

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

CALCULATING THE COUNCIL TAX BASE 2020/21

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 2019, as submitted to the Ministry of Housing, Communities and Local Government (MHCLG).
- To propose the current council tax support scheme (CTSS) be maintained for 2020/21.
- To set a tax base for setting Council Tax for the council, local parishes and major precepting authorities.
- To propose the empty property surcharge is maintained at current levels.

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:

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

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. 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.
- 2.4. North Lincolnshire Council will use the tax base to calculate a combined council tax requirement for 2020/21 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 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). The current CTSS requires working age households to pay a proportion of their council tax bill. There are no proposed changes to the CTSS in 2020/21.

3. OPTIONS FOR CONSIDERATION

- 3.1. To note the council tax base applied for grant purposes.
- 3.2. To maintain the current level of council tax support scheme and discretionary reliefs and empty property surcharge.
- 3.3. To set the council tax base for the council, parishes and major precepting bodies in 2020/21.

4. ANALYSIS OF OPTIONS

Tax Base for Grant Purposes 2020/21

- 4.1. 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. The

submission is summarised in Appendix 1. It is assumed that councils will be able to collect 100% of the tax levied on this base and the Government uses the information to determine the council's share of formula grant.

Tax Base for Council Tax Purposes 2020/21

- 4.2. 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 2020/21. Known and projected growth in the number of properties is also factored in.
- 4.3. The size of the tax base takes account of all of 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. The impact of these on the taxbase is shown at Appendix 2.
- 4.4. 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 25,906 properties estimated to be claiming single person discount, which reduces their council tax charge by 25%. From April 2020, the Council will require each household currently in receipt of the discount to confirm that they remain eligible for the discount. The Council also has the ability to utilise tools to identify instances where it appears multiple adults are living at a property in receipt of single person discount. The overarching aim is to ensure households are paying their fair share towards the much valued services provided and enabled by the Council.
- 4.5. Judgement has been applied in estimating the council tax collection rate. For 2020/21 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.

Council Tax Support Scheme 2020/21

- 4.6. The current estimated cost of the council tax support discount is £7.1m overall. This cost has come down in recent years as a result of the changes 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 for a given level of council tax. The cost of the scheme falls upon the council and its major precepting bodies (the Police and Crime Commissioner and the Fire Authority).
- 4.7. The CTSS proposed for 2020/21 is the same scheme as approved for 2019/20 subject to adjustments to reflect national benefit changes.

- 4.8. The CTSS incentivises increased levels of employment and skills in the area. The current scheme also aims to ensure that all residents make an appropriate contribution towards the cost of providing local services.
- 4.9. Under the scheme, households are able to apply for additional support under a hardship fund in exceptional circumstances.

Empty Property Surcharge

- 4.10. Last year, the Council introduced a levy of 100% surcharge in order to incentivise long-term empty properties being brought back into use. The surcharge applies to properties empty for longer than two years. This was intended to address public concern about the environmental impact of properties remaining empty. Since the levy was introduced, two-thirds of owners with properties empty for more than two years are now actively seeking to make changes to resolve the long-term empty status.
- 4.11. The potential revenue generated from the levy is not included in the tax base calculation as it is intended to be short term as the properties are brought back into use. Property owners site a number of reasons why dwellings are left empty including: the property being in a derelict state after years of being empty, the property value being significantly less than the mortgage which funded the acquisition, and the owner living away from North Lincolnshire. The levy provides a short term investment opportunity for the Council to enhance the support it offers to property owners seeking to accelerate the property being brought back into use by tailoring the housing advice provided to this cohort.
- 4.12. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 enable the Council to sharpen the incentive further. From April 2020, a property empty between five and ten years could be charged a 200% surcharge, and from 2021 the act permits a 300% surcharge to be imposed on properties that have been empty for longer than ten years. The Government has phased implementation of the changes to allow owners of empty properties the time to consider addressing the reasons why the property is empty and take action as necessary.
- 4.13. It is proposed that the Council does not implement the 200% surcharge on properties empty between five and ten years in 2020/21, and commits to review the stock of long-term empty properties in twelve months' time. If sufficient progress has not been made by then, the merit of utilising further flexibilities from April 2021 will be re-considered.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

Financial

- 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. Changes to the taxbase increase the tax base by 0.9% from the 2019/20 position. This delivers an extra £0.7m, at the current North Lincolnshire Council band D level of tax, which is in line with medium term financial plans.
- 5.3. 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.
- 5.4. 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.

Staffing, Property, IT

- 5.5. There are no implications for staffing, property or IT.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

- 6.1. Not applicable.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 7.1. No impact assessment is required for the purpose of this report.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 8.1. No consultation is required on the Council Tax Support Scheme as no changes are proposed.

