

Executive Board
18 January 2022

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|--|--|
| Subject: | Council Tax – Determination of the 2022/23 Tax Base |
| Corporate Director(s)/Director(s): | Clive Heaphy, Interim Corporate Director for Finance and Resources |
| Portfolio Holder(s): | Councillor Sam Webster, Portfolio Holder for Finance and Resources |
| Report author and contact details: | Antony Snape, Team Leader – Revenues and Benefits Business Support antony.snape@nottinghamcity.gov.uk |
| Other colleagues who have provided input: | Ian Fair, Senior Accountant – Finance and Resources |
| Subject to call-in: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| Key Decision: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| Criteria for Key Decision: | |
| (a) <input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision | |
| and/or | |
| (b) Significant impact on communities living or working in two or more wards in the City | |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| Type of expenditure: <input type="checkbox"/> Revenue <input type="checkbox"/> Capital | |
| Total value of the decision: Nil | |
| Wards affected: All | |
| Date of consultation with Portfolio Holder(s): Carried out throughout the budget process | |
| Relevant Council Plan Key Outcome: | |
| Clean and Connected Communities | <input checked="" type="checkbox"/> |
| Keeping Nottingham Working | <input checked="" type="checkbox"/> |
| Carbon Neutral by 2028 | <input checked="" type="checkbox"/> |
| Safer Nottingham | <input checked="" type="checkbox"/> |
| Child-Friendly Nottingham | <input checked="" type="checkbox"/> |
| Healthy and Inclusive | <input checked="" type="checkbox"/> |
| Keeping Nottingham Moving | <input checked="" type="checkbox"/> |
| Improve the City Centre | <input checked="" type="checkbox"/> |
| Better Housing | <input checked="" type="checkbox"/> |
| Financial Stability | <input checked="" type="checkbox"/> |
| Serving People Well | <input checked="" type="checkbox"/> |

Summary of issues (including benefits to citizens/service users):

The Council Tax base figure is used in the calculation of the Council Tax to provide resources for the delivery of the Council's vision, values and objectives, and Council Tax revenue funds Council service delivery.

Does this report contain any information that is exempt from publication?

No

Recommendation(s):

1 To approve a Council Tax base figure of 67,540 for 2022/23.

2 To agree that a collection rate of 97.5% be used in the determination of the 2022/23 Council Tax base.

1. Reasons for recommendations

- 1.1 The Council and precepting authorities (i.e., the Police and Fire and Rescue Authorities) will use the tax base figure in their budget processes in February 2022 to determine the level of Council Tax for 2022/23. This report estimates future changes to the current tax base during 2022/23 and applies an appropriate anticipated collection rate for the period, taking into account collection trends and the prevailing economic environment, to determine the tax base figure to be set.

2. Background (including outcomes of consultation)

- 2.1 The Council is a 'billing authority' for Council Tax purposes. The Local Government Finance Act 1992 requires the billing authority to determine the Council Tax base to be used in the calculation of the level of Council Tax. The tax base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 and be determined between 1 December and 31 January each year. The stages in the calculation of the tax base are as follows (all references to figures in brackets refer to paragraph 2.5 of this report):
- for each of the eight Council Tax valuation bands (A to H) a 'relevant amount' is calculated. This is the number of dwellings in each valuation band adjusted to take account of the effect of exemptions and discounts and disabled relief. This figure is expressed as the equivalent number of band D dwellings and reflects the situation at 4 October 2021 (figure 1);
 - this figure is then adjusted to reflect any estimated increases or decreases in the number of dwellings, exemptions and discounts throughout the year ahead (figure 2). An additional adjustment is also made for the Council Tax Support Scheme (CTSS), which replaced Council Tax benefit from 1 April 2013 as a Council Tax discount (figure 3). These adjustments are detailed in Appendix 2;
 - the revised amount is expressed as the equivalent number of band D dwellings (figure 4). It is then multiplied by our estimated collection rate for the year (figure 5);

- any contribution paid in lieu in respect of Ministry of Defence (MoD) properties, which are exempt from the Council Tax, is added (figure 6); and
- the result is the tax base for the authority (figure 7).

