

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

CALCULATING THE COUNCIL TAX BASE FOR 2012/2013

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 tax setting purposes.
- 1.2 The key requirements of this report are as follows:
 - To set and notify the Council's tax base;
 - To note the tax base for Formula Grant purposes; and
 - To calculate the local tax base for each parish and the total tax base for the authority of 52,087.2 and for the parts of the area as shown in Appendix B and C
- 1.3 It also outlines Government proposals to change elements of council tax legislation to give council's more discretion over discounts and how it administers council tax collection.

2. BACKGROUND INFORMATION

- 2.1 North Lincolnshire Council is required to notify its tax base figures for the following financial year to the Humberside Police Authority, Humberside Fire Authority and its levying bodies (National Rivers Authority – Anglian, Severn Trent and the Port Health Authority) between 1 December and 31 January.
- 2.2 Parish and Town Councils also have a right to request in writing the tax base figure for their part of the area and for it to be provided by North Lincolnshire Council within ten working days.
- 2.3 North Lincolnshire Council will use the tax base to calculate its own council tax requirement for 2012/13. Humberside Police, Humberside Fire Authority and parish councils will use it to calculate the precept they require to fund their services.
- 2.4 North Lincolnshire is the billing authority for its area and therefore collects the precepts for Police, Fire and parishes. Council tax is pooled

in a collection fund and then distributed to North Lincolnshire Council and the precepting bodies on the basis of their tax decisions.

3. **OPTIONS FOR CONSIDERATION**

Tax Base for Grant Purposes

- 3.1 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. For 2012/13 it will use its estimate of the taxbase for 2011/12 as the starting point, and uplift for the average annual increase in the tax base for the authority between October 2008 and October 2010. This gives a band D equivalent taxbase of 52,204.
- 3.2 Government assumes that the council will be able to collect 100% of the tax it levies on this base and uses the information to determine the council's share of formula grant.

Tax Base for setting Council Tax, Precepts and Levies

- 3.3 For setting the actual council tax in 2012/13 the council uses a different methodology. It starts from the CTB1 return for October 2011. The figure has been calculated as 52,159.6 see Appendix A. This is adjusted for each parish, or area to reflect projected changes in the valuation list and levels of discounts/exemptions during the remainder of the year and in 2012/13. The Council has taken into account legislation to reduce the discount level on second homes to a minimum 10% and remove completely the discount on long-term empty homes.
- 3.4 The resulting figures become the relevant amount for each band in each parish or area expressed as a Band D equivalent. The total Band D equivalent is 52,565.5.
- 3.5 Unlike the government's calculation at paragraph 3.1 an adjustment is then made for non-collection. For 2012/13 it is proposed that the projected collection rate is maintained at 99%. A rate of 99% is in line with the ultimate expected collection rate; and recognises that the average annual council tax write off of £250k has been less than 0.5% of council tax over the past 9 years.
- 3.6 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 applied in the following year as required by legislation.
- 3.7 A final adjustment is made, equivalent to a number of band D dwellings, in respect of which the Secretary of State for Defence makes contributions in lieu of council tax for class O exempt dwellings in its area.

- 3.8 The result of these calculations is the Local Tax Base for each parish. These figures are shown for each parish in **Appendix B** and add up to the total tax base for the whole authority for 2012/2013 of 52,087.2.
- 3.9 Appendix B shows that the tax base has fallen for several parishes. This is mainly due to the increase in exemptions and discounts rather than a reduction in the number of dwellings.

