

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

CALCULATING THE COUNCIL TAX BASE 2016/2017

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, at 16 October 2015, as submitted to the Department of Communities and Local Government (CLG)
 - To set a taxbase for setting Council Tax for the Council, Local Parishes and major precepting authorities;
 - To decide whether to make payment of grant to parish councils to compensate for the reduction in council tax base, due to the Council Tax Support Scheme and on what terms.

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 Commissioner
- Humberside Fire Authority

It also provides details of its taxbase 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 requires the council to determine its tax base for council tax purposes each year. The council keeps a database of the properties in its area. This is the basis on which the council tax is raised. 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 request in writing the tax base figure for the area or their part of the area in the period 1 December to 31 January in advance of the relevant tax year. It is this taxbase that they will use to calculate a precept to fund their services which they will direct the council to collect on their behalf. The taxbase is subject to change as new properties are built or converted and old properties demolished, so the taxbase needs to be recalculated each year. Government also requires information on the council taxbase 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 2016/17 for itself, Humberside Police & Crime Commissioner, Humberside Fire Authority and parish 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 Council Tax Support Scheme was introduced in 2013/14. It replaced Council Tax Benefit with a discount. The effect of this was to reduce the Council Tax Base and therefore the amount of Council Tax an area would yield. Central Government provided funding to notionally meet 90% of the costs of these changes. Government does not have a mechanism to directly reimburse Town and Parish Councils. The funding for these bodies was paid to a higher tier council in the Town or Parishes area. The higher tier council was given full discretion to decide what level of support, if any, it provided to its local Parishes.
- 2.6 For the past three years this council provided financial support to parish and town councils to offset these losses, subject to certain conditions. It is necessary for this council to take decisions on whether to continue providing support to parish and town councils and if so whether to vary the conditions imposed last year.

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.
- 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. This gives a band D equivalent taxbase of 53,790.5 (**see Appendix A**)

- 3.3 To determine the Tax Base for Council Tax purposes for the council and those which precept on it, the CTB1 taxbase is adjusted to take account of projected changes in the valuation list and likely levels of discounts and exemptions for 2016/17.
- 3.4 The Localised Council Tax Reduction Scheme operates as a Council Tax discount, reducing the overall taxbase. The total amount of estimated support to be awarded for the financial year is converted to the equivalent Band D figure and deducted from the gross taxbase. This has been calculated using the tax take and estimated council tax discounts for 2015/16 based on the actual discounts in place in October 2015.
- 3.5 Current estimated council tax support discounts for 2015/16 are £9.0m. These will be reduced in 2016/17 by the change to a 23% minimum payment from 8.5% for working age claimants. There are a range of other long-standing council tax discounts for disabilities, single occupancy and empty properties. No changes are proposed to these, as the first two are set nationally and the policy on empty properties was reviewed recently.
- 3.6 The estimated taxbase for 2016/17 is therefore 46,498.1 band D equivalent properties.
- 3.7 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.
- 3.8 The result of this calculation is the taxbase for the Council, local parishes and the police and fire authorities. These figures are shown in **Appendix B**.

Support for Parish and Town Councils

- 3.9 The council has discretion as to the degree of support it provides to Town and Parish councils to compensate them for the reduction in their council tax base following the introduction of the Council Tax Reduction Scheme.
- 3.10 The Government has provided sufficient funding in general grant to enable a similar level of support to be offered to parishes as in 2014/15, adjusted for the change to the Council Tax Reduction Scheme, as this will increase each Parishes potential precept. Indicative figures are provided at **Appendix C**.
- 3.11 This year it is proposed to offer Parishes a grant which will ensure they receive the same level of funding in 2016/17 without increasing the Band D council tax. Due to the change to a 23% minimum payment from working age claimants, the taxbase increases so the level of grant is reduced compared to last year. It is further proposed not to impose any conditions on this offer of grant except that if a parish reduces its

band D council tax it would receive a proportionately reduced amount of grant.

4. ANALYSIS OF OPTIONS

- 4.1 To reduce the costs of the discount scheme the Council decided to reduce the discount for working age claimants and to reduce the number of months that an empty property is exempt from Council Tax.
- 4.2 There is discretion in estimating the council tax collection rate. For 2016/17 it is considered prudent to assume a 98.5% collection rate. This is the same as the assumption for 2015/16. As detailed at Appendix B this results in an estimated tax base of 46,498.1 band D equivalents.
- 4.3 Regarding support to Town and parish councils in respect of compensating them for tax base reductions arising from the introduction of localised council tax support, the council can retain or amend the scheme used last year. Alternatively it could provide no support, or full support whatever the increase in the precept levied.

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

5.1 Financial

The tax base increases by 3.1% from 2015/16 which equates to an increased yield of £1.7m at the current North Lincolnshire Council band D level of tax. £0.6m of this relates to the increase in council tax support contribution to 23% the remainder to growth in the tax base and reducing numbers of people eligible for local council tax support due to improving economic circumstances. This will partly offset the future reduction in NNDR receipts from recent successful appeals and tax base reductions.

