

Executive Board – 17 January 2023

Subject:	Council Tax – Determination of the 2023/24 Tax Base
Corporate Director(s)/Director(s):	Ross Brown, Corporate Director for Finance and Resources
Portfolio Holder(s):	Councillor Adele Williams, Portfolio Holder for Finance
Report author and contact details:	Antony Snape, Team Leader, Revenues and Benefits Business Support 0115 876 3890 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 If Capital, provide the date considered by Capital Board Date:	
Total value of the decision: Nil	
Wards affected: All	
Date of consultation with Portfolio Holder(s): Consultation 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. Council Tax revenue funds service delivery	
Does this report contain any information that is exempt from publication?	
No	

Recommendation(s):

1 To approve a tax base of 68,403 for 2023/24

2 To agree that a collection rate of 97.5% be used in the determination of the 2023/24 tax base

1. Reasons for recommendations

1.1 The City Council and precepting authorities (i.e. Police and Fire Authorities) will use the tax base figure in their budget processes in February 2023 to determine the level of Council Tax for 2023/24. This report estimates future changes to the current tax base during 2023/24 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 Nottingham City 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 3 October 2022 (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);
- the result is the tax base for the authority (figure 7).

2.2 In October 2022 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 3 October 2022 this was 84,793 (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;
- Council Tax Support.

2.4 In setting the tax base for 2022/23 a collection rate of 97.5% was used. For 2023/24 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 and will remain under regular review. This establishes the tax base at 70,157 (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 68,403 is recommended, calculated as follows:

	Figure	2023/24	2022/23
Number of chargeable dwellings	1	84,793	84,498
Less adjustment to chargeable dwellings for discounts and exemptions	2	(1,116)	(1,126)
Less adjustments for Council Tax Support	3	(13,520)	(14,100)
Adjusted number of chargeable dwellings	4	70,157	69,272
Multiplied by collection rate (97.5%)	5	68,403	67,540
MoD Contributions	6	0	0
Council Tax Base	7	68,403	67,540

3. Other options considered in making recommendations

3.1 None, as the council is legally required to set a Council Tax base using objective calculations

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. Best Value Considerations, including consideration of Make or Buy where appropriate

5.1 The tax base is a key element in the budget process in setting the level of Council Tax. Value for money is assessed in all areas of service provision

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

6.1 The tax base of 68,403 will be higher in 2023/24 than the 67,540 set last year. This is mainly due to a revised estimate of CTSS levels and anticipated new property growth. These changes will increase the amount of Council Tax raised.

6.2 The overall collection rate, for the purposes of setting the 2023/24 tax base, is estimated to remain at 97.5% and will be kept under review.

Ian Fair – Senior Accountant – 16 December 2022

7. Legal colleague comments

7.1 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.

8. Other relevant comments

None

9. Crime and Disorder Implications (If Applicable)

9.1 Not applicable

10. Social value considerations (If Applicable)

10.1 Not applicable

11. Regard to the NHS Constitution (If Applicable)

11.1 Not applicable

12. Equality Impact Assessment (EIA)

12.1 Has the equality impact of the proposals in this report been assessed?

No
An EIA is not required because this report does not set out changes to services or functions and will be included in the subsequent budget report.

:

13. Data Protection Impact Assessment (DPIA)

13.1 Has the data protection impact of the proposals in this report been assessed?

No
A DPIA is not required because it is not applicable to this report

14. Carbon Impact Assessment (CIA)

14.1 Has the carbon impact of the proposals in this report been assessed?

No
A CIA is not required because it is not applicable to this report

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

14.2 None

15. **Published documents referred to in this report**

15.1 None

APPENDIX 1

CTB1 TAXBASE RETURN (OCTOBER 2022)