Technical Reforms of Council Tax

- 3.10 The secretary of state has published proposals for technical reforms of council tax which, if agreed, would take effect from 2013/14. In summary, the changes being contemplated include:
- Giving councils further flexibility to reduce or remove council tax relief on second homes and empty homes
 - Allowing billing authorities to levy an 'empty homes premium' on dwellings which have been left empty for two years or more
 - Giving local residents a new right to pay their council tax bills in 12 monthly payments, rather than 10 instalments over a year and so help with budgeting
 - Encouraging the greater use of electronic billing as an efficiency measure
 - Ensuring there are no increases in the tax liabilities of homes as a result of domestic scale photovoltaic solar panels being installed by a third party supplier under a 'rent a roof' scheme
 - Reviewing the circumstances in which giving a self-contained ('granny') annex its own council tax liability and banding is appropriate.
- 3.11 The government hopes that these changes will give councils scope to raise additional income to keep overall council tax bills down or to spend on improving frontline services. It estimates that these flexibilities would potentially allow for a £20 reduction in the bill for a typical Band D property in England. Other benefits would include getting empty homes back into use to increase housing supply and tackle property blight.
- 3.12 There are no plans to change the rules on council tax relief currently available for properties left empty because a person has moved into a hospital or care home, has died, or has moved to provide care to another; and councils will still be able to apply discretionary discounts in cases where homes are empty due to other justifiable circumstances - for example, hardship, fire or flooding.

4. ANALYSIS OF OPTIONS

- 4.1 The Council, as a billing authority, must calculate a council tax base each year in accordance with council tax regulations.

- 4.2 There is discretion in estimating the council tax collection rate. The rate was increased last year from 98% to 99% to reflect the ultimate collection rate. It is proposed the same rate is used for 2012/13.
- 4.3 There is also discretion in the level of discount awarded to long term empty and second homes which affects the council tax base. The tax base of 52,087.2 is calculated on the current practice of awarding the minimum 10 per cent discount on second homes and nil per cent on long term empty dwellings. This practice helps achieve policy objectives in keeping homes in occupation.
- 4.4 Awarding the maximum discount of 50 per cent on long term empty properties would reduce the tax base to 51,803.1. Awarding 50 per cent discount on second homes in addition would further reduce the tax base to 51,642.3. Based on the 2011/12 council tax levels, taken together this is the equivalent of a loss in income of £566,740.
- 4.5 The council has the opportunity to respond to the consultation on technical changes to council tax from 2013/14 up to 29 December 2011.

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

- 5.1 Financial
An increasing local tax base means more council tax income for the same level of council tax. The projection for 2012/13 is a 1% increase on the 2011/12 estimate and continues a long-established trend of moderate growth.
- 5.2 Staffing
There are no implications on staffing levels.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION17 – CRIME AND DISORDER, RISK AND OTHER

- 6.1 Statutory
The Council must calculate the tax base each year in accordance with The Local Authorities (Calculation of Tax Base) Regulations 1992.
- 6.2 Risk
If collection rates fall 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 only moderate.

7. OUTCOMES OF CONSULTATION

- 7.1 No consultation is required.

8. RECOMMENDATIONS

- 8.1 That the resolution setting the tax base for 2012/2013 as set out in Appendix C is approved.
- 8.2 That the proposals for council tax technical changes are noted and that that the Director of Finance submit a response to the consultation.

DIRECTOR OF FINANCE

Pittwood House
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: G Twidale/P Fijalkowski
Date: 4 November 2011

Background Papers used in the preparation of this report

Local Government Finance Act 1992
Local Government Finance Act 2003
The Local Authorities (Calculation of Council Tax Base Regulations 1992 and 1994)
Valuation Lists
Technical Reforms of Council Tax Consultation, DCLG, 31 October 2011

APPENDIX A
TAX BASE FOR REVENUE SUPPORT GRANT PURPOSES (CTB1 2012/2013)