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. Allowance for difficulties in the collection of tax by retaining the expected collection rate at 98.5%, has been made.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 Although no formal consultation was undertaken last year, two letters were received requesting the council reconsiders the condition that was imposed that larger parish and town councils which increased their precept would receive no grant.

8. RECOMMENDATIONS

- 8.1 That the council tax base for the council, parishes and major precepting bodies in 2016/17, as set out in Appendix B, is approved.
- 8.2 That council considers providing grant support to parishes as set out in Appendix C and with the conditions as outlined in paragraph 3.11 of this report.

DIRECTOR OF POLICY AND RESOURCES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Mark Kitching
Date: 30 October 2014

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 and 1994)
Valuation Lists

APPENDIX A COUNCIL TAX BASE FOR GRANT PURPOSES (CTB1)

	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 06/10/2014		35,225	15,233	11,066	7,367	3,634	1,461	493	29	74,508
VALUATION ADJ		0	0	0	0	0	0	0	0	0
LESS EXEMPT PROPERTIES		-727	-150	-99	-49	-20	-8	-5	-3	-1,061
LESS DISABLEDS		-167	-78	-116	-71	-44	-37	-26	-15	-554
PLUS DISABLEDS	167	78	116	71	44	37	26	15	0	554
SUB TOTAL	167	34,409	15,121	10,922	7,291	3,607	1,442	477	11	73,447
25% SRD DISCOUNTS	-55	-14507	-4838	-2895	-1290	-480	-169	-58	0	-24,292
25% DISREGARD DISCOUNTS	-8	-258	-137	-88	-52	-13	-3	-1	0	-560
10% 2ND HOME DISOCUNTS	0	-1	0	0	0	0	0	0	0	-1
50% 2ND HOME DISCOUNTS	0	-4	-1	-2	-1	0	-1	0	0	-9
50% DISREGARD DISCOUNTS	-7	-31	-23	-20	-12	-19	-19	-16	-1	-148
50% Empty property	0	-24	-7	-14	-3	-4	-1	-1	-1	-55
100% Discount long term empty	0	-366	-171	-95	-38	-11	-11	-4	0	-696
NO DISCOUNTS	97	19,218	9,944	7,808	5,895	3,080	1,238	397	9	47,686
TOTAL ADJUSTED	148	30,322	13,691	10,063	6,910	3,461	1,378	450	10	66,432
Reduction due to Family Annex Discount	0	18	0	0	0	0	0	0	0	18
RATIO	5	6	7	8	9	11	13	15	18	
BAND D EQUIVALENT	82	20,203	10,648	8,945	6,910	4,230	1,990	750	20	53,778

MINISTRY OF DEFENCE CONTRIBUTION 12.9
**TOTAL TAXBASE FOR RSG
PURPOSES 53,790.5**

Appendix B

Parish, Town or Area	Band D equivalent	Reduction for 98.5% Collection	MOD Properties	Local Taxbase
Alkborough	161.2	-2.4		158.8
Amcotts	79.9	-1.2		78.7
Appleby	223.5	-3.4		220.1
Ashby Parkland	176.3	-2.6		173.7
Barnetby-le-Wold	503.7	-7.6		496.1
Barrow-on-Humber	986.4	-14.8		971.6
Barton-upon-Humber	3,305.8	-49.6		3,256.2
Belton	1,092.8	-16.4		1,076.4
Bonby	189.0	-2.8		186.2
Bottesford	3,581.5	-53.7		3,527.8
Brigg	1,610.5	-24.2		1,586.3
Broughton	1,638.8	-24.6		1,614.2
Burringham	203.5	-3.1		200.4
Burton-upon-Stather	957.1	-14.4		942.7
Cadney-cum-Howsham	155.0	-2.3		152.7
Crowle	1,515.3	-22.7		1,492.6
East Butterwick	43.5	-0.7		42.8
East Halton	205.4	-3.1		202.3
Eastoft	135.7	-2.0		133.7
Elsham	164.6	-2.5		162.1
Epworth	1,536.0	-23.0		1,513.0
Flixborough	529.1	-7.9		521.2
Garthorpe & Fockerby	128.5	-1.9		126.6
Goxhill	779.6	-11.7		767.9
Gunness	616.6	-9.2		607.4
Haxey	1,639.2	-24.6		1,614.6
Hibaldstow	743.4	-11.2		732.2
Holme	40.1	-0.6		39.5
Horkstow	56.5	-0.8		55.7
Keadby with Althorpe	466.2	-7.0		459.2
Kirmington & Croxton	121.8	-1.8		120.0
Kirton-in-Lindsey	992.7	-14.9	12.9	990.7
Luddington & Haldenby	115.6	-1.7		113.9
Manton	43.5	-0.7		42.8
Melton Ross	65.0	-1.0		64.0
Messingham	1,272.1	-19.1		1,253.0
New Holland	235.9	-3.5		232.4
North Killingholme	82.5	-1.2		81.3
Owston Ferry	424.1	-6.4		417.7
Redbourne	156.8	-2.4		154.4
Roxby-cum-Risby	151.2	-2.3		148.9
Saxby-all-Saints	90.8	-1.4		89.4
Scawby-cum-Sturton	796.1	-11.9		784.2
Scunthorpe	14,934.2	-224.0		14,710.2
South Ferriby	195.6	-2.9		192.7
South Killingholme	283.6	-4.3		279.3
Thornton Curtis	97.2	-1.5		95.7
Ulceby	513.2	-7.7		505.5
West Butterwick	238.6	-3.6		235.0
West Halton	114.7	-1.7		113.0
Whitton	85.8	-1.3		84.5
Winteringham	326.2	-4.9		321.3
Winterton	1,328.4	-19.9		1,308.5
Wootton	175.6	-2.6		173.0
Worlaby	194.1	-2.9		191.2
Wrawby	514.1	-7.7		506.4
Wroot	179.1	-2.7		176.4
	47,193.2	-708.0	12.9	46,498.1

