

## NORTH LINCOLNSHIRE COUNCIL

COUNCIL

### CALCULATING THE COUNCIL TAX BASE 2019/20

#### 1. BACKGROUND INFORMATION

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 2018, as submitted to the Ministry of Housing, Communities and Local Government (MHCLG).
- To approve a Council Tax Reduction Scheme for 2019/20
- To set a tax base for setting Council Tax for the council, local parishes and major precepting authorities.
- To consider a change to the surcharge imposed on long-term empty properties.

#### 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:

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

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 2019/20 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 Reduction Scheme (CTRS), which was introduced in 2013/14. The current CTRS requires working age households to pay a proportion of their council tax bill. There are no proposed changes to the CTRS in 2019/20.
- 2.6. Since the CTRS was introduced the council has made funding available to town and parish councils to compensate for the reduction in tax base. This arrangement is at the council's discretion and grant funding is available on the basis of meeting certain conditions.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1. To note the council tax base applied for grant purposes (Appendix 1)
- 3.2. To approve the Council Tax Reduction Scheme 2019/20 and to apply discretionary adjustments for properties empty for more than two years (Appendix 3).
- 3.3. To set the council tax base for the council, parishes and major precepting bodies in 2019/20 (Appendix 4).
- 3.4. To ask the Director of Governance and Partnerships to confirm the grant funding allocations for town and parish councils on confirmation that they meet certain conditions.

## **4. ANALYSIS OF OPTIONS**

### **4.1. Tax Base for Grant Purposes 2019/20**

4.1.1. 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. 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.

### **4.2. Tax Base for Council Tax Purposes 2019/20**

4.2.1. 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 2019/20. Known and projected growth in the number of properties is also factored in.

4.2.2. 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.

4.2.3. The Council also has some local discretion to vary a number of council tax discounts. These are for certain categories of empty property and the means-tested Council Tax Reduction Scheme (CTRS), which provides support to low income households. The discretion on empty properties is considered next. The CTRS scheme is considered in more detail at section 4.3.

4.2.4. Last year the Council took the decision to increase the incentive to bring long-term empty properties back into use and address public concern about the environmental impact of properties remaining empty, through levying a 50% surcharge on properties empty for more than two years.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, enables Council's to sharpen this incentive further. From 2019 a 100% surcharge can be made for properties empty for longer than two years. From 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.

It is proposed that the Council take the option to charge 100% from 2019/20 as a policy tool. The success of the policy can then be reviewed,

to gauge its effectiveness before considering the merit of utilising further flexibilities.

4.2.5. Judgement has been applied in estimating the council tax collection rate. For 2019/20 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.

#### **4.3. Council Tax Reduction Scheme 2019/20**

4.3.1. 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).

4.3.2. The CTRS proposed for 2019/20 is the same scheme as approved for 2018/19, subject to adjustments to reflect national benefit changes.

4.3.3. The CTRS is set to incentivise 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.

4.3.4. Under the scheme, households are able to apply for additional support under a hardship fund in exceptional circumstances.

### **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

#### **5.1. Financial**

5.1.1. 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.

5.1.2. Changes to the taxbase increase the tax base by 1.7% from the 2018/19 position. This delivers an extra £1.2m, at the current North Lincolnshire Council band D level of tax, which is in line with medium term financial plans.

5.1.3. 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.

5.1.4. 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.

### **5.2. Staffing, Property, IT**

5.2.1. There are no implications for staffing, property or IT.

## **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT**

6.1. Not required

## **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

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

## **8. RECOMMENDATIONS**

- 8.1. That the council tax base for grant purposes is noted (Appendix 1).
- 8.2. That the Council Tax Reduction Scheme 2019/20 and the application of discretionary adjustments are approved (Appendix 3).
- 8.3. That the council tax base for the council, parishes and major precepting bodies in 2019/20 is set at 49,442.8 band D equivalents as detailed in Appendix 4.
- 8.4. That the Director of Governance and Partnerships be authorised to confirm grant allocations for town and parish councils.