	Band A dis relief	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL	
PROPERTIES ON LIST AT 12.09.10		35076	14668	10880	7159	3476	1381	472	27	73139	
VALUATION ADJUSTMENT		-4	0	0	-1	0	0	0	0	-5	
EXEMPT PROPERTIES		-1388	-416	-295	-133	-63	-26	-6	-3	-2330	
LESS DISABLEDS		-120	-82	-104	-72	-50	-31	-30	-13	-502	
PLUS DISABLEDS	120	82	104	72	50	31	30	13		502	
SUB TOTAL	120	33646	14274	10553	7003	3394	1354	449	11	70804	
25% SINGLE RESIDENT DISCOUNTS		-29	-14326	-4421	-2748	-1187	-477	-168	-43	-1	-23400
25% DISREGARD DISCOUNTS		-5	-216	-99	-70	-31	-11	-5	0	0	-437
50% 2ND HOME DISCOUNTS			-210	-98	-87	-47	-27	-14	-9	0	-492
50% DISREGARD DISCOUNTS		-5	-25	-20	-16	-16	-22	-14	0	-138	
NO DISCOUNTS	81	18869	9636	7632	5722	2859	1145	383	10	46337	
TOTAL ADJUSTED	109.00	29893.00	13085.00	9797.00	6667.00	3248.50	1292.75	426.75	10.75	64530	
RATIO	5	6	7	8	9	11	13	15	18		
BAND D EQUIVALENT	60.6	19928.7	10177.2	8708.4	6667.0	3970.4	1867.3	711.3	21.5	52112.4	

MINISTRY OF DEFENCE CONTRIBUTION 47.2
TOTAL TAXBASE FOR RSG PURPOSES 52159.6

TAX BASE(Whole/Part Areas)				APPENDIX B		
LOCAL TAX BASE						
Parish or Area	Band D equivalent	Reduction 1% non collection	MOD Contribution	Local Tax Base	Last year	% change
Alkborough	169.7	1.7		168.0	166.9	0.66
Amcotts	83.5	0.8		82.7	82.1	0.69
Appleby	238.2	2.4		235.8	231.6	1.82
Ashby Parkland	229.1	2.3		226.8	226.4	0.18
Barnetby-le-Wold	555.4	5.6		549.8	547.4	0.45
Barrow-on-Humber	1045.6	10.5		1035.1	1038.0	-0.28
Barton-upon-Humber	3577.2	35.8		3541.4	3487.9	1.53
Belton	1164.1	11.6		1152.5	1137.7	1.30
Bonby	203.1	2.0		201.1	196.0	2.59
Bottesford	3823.2	38.2		3785.0	3774.0	0.29
Brigg	1808.2	18.1		1790.1	1743.1	2.70
Broughton	1811.2	18.1		1793.1	1778.6	0.81
Burringham	240.2	2.4		237.8	236.6	0.51
Burton-upon-Stather	1013.6	10.1		1003.5	1002.9	0.06
Cadney-cum-Howsham	162.1	1.6		160.5	161.4	-0.57
Crowle	1628.4	16.3		1612.1	1591.7	1.28
East Butterwick	51.4	0.5		50.9	48.8	4.27
East Halton	217.1	2.2		214.9	217.4	-1.14
Eastoft	152.5	1.5		151.0	150.2	0.52
Elsham	170.2	1.7		168.5	165.0	2.12
Epworth	1603.2	16.0		1587.2	1552.2	2.25
Flixborough	547.3	5.5		541.8	542.2	-0.07
Garthorpe & Fockerby	146.8	1.5		145.3	144.0	0.93
Goxhill	822.0	8.2		813.8	806.8	0.87
Gunness	735.7	7.4		728.3	726.7	0.23
Haxey	1730.4	17.3		1713.1	1713.9	-0.05
Hibaldstow	822.5	8.2		814.3	813.6	0.08
Holme	42.1	0.4		41.7	41.2	1.16
Horkstow	56.4	0.6		55.8	52.8	5.75
Keadby with Althorpe	539.9	5.4		534.5	547.3	-2.34
Kirmington & Croxton	141.6	1.4		140.2	139.0	0.85
Kirton-in-Lindsey	1034.6	10.3	47.2	1071.5	1045.8	2.45
Luddington	131.4	1.3		130.1	126.5	2.83
Manton	42.6	0.4		42.2	42.6	-1.00
Melton Ross	74.3	0.7		73.6	72.5	1.46
Messingham	1358.7	13.6		1345.1	1341.4	0.28
New Holland	290.5	2.9		287.6	286.7	0.31
North Killingholme	92.2	0.9		91.3	90.2	1.20
Owston Ferry	457.1	4.6		452.5	444.6	1.78
Redbourne	168.7	1.7		167.0	164.5	1.53
Roxby-cum-Risby	162.4	1.6		160.8	160.8	-0.01
Saxby-all-Saints	94.2	0.9		93.3	91.8	1.59
Scawby-cum-Sturton	849.8	8.5		841.3	837.2	0.49
Scunthorpe	17599.5	176.0		17423.5	17221.0	1.18
South Ferriby	221.7	2.2		219.5	219.0	0.22
South Killingholme	330.7	3.3		327.4	329.3	-0.58
Thornton Curtis	105.9	1.1		104.8	104.0	0.81
Ulceby	587.1	5.9		581.2	572.7	1.49
West Butterwick	267.0	2.7		264.3	264.5	-0.06
West Halton	122.5	1.2		121.3	118.7	2.17
Whitton	87.6	0.9		86.7	86.1	0.72
Winteringham	349.8	3.5		346.3	345.7	0.17
Winterton	1484.2	14.8		1469.4	1468.6	0.05
Wootton	190.0	1.9		188.1	183.0	2.79
Worlaby	208.1	2.1		206.0	204.4	0.79
Wrawby	539.7	5.4		534.3	524.7	1.83
Wroot	183.3	1.8		181.5	181.2	0.15
Whole Area	52565.5	525.5	47.2	52087.2	51590.9	0.96

