

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

CALCULATING THE COUNCIL TAX BASE 2018/2019

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider and approve the Council Tax base to be used for each part of the Council's area for formula grant and tax setting purposes.
- 1.2 The key elements of this report are:
 - To note the council tax base, for grant purposes, at October 2017, as submitted to the Department of Communities and Local Government (CLG).
 - To consider a number of changes to discounts including the Council Tax Reduction Scheme (CTRS).
 - To set a tax base for setting Council Tax for the council, local parishes and major precepting authorities.

2. BACKGROUND INFORMATION

- 2.1 North 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 lower and higher tier authorities in the area. The precepting bodies are:

- Parish and Town councils in North Lincolnshire
- Humberside Police and Crime Commissioner
- Humberside Fire Authority

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 (Anglian and Severn Trent Regions) and the Port Health Authority.

- 2.2 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.

- 2.3 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. They will use this taxbase to calculate a precept to fund their services, which they will direct the council to collect on their behalf. Government also requires information on the council tax base to determine the council's share of national grant funding
- 2.4 North Lincolnshire Council will use the tax base to calculate a combined council tax requirement for 2018/19 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 Lincolnshire Council and the precepting bodies, on the basis of their tax decisions.
- 2.5 The taxbase is subject to change as new properties are built or converted and old properties demolished, so the taxbase needs to be recalculated each year. 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 Reduction Scheme (CTRS), which was introduced in 2013/14. The current CTRS requires working age households to pay a proportion of their council tax bill. The CTRS is reviewed regularly and this report proposes changes to the scheme, as part of the calculation of the tax base.
- 2.6 Since the CTRS formed part of the tax base calculation, the council has made funding available to Town and Parish Councils to compensate for the reduction in tax base as a result. This arrangement is at the discretion of higher tier councils. Consideration of the basis and methodology for distributing the grant for 2018/19 is on going.

3. OPTIONS FOR CONSIDERATION

- 3.1 To note the Tax Base applied for Grant Purposes
- 3.2 To approve the Council Tax Reduction Scheme for 2018/19
- 3.3 To set the tax base for Council Tax and precept purposes for 2018/19

4. ANALYSIS OF OPTIONS

4.1 Tax base for grant purposes 2018/19

- 4.1.1 The government uses tax base data when it determines the amount of formula grant to be paid to each local authority. It makes use of the CTB1 form which billing authorities are required to submit every October. It is

assumed that councils will be able to collect 100% of the tax levies on this base and uses the information to determine the council's share of formula grant.

4.2 Tax Base for Council Tax Purposes

4.2.1 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 2018/19. Known and projected growth in the number of properties is also factored into the calculation of the tax base for 2018/19.

4.2.2 The size of the tax base takes account of all of the discounts available, both mandatory and discretionary based upon likely take up. There is a range of national discounts available including certain types of unoccupied property; certain types of occupant such as students; and a discount for properties with only one occupant. The impact of these discounts on the taxbase is shown at Appendix 2.

4.2.3 The Council also has some local discretion to vary a number of council tax discounts. These are for certain categories of empty property and the means-tested Council Tax Reduction Scheme, which provides support to low income households. The discretion on empty properties is considered next. The CTRS scheme is considered in more detail at section 4.3.

4.2.4 Last year the council decided that there would be no period of exemption for empty properties not covered by specific exemptions. That leaves two further discretionary adjustments where the council can reconsider the charge made:

- Properties which are deemed uninhabitable due to undergoing structural and major repair work
- The option to make a surcharge on properties which have been empty for over two years (currently a 50% surcharge, increasing to 100% from 2019/20 or later).

It is proposed to end the uninhabitable property discount to provide an incentive to bring properties back into use and address public concern about the environmental impact; and to levy a 50% surcharge on property empty for more than two years. These changes will make a modest contribution to council tax, but will provide an incentive to bring properties back into use.

4.2.5 Judgement has been applied in estimating the council tax collection rate. For 2018/19 it is considered prudent to assume a 98.1% collection rate, based on current collection rates and future trends in line with the council's policy framework and application of discounts.

