

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

CALCULATING THE COUNCIL TAX BASE 2023/24

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1.1 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, as submitted to the Department for Levelling Up, Housing and Communities (DLUHC).
 - To set a tax base for setting Council Tax for the council, local parishes and major precepting authorities.
 - To confirm the implementation of the empty property surcharge for properties empty for longer than ten years from 2023/24.

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. The Government also requires information on the council tax base to determine the council's share of national grant funding and notional spending power.
- 2.4. North 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 Lincolnshire Council and the precepting bodies, based on 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 several nationally determined discounts and the local Council Tax Support Scheme (CTSS). The CTSS requires working age households to pay a proportion of their council tax bill.

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.
- 3.3. To set the council tax base for the council, parishes and major precepting bodies in 2023/24.
- 3.4. To confirm the application of a 300% surcharge for properties empty for 10 years or longer.

4. ANALYSIS OF OPTIONS

Tax Base for Grant Purposes 2023/24

- 4.1. The Government uses taxbase data when it determines the amount of formula grant to be paid to each local authority. It makes use of the CTB form which billing authorities are required to submit every October. The submission is summarised in Appendix 1. The Government uses this information to determine the council's share of formula grant. This data is

also used by Government to notionally estimate the Council's spending power, published in the Local Government finance settlement.

Tax Base for Council Tax Purposes 2023/24

- 4.2. To determine the taxbase for Council Tax purposes for the council and those which precept on it, a comprehensive calculation is carried out which makes a series of adjustments to the gross taxbase to result in a revised estimate which provides the basis for the council tax requirement.
- 4.3. The gross taxbase is equivalent to the number of properties on the rating list at a point in time. A series of national discounts and exemptions are applied to the gross taxbase, together with local discounts (CTSS) and the empty property surcharge. Officer judgements in respect of property growth, non-collection and other adjustments then combine into a taxbase estimate.
- 4.4. Appendix 2 sets out the calculation steps which demonstrate how the revised taxbase has been arrived at and includes commentary which sets out the key assumptions which support the taxbase estimate. This report proposes a taxbase of 51,270.5 band D equivalents, which represents a 0.9% increase from the approved 2022/23 taxbase.
- 4.5. There remain short and medium-term risks to the taxbase associated with economic recovery following the COVID19 pandemic and ongoing pressures to the cost of living which could increase the risk of non-collection. The Council has robust taxbase management processes in place to ensure line of sight in respect of material changes to the assumed position.
- 4.6. The taxbase increase referred to in 4.4 comprises adjustments in respect of the following (with band D impact):
 - An increase in the number of gross properties (353)
 - Assumed collection rate percentage remaining at 98%
 - Additional empty property surcharge cases (43 – see 4.7)
 - A natural reduction in council tax support recipients (239)
 - An increase in the number of single adult households (129)

Further detail on each factor can be found in appendix 2.

- 4.7. The Council operates surcharges on properties empty for longer than two years and five years (100% and 200% respectively) to stimulate a reduction in the number of long-term empty properties, in support of the Council's priority to have flourishing communities. Commencing in 2021 legislation was introduced that allowed billing authorities to charge council tax payers a 300% premium for properties empty for 10 years or longer. This surcharge will be implemented for properties empty for over ten years from 2023/24. Further detail on this change can be found in appendix 2.

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

- 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 2022/23 base, reflecting an increase in resources of £0.8m in 2023/24 at the current North Lincolnshire Council band D level of tax.
- 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. If long-term 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 long-term collection rates, fund surpluses and low levels of council tax write offs suggesting moderate risk.

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. Whilst no consultation is required to adopt the legislative changes to the empty property surcharge, as when previous surcharges were introduced, awareness raising communications will be issued.

9. RECOMMENDATIONS

- 9.1. That the council taxbase for grant purposes is noted (appendix 1).
- 9.2. That the council taxbase for the Council and other precepting bodies in 2023/24 be set at 51,270.5 band D equivalents (appendix 2 and 3).
- 9.3. That the empty property surcharge increased to 300% for properties empty for longer than ten years from 2023/24.