2.2 In October 2021 the annual CTB1 tax base return was submitted to the Department for Levelling Up, Housing and Communities showing the total number of band D equivalent properties subject to Council Tax at that time. At 4 October 2021 this was 84,498 (figure 1). An extract is at Appendix 1 and this figure is shown on line 23, column 10.

2.3 Potential changes that may affect the number of chargeable dwellings and the size of the tax base over time include:

- new properties and properties changing to domestic use;
- demolitions, mergers and properties changing to commercial use;
- increases or decreases in the number of discounts;
- changes to the value of discounts;
- increases or decreases in the number of exemptions;
- successful appeals against banding levels and the ‘knock-on’ effect of appeals on surrounding properties; and
- Council Tax Support.

2.4 In setting the tax base for 2021/22 a collection rate of 97.5% was used. For 2022/23 the collection rate will remain at this level to reflect estimated collection levels associated with Council Tax and CTSS based on recent analysis of collection trends. This establishes the tax base at 67,540 (figure 5). There are no properties owned by the MoD for which contributions in lieu are made. Additional information on how the tax base has been calculated is provided in the supplementary notes in Appendix 3.

2.5 In summary, a tax base figure of 67,540 is recommended, calculated as follows:

| | Figure | 2022/23 | 2021/22 |
|--|--------|---------------|---------------|
| Number of chargeable dwellings | 1 | 84,498 | 84,472 |
| Less adjustment to chargeable dwellings for discounts and exemptions | 2 | (1126) | (1037) |
| Less adjustments for Council Tax Support | 3 | (14,100) | (15,337) |
| Adjusted number of chargeable dwellings | 4 | 69,272 | 68,098 |
| Multiplied by collection rate (97.5%) | 5 | 67,540 | 66,396 |
| MoD Contributions | 6 | 0 | 0 |
| Council Tax Base | 7 | 67,540 | 66,396 |

3. Other options considered in making recommendations

3.1 To do nothing: the Council is legally required to set a Council Tax base using objective calculations, so this option is rejected.

4. Consideration of Risk

- 4.1 If the overall actual collection rate is lower than the assumed rate used here, this could result in a Collection Fund deficit, requiring an increase in the following year's Council Tax. A higher collection rate would increase the surplus and potentially marginally reduce the following year's Council Tax level. The collection rate of 97.5% reflects an analysis of arrears recovery, past trends and forecasting and the collection risk associated with the CTSS.

5. Finance colleague comments (including implications and value for money/VAT)

- 5.1 The tax base of 67,540 will be higher in 2022/23 than the 66,396 set last year. This is mainly due to a revised estimate of CTSS levels. These changes will increase the amount of Council Tax raised.
- 5.2 The overall collection rate is estimated to be 97.5% reflecting current collection levels and will be kept under review.
- 5.3 The tax base is a key element in setting the level of Council Tax. Value for money is assessed in all areas of service provision.

Comments provided by Ian Fair, Senior Accountant, on 22 December 2021.

6. Legal colleague comments

- 6.1 The Local Government Finance Act 1992 requires the Council as the billing authority to determine the Council Tax base to be used in the calculation of the level of Council Tax. The tax base must be set between 1 December and 31 January each year and is set in accordance with statutory regulations namely the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Comments provided by Malcolm R. Townroe, Director of Legal and Governance, on 24 December 2021.

7. Equality Impact Assessment (EIA)

- 7.1 An EIA is not required because this report does not set out proposals for a new or changing policy, service or function.

8. Data Protection Impact Assessment (DPIA)

- 8.1 Not applicable.

9. Carbon Impact Assessment (CIA)

- 9.1 Not applicable.

10. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

10.1 None.

11. Published documents referred to in this report

11.1 None.

Appendix 1

CTB1 TAXBASE RETURN (OCTOBER 2021)