DWELLINGS SHOWN ON THE VALUATION LIST FOR THE AUTHORITY ON 12 SEPTEMBER 2022	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		90237	25320	16743	7544	2571	1103	742	115	144375
2. Number of dwellings on Valuation List exempt on 3 October 2022 (class B & D to W exemptions)		9014	5570	2626	1074	224	50	25	19	18602
3. Number of demolished dwellings and dwellings outside area of Authority on 3 October 2022		1	0	0	0	0	0	0	0	1
4. Number of chargeable dwellings on 3 October 2022 (Lines 1-2-3)		81222	19750	14117	6470	2347	1053	717	96	125772
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 3 October 2022		261	129	100	69	30	15	24	10	638
6. Number of dwellings effectively subject to council tax for this band by virtue of Disabled Relief (line 5 after reduction)	261	129	100	69	30	15	24	10		638
7. Number of chargeable dwellings adjusted in accordance with lines 5 & 6 (lines 4-5+6 or for column 1, line 6)	261	81090	19721	14086	6431	2332	1062	703	86	125772
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 3 October 2022	74	38950	7570	4302	1578	529	232	129	7	53371
9. Number of dwellings in line 7 entitled to a 25% discount on 3 October 2022 due to all but one resident being disregarded for council tax purposes	8	765	259	189	111	36	11	5	1	1385
10. Number of dwellings in line 7 entitled to a 50% discount on 3 October 2022 due to all residents being disregarded	0	90	36	27	29	12	13	21	19	247
11. Number of dwellings in line 7 classed as second homes on 3 October 2022		240	89	74	51	13	3	4	0	474
12. Number of dwellings in line 7 classed as empty and receiving a zero% Discount on 3 October 2022		1875	522	390	185	57	27	13	2	3071
13. Number of dwellings in line 7 classed as empty and receiving a discount on 3 October 2022 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 3 October 2022		402	84	50	26	10	5	2	2	581
15. Total number of dwellings in line 7 classed as empty on 3 October 2022 (lines 12,13 & 14)		2277	606	440	211	67	32	15	4	3652
16. Number of dwellings in line 7 where there is liability to pay 100% council Tax before Family Annexe Discount	179	40882	11772	9518	4687	1745	801	546	57	70187
17. Number of dwellings in line 7 that are assumed to be subject to a discount or a premium before Family Annexe Discount	82	40208	7949	4568	1744	587	261	157	29	55585

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)	133.6	47798.8	13879.3	11566.0	6024.3	2687.4	1445.5	1103.3	155.0	84793.2
ADJUSTMENTS										
New properties (note 1)		468	132	87	39	13	6	4	1	750
Deletions (note 2)		-158	-43	-30	-13	-3	-3	0	0	-250
Discounts (note 3)		-184	-35	-20	-7	-2	-1	-1	0	-250
Exemptions (note 4)		-824	-509	-240	-98	-20	-5	-2	-2	-1700
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)		-17022	-1923	-546	-145	-25	-7	-3	0	-19671
TOTAL ADJUSTMENTS		-17650	-2401	-775	-238	-41	-11	-4	-1	-21121
Ratio	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
BAND D EQUIV OF ADJUSTMENTS		-11766.7	-1867.4	-688.9	-238	-50.1	-15.9	-6.7	-2.0	-14635.7
TOTAL BAND D EQUIVALENT DWELLINGS	133.6	36032.1	12011.9	10877.1	5786.3	2637.3	1429.6	1096.6	153.0	70157.5

COUNCIL TAXBASE ESTIMATE 2023/24: SUPPLEMENTARY NOTES**(1) New properties**

There are several new property developments in progress across the City. Around 1500 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 2023/24 however and many of these will be exempt from Council Tax as purpose built student accommodation. It is estimated that the equivalent of 750 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 2023/24 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 circumstances change and discounts are subject to ongoing monitoring and review. It is estimated that a net additional 1000 single person discounts will be awarded in 2023/24, 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 2022, 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 1700 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 that is estimated to be granted in 2023/24 is the equivalent of 19,671 discounts distributed across the eight council tax bands based on the current proportion of such discounts in each band.