DIRECTOR OF GOVERNANCE AND COMMUNITIES

Church Square House
High Street
Scunthorpe
North Lincolnshire
DN15 6NL

Author: NinaTorr/Louise Allison

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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

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

CTB (October 2022) Submission to DLUHC

COUNCIL TAX BASE FOR GRANT PURPOSES

Appendix 1

Data Extracted from CTB1 Form	Band A (disabled relief)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	TOTAL
Number of dwellings equivalents	173.3	30,979.5	14,426.0	10,406.8	7,243.5	3,739.8	1,565.8	496.8	10.0	69,041.3
Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Total number of band D equivalents	96.3	20,653.0	11,220.2	9,250.4	7,243.5	4,570.8	2,261.6	827.9	20.0	56,143.7
Band D equivalents in lieu (MOD Properties)										12.8
Tax base for Grant Purposes										56,156.5

Table 1 – Council Tax Base Calculation Summary

Council Tax Base Calculation Summary	Band D Equivalents		*Total Yield (£000)*	
	2022/23	2023/24	2022/23	2023/24
Gross Properties	61,851.0	62,203.9	99,878	100,447
National Discounts and Exemptions:				
Exempt properties	(959.8)	(990.2)	(1,550)	(1,599)
Disabled reduction	(91.0)	(86.1)	(147)	(139)
Single person discount	(4,929.9)	(5,059.4)	(7,961)	(8,170)
50% discounts (DSGD)	(91.9)	(92.3)	(148)	(149)
Family annex discount	(9.8)	(10.4)	(16)	(17)
Council Tax Support Scheme:				
Pensioner	(2,754.8)	(2,633.3)	(4,449)	(4,252)
Working Age	(1,917.2)	(1,800.2)	(3,096)	(2,907)
Technical Increases to Taxbase:				
Empty property premium (>2 years)	259.2	202.8	419	328
Empty property premium (>5 years)	68.7	168.3	111	272
MoD properties	12.4	12.4	20	20
Taxbase Adjustments & Assumptions:				
Property growth	351.0	351.4	567	567
Natural reduction in CTSS recipients	49.9	49.6	81	80
Empty property premium (>5years)	-	-	-	-
General Non-Collection Adjustment	(1,036.7)	(1,046.0)	(1,674)	(1,689)
Council Tax Base	50,801.0	51,270.5	82,034	82,792

* 2022/23 band D rate (general rate plus ASC precept) £1,614.81

Table 2 – Council Tax Base and Rate Regional Comparison

2022/23 Council Tax Base, Rate and Yield Comparator Analysis	Band D Taxbase	Band D Rate (£)	Yield (£000)
North Lincolnshire	50,801.00	1,614.81	82,034
North East Lincolnshire	45,206.86	1,718.84	77,703
East Riding of Yorkshire	120,900.30	1,616.79	195,470
Hull	63,988.05	1,541.89	98,662

Analysis of Council Tax Base

1. This appendix sets out further information around the adjustments made to the gross taxbase to result in the taxbase for budget setting purposes, supported by data, trends and other information as appropriate.

Property Growth

2. The Valuation Office Agency (VOA) maintain a list of domestic properties, which the Council must then bill from. As a minimum, the VOA report weekly changes to the rating list, incorporating additions and deletions, and other changes. On the rating list at 11/09/2022, the Council had 76,927 properties which converts to 62,205.1 band D properties. This means the average property in North Lincolnshire is either a band B or C property.
3. Since last year, the taxbase has grown by 382 properties equating to 354 band D equivalents. In the twelve months previously, there had been 475 property completions equating to 425 band D equivalents which reflected a catch up of the timing delay in completions seen during 2020. Average forward growth has been assumed in the calculation to reflect property completions between now and October 2023.