| DWELLINGS SHOWN ON THE VALUATION LIST FOR THE AUTHORITY ON 13 SEPTEMBER 2021 | Disabled in | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | BAND A COLUMN 1 | BAND A COLUMN 2 | BAND B COLUMN 3 | BAND C COLUMN 4 | BAND D COLUMN 5 | BAND E COLUMN 6 | BAND F COLUMN 7 | BAND G COLUMN 8 | BAND H COLUMN 9 | TOTAL COLUMN 10 |
| 1. Total number of dwellings on Valuation List | | 88992 | 25131 | 16643 | 7427 | 2533 | 1098 | 736 | 115 | 142675 |
| 2. Number of dwellings on Valuation List exempt on 4 October 2021 (class B & D to W exemptions) | | 7898 | 5422 | 2600 | 1061 | 231 | 50 | 25 | 19 | 17306 |
| 3. Number of demolished dwellings and dwellings outside area of Authority on 4 October 2021 | | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 3 |
| 4. Number of chargeable dwellings on 4 October 2021 (Lines 1-2-3) | | 81093 | 19708 | 14042 | 6366 | 2302 | 1048 | 711 | 96 | 125366 |
| 5. Number of chargeable dwellings in line 4 subject to disabled reduction on 4 October 2021 | | 262 | 128 | 98 | 73 | 30 | 14 | 24 | 10 | 639 |
| 6. Number of dwellings effectively subject to council tax for this band by virtue of Disabled Relief (line 5 after reduction) | 262 | 128 | 98 | 73 | 30 | 14 | 24 | 10 | | 639 |
| 7. Number of chargeable dwellings adjusted in accordance with lines 5 & 6 (lines 4-5+6 or for column 1, line 6) | 262 | 80959 | 19678 | 14017 | 6323 | 2286 | 1058 | 697 | 86 | 125366 |
| 8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 4 October 2021 | 69 | 38639 | 7457 | 4175 | 1556 | 506 | 238 | 117 | 8 | 52765 |
| 9. Number of dwellings in line 7 entitled to a 25% discount on 4 October 2021 due to all but one resident being disregarded for council tax purposes | 8 | 762 | 260 | 220 | 124 | 35 | 11 | 5 | 1 | 1426 |
| 10. Number of dwellings in line 7 entitled to a 50% discount on 4 October 2021 due to all residents being disregarded | 0 | 87 | 33 | 24 | 30 | 13 | 13 | 22 | 17 | 239 |
| 11. Number of dwellings in line 7 classed as second homes on 4 October 2021 | | 181 | 67 | 37 | 33 | 13 | 3 | 3 | 0 | 337 |
| 12. Number of dwellings in line 7 classed as empty and receiving a zero% Discount on 4 October 2021 | | 1720 | 436 | 324 | 170 | 51 | 24 | 14 | 2 | 2741 |
| 13. Number of dwellings in line 7 classed as empty and receiving a discount on 4 October 2021 other than zero% | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 4 October 2021 | | 364 | 68 | 48 | 20 | 10 | 5 | 2 | 2 | 519 |
| 15. Total number of dwellings in line 7 classed as empty on 4 October 2021 (lines 12,13 & 14) | | 2084 | 504 | 372 | 190 | 61 | 29 | 16 | 4 | 3260 |
| 16. Number of dwellings in line 7 where there is liability to pay 100% council Tax before Family Annexe Discount | 185 | 41106 | 11860 | 9550 | 4593 | 1722 | 791 | 551 | 58 | 70416 |
| 17. Number of dwellings in line 7 that are assumed to be subject to a discount or a premium before Family Annexe Discount | 77 | 39853 | 7818 | 4467 | 1730 | 564 | 267 | 146 | 28 | 54950 |