**DIRECTOR OF GOVERNANCE AND PARTNERSHIPS**

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### **Background Papers used in the preparation of this report**

Local Government Finance Act 1992  
Local Government Finance Act 2003  
Local Government Finance Act 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 Lists

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

The 2018-19 CTRS scheme at

<https://www.northlincs.gov.uk/wp-content/uploads/2018/08/North-Lincs-CTR-Regs-S13A-201819-v1.3.pdf>

Council tax discounts at

<https://www.northlincs.gov.uk/council-tax-benefits-and-housing/council-tax/discounts/>

Council tax exemptions at

<https://www.northlincs.gov.uk/council-tax-benefits-and-housing/council-tax/exemptions/>

## **Council Tax Base for Grant Purposes**

## **Appendix 1**

## Council Tax Base Calculation Summary

## Appendix 2

|                                         | <b>Band D<br/>Equivalents</b> |
|-----------------------------------------|-------------------------------|
| <b>Gross Properties</b>                 | <b>60,797.4</b>               |
| Non-CTR discounts                       | (5,769.4)                     |
| <b>Taxbase pre CTR</b>                  | <b>55,028.1</b>               |
| CTR Scheme                              | (5,039.0)                     |
| <b>Total Taxbase post CTR</b>           | <b>49,989.1</b>               |
| Taxbase Adjustments                     | 399.6                         |
| <b>Taxbase after Adjustments</b>        | <b>50,388.7</b>               |
| Allowance for Non-Collection            | (956.9)                       |
| <b>Council Tax Base after allowance</b> | <b>49,431.8</b>               |
| MOD Properties                          | 11.0                          |
| <b>Council Tax Base</b>                 | <b>49,442.8</b>               |

The Council Tax Reduction Scheme (CTRS) in North Lincolnshire will apply as follows:

**Pension Age Customers**

Applicants receive a level of support under scheme guidelines set by the Government. Entitlement for support will be calculated using levels of income and access to qualifying benefits defined by those guidelines, and the entitlement will not be altered for any local scheme conditions.

**Working Age Customers**

All existing CTRS local scheme criteria from 2018/19 remain in place.

**Discretionary Empty Property Surcharge**

To increase the incentive to bring long-term empty properties back into use and address public concern about the environmental impact of properties remaining empty, the Council will levy a 100% surcharge on properties empty for more than two years.

This makes use of discretionary powers in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

