

Date of meeting: 25 January 2021

Title of Report: **Council Tax Base Setting 2021/22 and Council Tax Support Scheme 2021/22**

Lead Member: Councillor Mark Lowry (Cabinet Member for Finance)

Lead Strategic Director: Brendan Arnold (Service Director Finance and Section 151 Officer)

Author: Wendy Eldridge (Principal Technical Accountant)

Contact Email: wendy.eldridge@plymouth.gov.uk

Your Reference: WE/20/21

Key Decision: No

Confidentiality: Part I - Official

Purpose of Report

To approve the 2021/22 Council Tax base in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

Recommendations and Reasons

Council to approve -

1. the Council Tax Base for 2021/22 of 73,115 equivalent Band D dwellings as set out in the report.
2. the continuation of the current Council Tax Support Scheme for 2021/22 with the following updates:

Recommendation 1 - To allow the Council to increase the levels of incomes within each Band to allow for any changes made by Government to other benefits

Recommendation 2 – To allow the Council to suspend the use of the Minimum Income Floor for the Self Employed in exceptional circumstances

Recommendation 3 - To align the current non-dependant deductions with the lowest non-dependant deductions in the pension age scheme

Recommendation 4 - To amend the scheme to allow for Shared Parental Leave, Parental Bereavement Leave and the Grenfell Tower Residents' Discretionary Fund

Reason for recommendations: to meet the legal requirements to set the Council tax base

Alternative options considered and rejected

Not applicable. It is a statutory requirement for Council to approve the Council Tax Base for the forthcoming financial year and review their local CTS schemes.

Relevance to the Corporate Plan and/or the Plymouth Plan

The Council Tax Base and associated 2021/22 budget papers will set out the resources available to deliver the Corporate Plan priorities.

Implications for the Medium Term Financial Plan and Resource Implications:

A collection rate of 97.5% has been used in calculating the Council Tax Base. Appendix A details the Tax Base calculations. The tax base is 73,115 band D equivalent properties.

Carbon Footprint (Environmental) Implications:

No impact will directly arise from this report.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

No impact will directly arise from this report.

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Council Tax Base Calculation							
B	Council Tax Base Calculation Table 2021/22							
C	Council Tax Base Previous Years							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

None							
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Sign off:

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Originating Senior Leadership Team member: Brendan Arnold (Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 07/01/2021											
Cabinet Member approval: Councillor Mark Lowry (Cabinet Member for Finance)											
Date approved: 01/01/2021											

A. Council Tax Base Calculation

I. INTRODUCTION

- 1.1 The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 make arrangements for the setting of the Council Tax. The arrangements include the determination of the Council Tax Base. A Council resolution is necessary. The decision must be notified to the major precepting authorities.
- 1.2 For the year commencing 1 April 2021, the major precepting authorities will be Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Authority.
- 1.3 The Council must determine its Council Tax Base for 2021/22 during the period 1 December 2020 to 31 January 2021. The Council Tax Base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate. The level of Council Tax subsequently set must be determined using the Council Tax Base figure. The Council Tax Base calculation is attached in Appendix B.
- 1.4 The calculation of the Council Tax Base allows for discounts under the Council Tax Support Scheme.

2. PURPOSE OF THE REPORT

- 2.1 The purpose of this report is to propose to Council the Council Tax Base of 73,115. The Council Tax Base for 2019/20 was 74,603.
- 2.2 The Tax Base calculation includes the impact of the Council Tax Support Scheme. Tax base calculations include assumptions for a further financial impact from COVID-19 through demand of the Local Council tax support scheme increasing .

3. TAX BASE CALCULATIONS

- 3.1 Council Tax base figures are calculated by the billing authority as the aggregate of the "relevant amounts" calculated for each property valuation band multiplied by the estimated "collection rate" for the year.
- 3.2 Relevant amounts are:
 - (a) The number of chargeable dwellings in that band shown in the valuation list as at 14 September 2020 (Ministry of Housing, Communities & Local Government (MHCLG) return – Council Tax Base (CTB));
 - (b) The number of discounts, disabled reductions and exemptions which apply to those dwellings;
 - (c) Estimated changes in the number of chargeable properties between 14 September 2020 and 31 March 2022;
 - (d) Impact of the Council Tax Support scheme;
 - (e) The number of Band D equivalents within each different band.
- 3.3 The collection rate is the billing authority's estimate of the total amounts of 2020/21 Council Tax which will ultimately be paid or transferred into the Collection Fund.

3.4 This report assumes a collection rate for Council Tax of 97.5%. This rate reflects recent arrears collection performance, the pattern of write offs and the impact of Universal Credit. Analysis of collection rates across the age profile of debts suggests that an eventual collection rate of 97.5% is realistic and prudent in the current economic climate.

3.5 Appendix C shows the tax base used for the previous three years for comparison.

4. EMPTY HOMES PREMIUM

4.1 Change was legislated under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which amends Section 11B of Local Government Finance Act 1992 (higher amount for long-term empty dwellings: England), as follows:

From 1 April 2021 an additional premium can be charged of up to:

- 100% for any dwelling empty between 2 and 5 years.
- 200% for any dwelling empty between 5 and 10 years.
- 300% for any dwelling empty for 10 years or more.

Plymouth City Council introduced charging a maximum premium from 1 April 2019 as part of a strategy to encourage empty properties back into use. Approval was given to charge the additional premium changes from 1 April 2021 as part of 2020/21 Council Tax Base Setting approved at Council on 27 January 2020.