Appendix 2

ADJUSTMENTS TO NUMBER OF CHARGEABLE DWELLINGS

| | Disabled in BAND A | BAND A | BAND B | BAND C | BAND D | BAND E | BAND F | BAND G | BAND H | TOTAL |
|--|-----------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|--------------|-----------------|
| Number of band D equivalent dwellings on CTB1 Return (Line 21) | 134.9 | 47742.5 | 13857.1 | 11523.8 | 5912.0 | 2636.6 | 1437.6 | 1097.5 | 156.5 | 84498.5 |
| ADJUSTMENTS | | | | | | | | | | |
| New properties (note 1) | | 437 | 123 | 82 | 36 | 12 | 5 | 4 | 1 | 700 |
| Deletions (note 2) | | -156 | -43 | -30 | -13 | -3 | -3 | -1 | -1 | -250 |
| Discounts (note 3) | | -185 | -35 | -19 | -7 | -2 | -1 | -1 | 0 | -250 |
| Exemptions (note 4) | | -753 | -517 | -248 | -101 | -22 | -5 | -2 | -2 | -1650 |
| Appeals - reductions (note 5) | | | -23 | -16 | -7 | -2 | -1 | -1 | 0 | -50 |
| Appeals - increases (note 6) | | 23 | 16 | 7 | 2 | 1 | 1 | 0 | | 50 |
| Knock On Effect - reductions (note 7) | | | -47 | -31 | -14 | -5 | -2 | -1 | 0 | -100 |
| Knock On Effect - increases (note 8) | | 47 | 31 | 14 | 5 | 2 | 1 | 0 | | 100 |
| Council Tax Support (note 9) | | -17740 | -2011 | -583 | -145 | -26 | -7 | -2 | 0 | -20514 |
| TOTAL ADJUSTMENTS | | -18326 | -2506 | -825 | -244 | -45 | -12 | -4 | -2 | -21964 |
| Ratio | 5/9 | 6/9 | 7/9 | 8/9 | 9/9 | 11/9 | 13/9 | 15/9 | 18/9 | |
| BAND D EQUIV OF ADJUSTMENTS | | -12217.3 | -1949.1 | -733.3 | -244.0 | -55.0 | -17.3 | -6.7 | -4.0 | -15226.8 |
| TOTAL BAND D EQUIVALENT DWELLINGS | 134.9 | 35525.2 | 11908.0 | 10790.5 | 5668.0 | 2581.6 | 1420.3 | 1090.8 | 152.5 | 69271.8 |

COUNCIL TAXBASE ESTIMATE 2022/23: SUPPLEMENTARY NOTES

(1) New properties

There are several new property developments in progress across the City. Around 1200 domestic properties are either planned or are under construction. Not all of these will be completed and occupied and liable for Council Tax for the whole of 2022/23 however and many of these will be exempt from Council Tax as purpose built student accommodation. It is estimated that the equivalent of 700 new properties will be added to the tax base next year. These have been split across each of the bands based on the current proportion of properties in each band.

(2) Deletions

Property deletions relate to demolitions, properties that merge to become single assessments or those that change from domestic to commercial use. There is no major demolition work planned for 2022/23 so 250 properties are estimated to be removed from the tax base during the next financial year to reflect general activity in this area.

(3) Single Person Discounts and Disregards

Discounts for single occupancy reduce the council tax payable by 25%.

Additional single person discounts will be granted next year at some new properties, for changes within existing households and for some new occupiers moving into the City. There will also be discount cancellations as existing discounts are subject to ongoing monitoring and review. It is estimated that a net additional 1000 single person discounts will be awarded in 2022/23, which at 25% of the council tax charge equates to a reduction in the tax base of 250 full properties.

(4) Exemptions

Most exemptions are granted for properties occupied by students. At the time of the CTB1 Return in October 2021, applications for student exemptions were still being received for the new academic year and have since increased from the level at that time. A number of the new properties in note (1) will also be student properties entitled to full council tax exemptions.

An allowance of an extra 1650 exemptions is to be made to reflect the level of exemptions in the tax base more accurately over the course of the year. These have been split on a pro rata basis across each of the bands based on the current number of exempt properties in each band.

(5) Appeals - reductions

Taxpayers may appeal against their council tax band to the Valuation Office Agency. Presently there are a low number of appeals outstanding and an allowance for 50 successful appeals is made to reflect average activity in this area. These are split across bands B to H on a pro rata basis.

(6) Appeals - increases

A successful appeal would result in a corresponding increase in the number of properties in the band below.

(7) Knock on effect - reductions

A successful appeal could result in banding reductions in surrounding properties. To account for this an allowance of 100 properties is made, split across bands B to H on a pro rata basis.

(8) Knock on effect - increases

Any further reductions would again increase the number of properties in the bands below.

(9) Council Tax Support

Council Tax Support takes the form of council tax discount. The amount granted in 2021/22 has reduced slightly over the year reflecting improving economic circumstances and is expected to be lower in 2022/23 than the level estimated in the last tax base report.

It is estimated that 20,514 discounts for Council Tax Support will be granted in 2022/23, a reduction from the 2021/22 estimate of 22,312.