **10. LEGAL IMPLICATIONS**

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 2023.

## **11. HUMAN RESOURCES IMPLICATIONS**

There are no direct human resource implications arising from the report.

## **12. WARD IMPLICATIONS**

Information relates to all wards

## **13. BACKGROUND PAPERS**

13.1 Local Government Finance Act 2012

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

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

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

## **14. CONTACT OFFICER(S)**

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**Councillor Stephen Harness,  
Portfolio Holder for Finance, Resources and Assets**

Town/Parish	Gross Band D Equivalent		Net Band D Equivalent Assuming 98.2% Collection 2023/2024 and Council Tax Reduction Scheme Changes applicable to spreadsheet		Net Band D Equivalent	Assumed Collection rate
	2023/2024	Loss on Collection			2022/2023	
Ashby cum Fenby	126.8		2.3		124.5	124.9
Aylesby	65.6		1.2		64.4	64.0
Barnoldby le Beck	178.1		3.2		174.9	171.7
Beelsby	53.8		1.0		52.8	52.3
Bradley	80.9		1.5		79.5	79.5
Brigsley	171.0		3.1		168.0	171.5
East Ravendale	37.5		0.7		36.8	37.2
Great Coates	491.6		8.8		482.7	479.8
Habrough	207.5		3.7		203.8	202.8
Hatcliffe	53.3		1.0		52.3	49.9
Hawerby cum Beesby	11.1		0.2		10.9	10.6
Healing	1196.8		21.5		1175.2	1140.5
Humberston	2629.1		47.3		2581.8	2502.0
Immingham	2629.6		47.3		2582.3	2545.3
Irby upon Humber	64.9		1.2		63.7	57.7
Laceby	1070.0		19.3		1050.7	1063.0
New Waltham	2003.8		36.1		1967.7	1925.6
Stallingborough	452.7		8.1		444.5	435.1
Waltham	2269.6		40.9		2228.8	2197.0
West Ravendale	7.1		0.1		7.0	6.7
Wold Newton	28.1		0.5		27.6	29.0
Cleethorpes	9635.6		173.4		9462.1	9470.8
Grimsby	23083.9		415.5		22668.4	22390.2
<b>TOTAL</b>	<b>46548.2</b>		<b>837.9</b>		<b>45710.4</b>	<b>45206.9</b>