

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

CALCULATING THE COUNCIL TAX BASE 2022/23

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, 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 consider strengthening the empty property surcharge for properties empty for longer than five years.

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 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 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 and consider changes to the empty property surcharge.
- 3.3. To set the council tax base for the council, parishes and major precepting bodies in 2022/23.

4. ANALYSIS OF OPTIONS

Tax Base for Grant Purposes 2022/23

- 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. 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. 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 2022/23

- 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 in order 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 50,801.0 band D equivalents, which represents a 2.3% increase from the approved 2021/22 taxbase.
- 4.5. The taxbase estimate for 2021/22 incorporated prudent adjustments in respect of the potential impact due to the Covid-19 pandemic. As set out by the Government in the Autumn Budget in October 2021, the economic recovery continues with emergency support able to wind down. The Office for Budget Responsibility expect that there will now be less economic scarring than had originally been expected. A stronger economy – together with reduced uncertainty – enables the Council to reconsider how and when to unwind the Covid-19 adjustments it made last year.
- 4.6. There remain short and medium-term risks to the taxbase associated with economic recovery. Pressures to the cost of living were acknowledged by Government in the Autumn Budget and could increase the risk of non-collection. In addition, the effect of unwinding emergency support is not yet fully clear and could lead to changes in local employment. The Council has robust taxbase management processes in place to ensure line of sight in respect of material changes to the assumed position.
- 4.7. 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 (481)
 - An increase in the collection percentage estimate (288)
 - Additional empty property surcharge cases (176 – see 4.8)
 - A natural reduction in council tax support recipients (161)
 - A reduction in the number of single adult households (58)

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

- 4.8. This report proposes one policy change in respect of the empty property surcharge. In 2019/20, the Council introduced a 100% surcharge on properties empty for longer than two years. This was intended to stimulate a reduction in the number of long-term empty properties, in support of the

Council's priority to have flourishing communities. A recent review of the policy, measuring its effectiveness to date, has identified that the Council needs to strengthen the incentive and improve housing support and guidance. It is proposed that a 200% empty property surcharge be implemented for properties empty for longer than five years in 2022/23. It is then proposed that a 300% empty property surcharge be implemented for properties empty for longer than ten years in 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 2.3% from the 2021/22 base, reflecting an increases in resources of £1.8m in 2022/23 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 in respect of changes to the empty property surcharge, awareness raising communications were issued in June 2021 to signal the Council's direction of travel. A contact letter will be issued to all potentially affected homeowners in early December to raise further awareness and to provide signposting to support and advice options.

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 2022/23 be set at 50,801.0 band D equivalents (appendix 2 and 3).
- 9.3. That the empty property surcharge be increased to 200% for properties empty for longer than five years from 2022/23.

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

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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 2021) 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	183.0	30,920.4	14,330.5	10,346.0	7,223.5	3,705.8	1,533.0	494.5	10.0	68,746.6
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	101.7	20,613.6	11,145.9	9,196.4	7,223.5	4,529.3	2,214.3	824.2	20.0	55,868.9
Band D equivalents in lieu (MOD Properties)										12.4
Tax base for Grant Purposes										55,881.3

Table 1 – Council Tax Base Calculation Summary

Council Tax Base Calculation Summary	Band D Equivalents		Total Yield (£000)*	
	2021/22	2022/23	2021/22	2022/23
Gross Properties	61,427.9	61,851.0	96,408	97,072
National Discounts and Exemptions:				
Exempt properties	(956.0)	(959.8)	(1,500)	(1,506)
Disabled reduction	(90.4)	(91.0)	(142)	(143)
Single person discount	(4,987.6)	(4,929.9)	(7,828)	(7,737)
50% discounts (DSGD)	(92.6)	(91.9)	(145)	(144)
Family annex discount	(10.2)	(9.8)	(16)	(15)
Council Tax Support Scheme:				
Pensioner	(2,872.4)	(2,754.8)	(4,508)	(4,324)
Working Age	(1,960.8)	(1,917.2)	(3,077)	(3,009)
Technical Increases to Taxbase:				
Empty property premium (>2 years)	152.2	259.2	239	407
MoD properties	12.0	12.4	19	19
Taxbase Adjustments & Assumptions:				
Property growth	293.1	351.0	460	551
Natural reduction in CTSS recipients	50.0	49.9	78	78
Empty property premium (>5 years)	-	68.7	-	108
General Non-Collection Adjustment	(1,324.8)	(1,036.7)	(2,079)	(1,627)
Council Tax Base	49,640.3	50,801.0	77,908	79,730

* 2021/22 band D rate (general rate plus ASC precept) £1,569.45

Table 2 – Council Tax Base and Rate Regional Comparison

2021/22 Council Tax Base, Rate and Yield Comparator Analysis (yield rank)	Band D Taxbase	Band D Rate (£)	Yield (£000)
North Lincolnshire (46)	49,640.3	1,569.45	77,908
North East Lincolnshire (49)	44,405.4	1,669.11	74,118
East Riding of Yorkshire (11)	117,313.4	1,554.76	182,395
Hull (35)	61,962.0	1,497.13	92,765
Unitary average	78,660.1	1,605.67	126,302

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 12/09/2021, the Council had 76,545 properties which converts to 61,851.6 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 475 properties equating to 423 band D equivalents. In the twelve months previously, there had been 257 property completions equating to 240 band D equivalents. This in part reflects a timing delay in respect of property completions during 2020, which are now caught back up. Average forward growth has been assumed in the calculation to reflect property completions between now and October 2022.