4.3 Council Tax Reduction Scheme 2018/19

4.3.1 The current estimated cost of the council tax support discount is £9m overall. The effect of the discount is a reduction to the council tax base and therefore the amount of council tax the area can yield. The cost of the scheme therefore falls upon the council and its major precepting bodies (the Police and Crime

Commissioner and the Fire Authority). The proposed changes to the scheme reduce the cost to this council of council tax support discounts from £7.7m to £7.1m.

4.3.2 The CTRS proposed for 2018/19 includes the following provisions:

- 100% discount for eligible pension aged households
- 77% discount for eligible persons with disabilities
- 77% discount for young people leaving the council's care
- 50% discount for working age households
- Maximum savings limit £8,000
- Minimum weekly entitlement of £2
- Claims backdated to 3 months
- Family premium allowance
- Scheme assumes adult members of the household contribute to council tax

4.3.3 The CTRS is set in the context of promoting increased levels of employment and skills in the area. The proposed scheme also aims to ensure that all residents make an appropriate contribution towards the cost of providing local services.

4.3.4 Under the scheme, households are able to apply for additional support under a hardship fund in exceptional circumstances.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

5.1 Financial

5.1.1 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.

5.1.2 Growth in the taxbase and the proposed changes to reliefs increase the tax base by 0.9% from the 2017/18 position. This delivers an extra £0.6m, at the current North Lincolnshire Council band D level of tax.

5.1.3 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.

5.1.4 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. However the fund has a track record of high collection rates, fund surpluses and low levels of council tax write offs which suggest the current risk is moderate.

5.2 Staffing, Property, IT

There are no implications for staffing, property or IT.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT

- 6.1 An impact assessment for the proposed changes to the CTRS has been completed. This finds that the proposal does not discriminate against groups protected under equalities legislation, nor against any particular type of working age household. The impact locally, to date, of measures to improve employment and implement the welfare reform programme suggests that a CTRS scheme for 2018/19 on the basis set out in Appendix 3 is deliverable.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 Consultation on changes to the Council Tax Reduction Scheme took place between September and November 2017. The consultation was publicised widely on the council webpage, on social media and through the press, partner agencies and by direct mailing. Although the number of responses received from the public was significantly more than similar previous consultations, the response rate of 370 is not sufficiently large to be considered as statistically significant. A majority supported the protection of disabled households and the hardship fund, but did not support the reduction in the general level of support for working age households.
- 7.2 The Police Commissioner and Fire Authority were also consulted. Neither expressed a view on the proposed changes to the minimum contribution for working age claimants and the protection for disabled households, but both endorsed the provision of a hardship fund.

8. RECOMMENDATIONS

- 8.1 That the council tax base for grant purposes is noted (Appendix 1).
- 8.2 That the Council Tax Reduction Scheme 2018/19 (Appendix 3) and the application of discretionary adjustments is approved
- 8.3 That the council tax base for the council, parishes and major precepting bodies in 2018/19 is set as outlined in Appendix 4.
- 8.4 That the Director of Governance and Partnerships be authorised to confirm the grant allocations in respect of support to town and parish councils.

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

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Background Papers used in the preparation of this report

Local Government Finance Act 1992

Local Government Finance Act 2003

Local Government Finance Act 2012

The Local Authorities (Calculation of Council Tax Base Regulations 1992, 1994 and 2012)

Local Government and Public Involvement in Health Act 2007-The North Lincolnshire Council (Reorganisation of Community Governance) Order 2017

Valuation Lists

Council Tax Base Calculation Summary

	Band D Equivalents
Gross Properties	60,455.9
Non-CTR discounts	-5,651.3
Taxbase pre CTR	54,804.6
CTR Scheme	-5,399.5
Total Taxbase post CTR	49,405.1
Taxbase Adjustments	130.4
Taxbase after Adjustments	49,535.5
Allowance for Non-Collection	-944.4
Council Tax Base after allowance	48,591.1
MOD Properties	11.0
Council Tax Base	<u>48,602.1</u>

Council Tax Reduction Scheme Summary 2018/19

The Council Tax Reduction Scheme (CTRS) in North Lincolnshire will apply as follows:

Pension Age Customers

Applicants receive a level of support under scheme guidelines set by the Government. Entitlement for support will be calculated using levels of income and access to qualifying benefits defined by those guidelines, and the entitlement will not be altered for any local scheme conditions.