| Parish/Town or Area     | Tax Base<br>after CTRS | Allowance<br>for Non-<br>Collection | MOD<br>Properties | Tax Base<br>2019/20 |
|-------------------------|------------------------|-------------------------------------|-------------------|---------------------|
| Alkborough              | 160.1                  | (3.0)                               |                   | 157.1               |
| Amcotts                 | 79.1                   | (1.5)                               |                   | 77.6                |
| Appleby                 | 238.1                  | (4.5)                               |                   | 233.6               |
| Ashby Parkland          | 239.7                  | (4.6)                               |                   | 235.1               |
| Barnetby le Wold        | 532.8                  | (10.1)                              |                   | 522.7               |
| Barrow on Humber        | 1,067.6                | (20.3)                              |                   | 1,047.3             |
| Barton on Humber        | 3,673.0                | (69.8)                              |                   | 3,603.2             |
| Belton                  | 1,187.8                | (22.6)                              |                   | 1,165.2             |
| Bonby                   | 196.2                  | (3.7)                               |                   | 192.5               |
| Bottesford              | 3,637.1                | (69.1)                              |                   | 3,568.0             |
| Brigg                   | 1,741.9                | (33.1)                              |                   | 1,708.8             |
| Broughton               | 1,706.4                | (32.4)                              |                   | 1,674.0             |
| Burrougham              | 220.8                  | (4.2)                               |                   | 216.6               |
| Burton Stather          | 981.0                  | (18.6)                              |                   | 962.4               |
| Cadney cum Howsham      | 155.2                  | (2.9)                               |                   | 152.3               |
| Crowle                  | 1,579.8                | (30.0)                              |                   | 1,549.8             |
| East Butterwick         | 46.0                   | (0.9)                               |                   | 45.1                |
| East Halton             | 212.1                  | (4.0)                               |                   | 208.1               |
| Eastoft                 | 149.7                  | (2.8)                               |                   | 146.9               |
| Elsham                  | 167.3                  | (3.2)                               |                   | 164.1               |
| Epworth                 | 1,605.8                | (30.5)                              |                   | 1,575.3             |
| Flixborough             | 535.7                  | (10.2)                              |                   | 525.5               |
| Garthorpe & Fockerby    | 141.6                  | (2.7)                               |                   | 138.9               |
| Goxhill                 | 812.3                  | (15.4)                              |                   | 796.9               |
| Gunness                 | 644.1                  | (12.2)                              |                   | 631.9               |
| Haxey                   | 1,707.6                | (32.4)                              |                   | 1,675.2             |
| Hibaldstow              | 785.1                  | (14.9)                              |                   | 770.2               |
| Horkstow                | 59.3                   | (1.1)                               |                   | 58.2                |
| Keadby with Althorpe    | 492.2                  | (9.4)                               |                   | 482.8               |
| Kirmington & Croxton    | 130.2                  | (2.5)                               |                   | 127.7               |
| Kirton Lindsey          | 1,055.0                | (20.0)                              | 11.0              | 1,046.0             |
| Luddington & Haldenby   | 118.0                  | (2.2)                               |                   | 115.8               |
| Manton                  | 43.2                   | (0.8)                               |                   | 42.4                |
| Melton Ross             | 71.7                   | (1.4)                               |                   | 70.3                |
| Messingham              | 1,363.6                | (25.9)                              |                   | 1,337.7             |
| New Holland             | 255.0                  | (4.8)                               |                   | 250.2               |
| North Killingholme      | 91.2                   | (1.7)                               |                   | 89.5                |
| Owston Ferry            | 463.0                  | (8.8)                               |                   | 454.2               |
| Redbourne               | 160.5                  | (3.0)                               |                   | 157.5               |
| Roxby cum Risby         | 155.4                  | (3.0)                               |                   | 152.4               |
| Saxby all Saints        | 91.2                   | (1.7)                               |                   | 89.5                |
| Scawby cum Sturton      | 810.9                  | (15.4)                              |                   | 795.5               |
| Scunthorpe              | 16,349.7               | (310.6)                             |                   | 16,039.1            |
| South Ferriby           | 216.4                  | (4.1)                               |                   | 212.3               |
| South Killingholme      | 304.5                  | (5.8)                               |                   | 298.7               |
| Thornton Curtis         | 100.6                  | (1.9)                               |                   | 98.7                |
| Ulceby                  | 554.2                  | (10.5)                              |                   | 543.7               |
| West Butterwick         | 269.5                  | (5.1)                               |                   | 264.4               |
| West Halton             | 116.7                  | (2.2)                               |                   | 114.5               |
| Whitton                 | 88.9                   | (1.7)                               |                   | 87.2                |
| Winterton               | 340.4                  | (6.5)                               |                   | 333.9               |
| Wootton                 | 1,395.9                | (26.5)                              |                   | 1,369.4             |
| Worlaby                 | 179.4                  | (3.4)                               |                   | 176.0               |
| Wrawby                  | 205.2                  | (3.9)                               |                   | 201.3               |
| Wroot                   | 520.8                  | (9.9)                               |                   | 510.9               |
|                         | 182.2                  | (3.5)                               |                   | 178.7               |
| <b>Tax Base 2019/20</b> | <b>50,388.7</b>        | <b>(956.9)</b>                      | <b>11.0</b>       | <b>49,442.8</b>     |