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 26,000 properties representing just over 34% of the gross tax base. Households are required to confirm eligibility annually and a recent review process resulted in the discount being removed from at least 231 band D properties that are no longer eligible.

Council Tax Support Scheme

6. There are no changes to the council tax support scheme proposed for 2022/23. Notwithstanding this, there are fewer households eligible for council tax support which reflects a natural reduction in the cohort, with most of the reduction within the pensioner category. A further reduction is assumed in 2022/23, which reflects the trend since October 2013. In total, the cost of the current scheme is expected to equate to 4,622 band D equivalents (7.5% of the gross tax base). There are currently 10,656 properties in receipt of some form of council tax support.

Empty Property Surcharge

7. As set out in the main report, a 200% empty property surcharge is proposed for properties empty for longer than five years in 2022/23. In addition, a 300% empty property surcharge is proposed for properties empty for longer than ten years from 2023/24 onwards. 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. In addition, there are approximately 422 additional properties which have now passed the threshold of being empty for longer than two years. As such, these will now be charged the 100% surcharge with a clear pathway of further surcharge increases if action is not taken to resolve this. For taxbase setting purposes, it has been assumed that half of these properties will become liable for the surcharge.
9. 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 Council's 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 2021 – two and a half years after the financial year-end – it had increased to 98.0%.
11. Last year, a step-change reduction to the collection rate was incorporated to reflect heightened risk at the time. The level of risk is judged to have receded slightly as considered in the main report, which enables the collection rate to be re-increased towards previous levels assumed. Accordingly, a 98.0% long-term collection estimate has been assumed for 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 2022/23 (50,081.5). This enables an increase in spending power over the 2022/25 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 2022/23

Appendix 3

Parish/Town or Area	Tax Base after discounts	Allowance for Non-Collection	MOD Properties	Tax Base 2022/23
Alkborough	171.3	(3.4)		167.9
Amcotts	80.1	(1.6)		78.5
Appleby	237.5	(4.8)		232.7
Ashby Parkland	244.5	(4.9)		239.6
Barnetby le Wold	565.0	(11.3)		553.7
Barrow on Humber	1,068.8	(21.4)		1,047.4
Barton on Humber	3,840.5	(76.8)		3,763.7
Belton	1,226.5	(24.5)		1,202.0
Bonby	199.0	(4.0)		195.0
Bottesford	3,707.0	(74.1)		3,632.9
Brigg	1,770.2	(35.4)		1,734.8
Broughton	1,740.2	(34.8)		1,705.4
Burringham	219.2	(4.4)		214.8
Burton Stather	984.9	(19.7)		965.2
Cadney cum Howsham	159.0	(3.2)		155.8
Crowle	1,632.5	(32.7)		1,599.8
East Butterwick	43.5	(0.9)		42.6
East Halton	211.3	(4.2)		207.1
Eastoft	150.4	(3.0)		147.4
Elsham	175.8	(3.5)		172.3
Epworth	1,622.3	(32.4)		1,589.9
Flixborough	539.7	(10.8)		528.9
Garthorpe & Fockerby	144.9	(2.9)		142.0
Goxhill	830.6	(16.6)		814.0
Gunness	649.7	(13.0)		636.7
Haxey	1,730.3	(34.6)		1,695.7
Hibaldstow	830.0	(16.6)		813.4
Horkstow	59.2	(1.2)		58.0
Keadby with Althorpe	509.9	(10.2)		499.7
Kirmington & Croxton	132.5	(2.7)		129.8
Kirton Lindsey	1,130.0	(22.6)	12.4	1,119.8
Luddington & Haldenby	121.8	(2.4)		119.4
Manton	44.5	(0.9)		43.6
Melton Ross	73.8	(1.5)		72.3
Messingham	1,366.4	(27.3)		1,339.1
New Holland	259.2	(5.2)		254.0
North Killingholme	91.8	(1.8)		90.0
Owston Ferry	470.1	(9.4)		460.7
Redbourne	164.7	(3.3)		161.4
Roxby cum Risby	158.7	(3.2)		155.5
Saxby all Saints	92.9	(1.9)		91.0
Scawby cum Sturton	837.2	(16.7)		820.5
Scunthorpe	16,931.7	(338.6)		16,593.1
South Ferriby	217.8	(4.4)		213.4
South Killingholme	315.4	(6.3)		309.1
Thornton Curtis	105.0	(2.1)		102.9
Ulceby	589.7	(11.8)		577.9
West Butterwick	290.1	(5.8)		284.3
West Halton	119.6	(2.4)		117.2
Whitton	88.5	(1.8)		86.7
Winteringham	347.9	(7.0)		340.9
Winterton	1,408.9	(28.2)		1,380.7
Wootton	198.5	(4.0)		194.5
Worlaby	205.3	(4.1)		201.2
Wrawby	533.4	(10.7)		522.7
Wroot	186.1	(3.7)		182.4
Tax Base 2022/23	51,825.3	(1,036.7)	12.4	50,801.0