INDICATIVE FIGURES ONLY

Parish/Town or Area	Column A	Column B	Column C	Column D	Column E
	Council Taxbase 2016/17	Band D Council Tax 2015/16	(A x B) Council Tax Yield/ Assumed Precept	Maximum Grant	(C + D) Total Funding
Alkborough	158.8	23.70	3,764	320	4,084
Amcotts	78.7	24.48	1,927	205	2,132
Appleby	220.1	27.93	6,147	386	6,533
Ashby Parkland	173.7	17.56	3,050	520	3,570
Barnetby-le-Wold	496.1	43.65	21,655	2,458	24,113
Barrow-on-Humber	971.6	34.88	33,889	1,449	35,338
Barton-upon-Humber	3,256.2	44.33	144,347	21,418	165,765
Belton	1,076.4	13.02	14,015	1,200	15,215
Bonby	186.2	57.19	10,649	772	11,421
Bottesford	3,527.8	26.44	93,275	7,481	100,756
Brigg	1,586.3	81.35	129,046	15,197	144,243
Broughton	1,614.2	54.59	88,119	10,799	98,918
Burringham	200.4	51.61	10,343	1,905	12,248
Burton-upon-Stather	942.7	44.84	42,271	3,176	45,447
Cadney-cum-Howsham	152.7	49.53	7,563	424	7,987
Crowle	1,492.6	38.51	57,480	6,826	64,306
East Butterwick	42.8	14.19	607	137	744
East Halton	202.3	22.92	4,637	255	4,892
Eastoft	133.7	24.25	3,242	424	3,666
Elsham	162.1	48.08	7,794	296	8,090
Epworth	1,513.0	35.44	53,621	4,784	58,405
Flixborough	521.2	22.15	11,545	881	12,426
Garthorpe & Fockerby	126.6	49.28	6,239	912	7,151
Goxhill	767.9	55.17	42,365	4,071	46,436
Gunness	607.4	46.22	28,074	6,390	34,464
Haxey	1,614.6	23.57	38,056	2,606	40,662
Hibaldstow	732.2	18.43	13,494	1,720	15,214
Holme	39.5	6.10	241	10	251
Horkstow	55.7	25.16	1,401	98	1,499
Keadby with Althorpe	459.2	52.94	24,310	4,884	29,194
Kirmington & Croxton	120.0	59.19	7,103	1,460	8,563
Kirton-in-Lindsey	990.7	87.85	87,033	6,649	93,682
Luddington & Haldenby	113.9	30.75	3,502	602	4,104
Manton	42.8	0.00	0	0	0
Melton Ross	64.0	34.54	2,211	444	2,655
Messingham	1,253.0	37.30	46,737	3,568	50,305
New Holland	232.4	35.67	8,290	1,869	10,159
North Killingholme	81.3	53.86	4,379	575	4,954
Owston Ferry	417.7	29.56	12,347	1,420	13,767
Redbourne	154.4	63.30	9,774	787	10,561
Roxby-cum-Risby	148.9	34.41	5,124	402	5,526
Saxby-all-Saints	89.4	39.79	3,557	343	3,900
Scawby-cum-Sturton	784.2	44.59	34,967	2,486	37,453
South Ferriby	192.7	56.60	10,907	1,864	12,771
South Killingholme	279.3	42.32	11,820	3,006	14,826
Thornton Curtis	95.7	25.44	2,435	164	2,599
Ulceby	505.5	21.26	10,747	1,910	12,657
West Butterwick	235.0	0.00	0	0	0
West Halton	113.0	41.22	4,658	536	5,194
Whitton	84.5	30.02	2,537	116	2,653
Winteringham	321.3	35.13	11,287	1,305	12,592
Winterton	1,308.5	83.34	109,050	17,069	126,119
Wootton	173.0	30.01	5,192	247	5,439
Worlaby	191.2	67.93	12,988	770	13,758
Wrawby	506.4	22.76	11,526	602	12,128
Wroot	176.4	57.56	10,154	700	10,854
Parish and Town Total	31,787.9		1,331,491	150,898	1,482,389
Scunthorpe	14,710.2	32.75	481,759	110,662	592,421
Total	46,498.1		1,813,250	261,560	2,074,810