National Discounts and Exemptions

4. There are a series of centrally determined council tax discounts and exemptions, such as the 25% single person discount and disabled banding relief. A discount or exemption reduces the collectable taxbase. The majority of discounts and exemptions tend to remain fairly static over time, with some fluctuation in year.
5. The single person discount has steadily grown over recent years and is currently applied to over 26,600 properties representing almost 35% of the gross tax base. Households were required to confirm eligibility during a review in 21/22 which resulted in the discount being removed from at least 231 band D properties that were no longer eligible. However, the single person discount has increased by the equivalent of 518 Band D households (£211k) from the previous 12 months. A Fraud Review of the single person discount is undertaken on a monthly basis and will continue to do so.

Council Tax Support Scheme

6. There are no changes to the council tax support scheme proposed for 2023/24. Notwithstanding this, there are fewer households eligible for council tax support which reflects a natural reduction in the cohort. A further reduction is assumed in the pensioner category for 2023/24 (-4%), which reflects the trend since October 2013. Due to a change in local demand, there has been a larger decrease in the number of working age recipients eligible for CTSS with a reduction of 138 properties (-6%) assumed in 23/24. In total, the cost of the current scheme is expected to equate to 4,433 band D equivalents (7% of the gross tax base). There are currently 10,114 properties in receipt of some form of council tax support which cost the council approximately £8.8m.

Empty Property Surcharge

7. A 300% empty property surcharge will be applied for properties empty for longer than ten years from 2023/24 onwards. This change would see 33 properties reviewed for the additional charge. The changes proposed are principally borne out of the Council's desire to see a significant reduction in the stock of long-term empty properties, which have implications for communities and restrict local housing supply. The consequence of the change is that a minimal amount of additional council tax will be collectable from a small cohort in the short-term, until property owners have taken the necessary action to reduce the current empty status.
8. There are 126 properties which have now passed the threshold of being empty for longer than two years and 54 which have been empty for longer than 5 years. As such, these are now being charged the 100% and 200% surcharges with a clear pathway of further surcharge increases if action is not taken to resolve this.
9. A review of 283 properties, which have been empty over 18 months, is underway to establish their eligibility for the 100% surcharge. The expectation is the number of properties receiving these extra charges should reduce during 2022/23 in line with the Council's desire to see a reduction in long-term empty properties. For tax base calculations it has been assumed 50% of the reviewed properties will be eligible for additional surcharges and all of those currently receiving surcharges will continue to do so. A robust system is now in place to continuously identify properties as they become eligible for surcharges replacing the annual review to ensure surcharges are applied promptly as the eligibility criteria is met. Between years, there is expected to be a consequential increase in council tax liabilities for properties subject to the surcharge. In total, this could amount to an additional £0.3m and reflects the swelling of properties empty for longer than two years, together with the policy adjustment for properties empty for longer than five years. There is an opportunity to utilise some of this resource to increase investment in housing support and guidance, to further support success in the policy aim. There are circumstances where owners might be constrained in their ability to resolve their empty status (e.g. negative equity/live far from the area), and it is the case that some owners might benefit by having advice and guidance on how to move forward in their specific circumstances. It is important to note that other councils have already implemented this model and are seeing quicker reductions in their stock of long-term empty properties.

Collection Rate

10. The collection rate is an estimate of how much is expected to be collected as a percentage of the amount that would have been collected if everyone liable had paid what they were supposed to. A long-term collection rate is set, but collection up to this level will take several years. For example, a collection rate of 98.1% was set for 2018/19. At the end of that year, 95.4% had been collected. At the end of October 2022 it had increased to the 98.1%, thereby reaching the assumed collection rate 3 and a half years after the financial year end.
11. A reduction to the collection rate was incorporated into the 2021/22 taxbase to reflect heightened risk at the time, the level of risk was judged to have receded slightly in 2022/23, which enabled the collection rate to be increased again from

97.4% to 98%. Although there remains uncertainty for the year ahead, the collected rate has been retained at 98% for a second year (which is still below the rate of 98.5% assumed in 2017/18 and earlier). The council tax requirement has increased over recent years (£101.8m in 2022/23 compared to £79.96m in 2018/19 (27% increase)), and despite increase collection rates have remained stable into Q1 and Q2 of 2022/23.