Working Age Customers

All existing CTRS local scheme criteria from 2017/18 remain in place with the following adjustments:

1. Those who are entitled to disability benefit will continue to receive the current level of support towards their council tax liability – at 77% of the calculated entitlement.
2. Those who have left local authority care will continue to receive the current level of support towards their council tax liability – at 77% of the calculated entitlement.
3. Other working age households will receive a level of support towards their council tax liability at 50% of the calculated entitlement.
4. When calculating entitlement to CTRS the maximum savings threshold will be set at £8,000. Applicants with saving levels over this threshold will not receive CTRS support.
5. When calculating entitlement to CTRS a minimum weekly entitlement threshold to be set at £2. Applicants with a weekly entitlement below this level will not receive CTRS support.
6. When calculating CTRS entitlement, any delay in making a claim will be limited to a maximum backdate of 3 months providing good cause is provided as to the delay.
7. The family premium currently in place, which provides additional support to families, will remain.
8. When calculating entitlement for support, where there is a non-dependant adult in the property there is an expectation this individual will contribute to the council tax liability and the CTRS support currently in place will be removed.

LOCAL TAXBASE 2018/19

Area	Tax base after CTRS	Allowance for Non-collection	MOD Properties	Tax Base 2018/19
Alkborough	161.31	-2.81		158.5
Amcotts	79.76	-1.35		78.4
Appleby	236.03	-3.96		232.1
Ashby Parkland	196.05	-3.34		192.7
Barnetby-le-Wold	527.60	-9.37		518.2
Barrow-on-Humber	1,033.22	-17.70		1,015.5
Barton-upon-Humber	3,553.99	-68.69		3,485.3
Belton	1,150.32	-20.31		1,130.0
Bonby	194.86	-3.62		191.2
Bottesford	3,637.49	-61.01		3,576.5
Brigg	1,717.65	-32.09		1,685.6
Broughton	1,701.12	-29.65		1,671.5
Burringham	214.06	-4.10		210.0
Burton-upon-Stather	970.46	-16.24		954.2
Cadney-cum-Howsham	154.83	-2.51		152.3
Crowle	1,565.30	-28.05		1,537.3
East Butterwick	47.42	-0.93		46.5
East Halton	211.36	-3.51		207.9
Eastoft	144.66	-2.50		142.2
Elsham	166.90	-2.72		164.2
Epworth	1,576.92	-27.78		1,549.1
Flixborough	532.76	-9.41		523.4
Garthorpe & Fockerby	139.04	-2.57		136.5
Goxhill	794.86	-13.39		781.5
Gunness	639.18	-12.77		626.4
Haxey	1,694.73	-28.49		1,666.2
Hibaldstow	781.42	-13.85		767.6
Horkstow	57.09	-1.00		56.1
Keadby with Althorpe	489.53	-10.29		479.2
Kirmington & Croxton	127.93	-2.34		125.6
Kirton-in-Lindsey	1,048.88	-18.86	11.0	1,041.0
Luddington & Haldenby	119.96	-2.16		117.8
Manton	43.90	-0.70		43.2
Melton Ross	73.85	-1.33		72.5
Messingham	1,338.06	-22.14		1,315.9
New Holland	251.02	-4.95		246.1
North Killingholme	88.37	-1.49		86.9
Owston Ferry	454.51	-8.01		446.5
Redbourne	159.48	-2.59		156.9
Roxby-cum-Risby	153.43	-2.64		150.8
Saxby-all-Saints	90.23	-1.54		88.7
Scawby-cum-Sturton	809.50	-13.66		795.8
Scunthorpe	16,000.04	-347.42		15,652.6
South Ferriby	214.46	-3.81		210.7
South Killingholme	293.84	-6.77		287.1
Thornton Curtis	98.50	-1.79		96.7
Ulceby	542.75	-10.18		532.6
West Butterwick	250.36	-4.48		245.9
West Halton	117.23	-1.94		115.3
Whitton	89.45	-1.53		87.9
Winteringham	340.08	-5.88		334.2
Winterton	1,379.89	-26.06		1,353.8
Wootton	178.10	-2.91		175.2
Worlaby	203.05	-3.38		199.7
Wrawby	518.15	-8.86		509.3
Wroot	180.30	-2.98		177.3
Tax Base 2018/19	49,535.26	-944.39	11.00	48,602.1