9. RECOMMENDATIONS

- 9.1. That the Council Tax Base for grant purposes contained within appendix 1 is noted.
- 9.2. That the Council Tax Base for the Council and other precepting bodies in 2020/21 be set at 49,889.5 band D equivalents as summarised in appendix 2 and detailed by Parish in appendix 3.
- 9.3. That the current levels of council tax support scheme, discretionary relief and empty property surcharge be maintained.

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Background Papers used in the preparation of this report

Local Government Finance Act 1992, 2003, 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 Office Agency Rating Lists

CTB (October 2019) Submission to MHCLG

COUNCIL TAX BASE CALCULATION SUMMARY 2020/21**Appendix 2**

	Band D Equivalents
Gross Properties	61,188.0
Non-CTR discounts	(5,928.4)
Taxbase pre CTR	55,259.6
CTR Scheme	(4,889.6)
Total Taxbase post CTR	50,370.0
Taxbase Adjustments	476.4
Taxbase after Adjustments	50,846.4
Allowance for Non-Collection	(965.9)
Council Tax Base after allowance	49,880.5
MOD Properties	9.0
Council Tax Base	49,889.5

COUNCIL TAX BASE BY PARISH 2020/21

Appendix 3

Parish/Town or Area	Tax Base after discounts	Allowance for Non-Collection	MOD Properties	Tax Base 2019/20
Alkborough	164.2	(3.1)		161.1
Amcotts	79.2	(1.5)		77.7
Appleby	236.1	(4.5)		231.6
Ashby Parkland	253.0	(4.8)		248.2
Barnetby le Wold	542.2	(10.3)		531.9
Barrow on Humber	1,069.4	(20.3)		1,049.1
Barton on Humber	3,720.4	(70.7)		3,649.7
Belton	1,197.7	(22.8)		1,174.9
Bonby	196.6	(3.7)		192.9
Bottesford	3,665.8	(69.7)		3,596.1
Brigg	1,754.3	(33.3)		1,721.0
Broughton	1,690.7	(32.1)		1,658.6
Burringham	223.5	(4.2)		219.3
Burton Stather	984.4	(18.7)		965.7
Cadney cum Howsham	155.3	(3.0)		152.3
Crowle	1,584.8	(30.1)		1,554.7
East Butterwick	45.1	(0.9)		44.2
East Halton	211.7	(4.0)		207.7
Eastoft	147.4	(2.8)		144.6
Elsham	167.2	(3.2)		164.0
Epworth	1,604.0	(30.5)		1,573.5
Flixborough	541.7	(10.3)		531.4
Garthorpe & Fockerby	141.8	(2.7)		139.1
Goxhill	831.8	(15.8)		816.0
Gunness	650.6	(12.4)		638.2
Haxey	1,704.3	(32.4)		1,671.9
Hibaldstow	793.5	(15.1)		778.4
Horkstow	59.4	(1.1)		58.3
Keadby with Althorpe	503.2	(9.6)		493.6
Kirmington & Croxton	130.9	(2.5)		128.4
Kirton Lindsey	1,080.9	(20.5)	9.0	1,069.4
Luddington & Haldenby	119.5	(2.3)		117.2
Manton	43.5	(0.8)		42.7
Melton Ross	72.6	(1.4)		71.2
Messingham	1,363.9	(25.9)		1,338.0
New Holland	259.5	(4.9)		254.6
North Killingholme	92.0	(1.7)		90.3
Owston Ferry	465.9	(8.9)		457.0
Redbourne	160.1	(3.0)		157.1
Roxby cum Risby	156.8	(3.0)		153.8
Saxby all Saints	91.0	(1.7)		89.3
Scawby cum Sturton	818.3	(15.5)		802.8
Scunthorpe	16,549.6	(314.4)		16,235.2
South Ferriby	223.0	(4.2)		218.8
South Killingholme	306.3	(5.8)		300.5
Thornton Curtis	101.6	(1.9)		99.7
Ulceby	557.0	(10.6)		546.4
West Butterwick	286.0	(5.4)		280.6
West Halton	118.2	(2.2)		116.0
Whitton	89.8	(1.7)		88.1
Winteringham	343.4	(6.5)		336.9
Winterton	1,397.9	(26.6)		1,371.3
Wootton	182.0	(3.5)		178.5
Worlaby	207.2	(3.9)		203.3
Wrawby	523.3	(9.9)		513.4
Wroot	186.9	(3.6)		183.3
Tax Base 2020/21	50,846.4	(965.9)	9.0	49,889.5