Summary

12. The Council tax base set out in this report represents an increase from the level that had previously been assumed in the medium term financial plan for 2023/24 (51,193.0). This enables an increase in spending power over the 2023/26 medium term financial plan period and allows for greater investment in housing support. Proactive taxbase management will continue to be required in year so that the Council has early sight of progress against the targets set.

COUNCIL TAX BASE BY PARISH 2023/24

Appendix 3

Parish/Town or Area	Tax Base after discounts	Allowance for Non-Collection	MOD Properties	Tax Base 2023/24
Alkborough	169.2	(3.4)		165.8
Amcotts	78.3	(1.6)		76.7
Appleby	241.5	(4.8)		236.7
Ashby Parkland	246.0	(4.9)		241.1
Barnetby le Wold	575.9	(11.5)		564.4
Barrow on Humber	1,077.4	(21.5)		1,055.9
Barton on Humber	3,859.2	(77.2)		3,782.0
Belton	1,211.8	(24.2)		1,187.6
Bonby	200.7	(4.0)		196.7
Bottesford	3,716.5	(74.3)		3,642.2
Brigg	1,769.6	(35.4)		1,734.2
Broughton	1,744.2	(34.9)		1,709.3
Burringham	221.2	(4.4)		216.8
Burton Stather	977.8	(19.6)		958.2
Cadney cum Howsham	159.2	(3.2)		156.0
Crowle	1,673.2	(33.5)		1,639.7
East Butterwick	45.0	(0.9)		44.1
East Halton	209.2	(4.2)		205.0
Eastoft	151.6	(3.0)		148.6
Elsham	173.7	(3.5)		170.2
Epworth	1,626.1	(32.5)		1,593.6
Flixborough	548.0	(11.0)		537.0
Garthorpe & Fockerby	148.3	(3.0)		145.3
Goxhill	832.2	(16.6)		815.6
Gunness	652.4	(13.0)		639.4
Haxey	1,744.3	(34.9)		1,709.4
Hibaldstow	840.0	(16.8)		823.2
Horkstow	62.0	(1.2)		60.8
Keadby with Althorpe	514.9	(10.3)		504.6
Kirmington & Croxton	139.6	(2.8)		136.8
Kirton Lindsey	1,143.2	(22.9)	12.4	1,132.7
Luddington & Haldenby	122.5	(2.5)		120.0
Manton	45.8	(0.9)		44.9
Melton Ross	76.1	(1.5)		74.6
Messingham	1,355.2	(27.1)		1,328.1
New Holland	268.2	(5.4)		262.8
North Killingholme	92.7	(1.9)		90.8
Owston Ferry	474.4	(9.5)		464.9
Redbourne	167.1	(3.3)		163.8
Roxby cum Risby	160.4	(3.2)		157.2
Saxby all Saints	91.8	(1.8)		90.0
Scawby cum Sturton	842.4	(16.8)		825.6
Scunthorpe	17,172.6	(343.5)		16,829.1
South Ferriby	220.3	(4.4)		215.9
South Killingholme	322.2	(6.4)		315.8
Thornton Curtis	104.4	(2.1)		102.3
Ulceby	601.3	(12.0)		589.3
West Butterwick	292.5	(5.9)		286.6
West Halton	118.9	(2.4)		116.5
Whitton	87.3	(1.7)		85.6
Winteringham	348.5	(7.0)		341.5
Winterton	1,456.4	(29.1)		1,427.3
Wootton	201.8	(4.0)		197.8
Worlaby	205.1	(4.1)		201.0
Wrawby	536.5	(10.7)		525.8
Wroot	187.5	(3.8)		183.7
Tax Base 2023/24	52,304.1	(1,046.0)	12.4	51,270.5