Appendix C

RESOLUTION FOR CALCULATING THE COUNCIL TAX BASE

Resolved

1. That the report of the Service Director Finance for the calculation of the Council's tax base for the year 2012/2013 be approved.
2. That pursuant to the Service Director Finances' report and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by North Lincolnshire Council as its tax base for the whole area for the year 2012/13 shall be 52,087.2 and for the parts of the area listed below for the year 2012/2013 shall be for the

Parish or area of:

Alkborough	168.0
Amcotts	82.7
Appleby	235.8
Ashby Parkland	226.8
Barnetby-le-Wold	549.8
Barrow-on-Humber	1035.1
Barton-upon-Humber	3541.4
Belton	1152.5
Bonby	201.1
Bottesford	3785.0
Brigg	1790.1
Broughton	1793.1
Burringham	237.8
Burton-upon-Stather	1003.5
Cadney-cum-Howsham	160.5
Crowle	1612.1
East Butterwick	50.9
East Halton	214.9
Eastoft	151.0
Elsham	168.5
Epworth	1587.2
Flixborough	541.8
Garthorpe & Fockerby	145.3
Goxhill	813.8
Gunness	728.3
Haxey	1713.1
Hibaldstow	814.3

Holme	41.7
Horkstow	55.8
Keadby with Althorpe	534.5
Kirmington & Croxton	140.2
Kirton-in-Lindsey	1071.5
Luddington	130.1
Manton	42.2
Melton Ross	73.6
Messingham	1345.1
New Holland	287.6
North Killingholme	91.3
Owston Ferry	452.5
Redbourne	167.0
Roxby-cum-Risby	160.8
Saxby-all-Saints	93.3
Scawby-cum-Sturton	841.3
Scunthorpe	17423.5
South Ferriby	219.5
South Killingholme	327.4
Thornton Curtis	104.8
Ulceby	581.2
West Butterwick	264.3
West Halton	121.3
Whitton	86.7
Winteringham	346.3
Winterton	1469.4
Wootton	188.1
Worlaby	206.0
Wrawby	534.3
Wroot	181.5