4.2 The Housing Delivery Team recommends an increase to the council tax premium attached to empty homes to the fullest extent possible as the legislation allows. This will provide a further disincentive for keeping properties empty. We envisage that returning empty homes to use will:

- Help to alleviate pressures on the housing waiting list through increased availability of rental properties
- Improve the visual appearance of empty properties that may blight neighbourhoods;
- Address problems that may be associated with living next door to an empty home for example damp ingress, vermin, anti-social behaviour and loss of property value;
- Generate New Homes Bonus funding for the city (subject to changes to the NHB scheme).

4.3 The legislation relating to the new premium can be found at the following link;

<http://www.legislation.gov.uk/ukpga/2018/25/contents/enacted>

5. COUNCIL TAX SUPPORT

5.1 In April 2013 the National Council Tax Benefit scheme was abolished and replaced by local assistance schemes, developed and administered by local Councils. Plymouth City Council introduced two schemes from 1 April 2013; Council Tax Support and a discretionary Exceptional Hardship Scheme. The main Council Tax Support (CTS) scheme requires all working age claimants to make a minimum 20% contribution towards their Council Tax bill.

5.2 The qualifying criterion for the CTS scheme follows the basic calculation for Housing Benefit. This is based on a 'means test' with those on a basic qualifying benefit, known as a passported benefit, receiving a maximum 80% payment towards their Council Tax with a sliding qualification scale applied to all other claimants in order determine entitlement.

5.3 All Councils are required to annually review their local CTS schemes. Significant changes were agreed to the Plymouth CTS to implement a banded scheme in 2020/21 to support Universal Credit

(UC) customers from the frequent changes to their awards. As part of the review for the 2021/22 CTS scheme a number of factors were considered:

- A small number of administrative issues have arisen from the new banded scheme that should be addressed
- The Council's ability to collect council tax from individuals previously awarded council tax support
- Future increases in council tax that may affect the cost of the scheme.
- The increased CTS caseload resulting from COVID19
- The continuing roll-out of Universal Credit

5.4 Current caseload figures confirms that the number of residents claiming Council Tax Support increased by 12.7% in the last 12 months (October 2019 vs October 2020) and the associated expenditure increased by 11.94%. This was an impact of COVID-19 and the resulting loss of income for many households in the city. It is expected that the caseload and scheme cost within 2021/22 can be funded within the available financial envelope.

5.5 Taking the factors in the above paragraphs into account, it is recommended that the following changes are made to the CTS scheme for implementation in 2021/22:

Recommendation 1 - To allow the Council to increase the levels of incomes within each Band to allow for any changes made by Government to other benefits

Under the current scheme, the Council is only able to increase the income levels within each discount band annually by inflation. This change would allow the Council increase the income levels within each band to counter any increase in welfare benefits. The change would only be made where Government takes emergency action, such as in the current COVID-19 crisis. The change would only increase income levels within each discount band not decrease the levels. The change would not vary the percentage of discount in each band.

Benefits:

- It would more flexibility within the scheme; and
- It would prevent applicants having a reduction in support when Government increases any welfare benefits.

Drawbacks:

- There may be a slight increase in cost of the scheme should the change be made.

Recommendation 2 – To allow the Council to suspend the use of the Minimum Income Floor for the Self Employed in exceptional circumstances

The Minimum Income Floor is a provision within both Universal Credit and Council Tax Support which assumes a level of income for self-employed applicants after they have been in business for one year or more. Due to the COVID-19 crisis, the Department for Work and Pensions (DWP) suspended the use of the Minimum Income Floor in Universal Credit, but the Council was unable to change the Council Tax Support scheme in the same way. This option would allow the Council flexibility to 'suspend' the Minimum Income Floor in exceptional circumstances, such as the COVID-19 crisis. The Council feels that this would be fairer to applicants who are self-employed and unable to trade normally due to the crisis.

Benefits:

- It would allow the Council more flexibility in dealing with self-employed applicants in exceptional circumstances such as the COVID-19 crisis; and
- The change would allow the Council to make the change automatically for all cases affected.

Drawbacks:

- Where the Minimum Income Floor is suspended, there may be a small additional cost to the scheme

Recommendation 3 - To align the current non-dependant deductions with the lowest non-dependant deductions in the pension age scheme

The current scheme has a standard non-dependant deduction of £4 per week. This is slightly lower than the equivalent (or lowest) non dependant deduction in the pension age scheme (currently £4.05). This option would allow the Council to align the non-dependant deduction for working age applicants with the lowest non-dependant deductions for pension age applicants.

Benefits:

- It would make the scheme fairer ; and
- It would assist in the administration of the scheme.

Drawbacks:

- There may be a slight adjustment to the entitlement of applicants with non-dependants.

Recommendation 4 - To amend the scheme to allow for Shared Parental Leave, Parental Bereavement Leave and the Grenfell Tower Residents' Discretionary Fund

Government has introduced a number of changes into the scheme for pension age applicants to cater for the new Shared Parental Leave, Parental Bereavement Leave and the Grenfell Tower Residents' Discretionary Fund. Shared Parental Leave, Parental Bereavement Leave payments would be treated as earned income, and could allow for child care disregards to be given. The Grenfell Tower Residents' Discretionary Fund payments would be totally disregarded for Council Tax Support purposes. These changes would align the working age scheme with the pension age scheme.

Benefits:

- All of the changes made would treat all working age applicants the same way as pensioner applicants; and
- The change would make the scheme simpler to administer.

Drawbacks

- There are no drawbacks to this change

5.6 These factors have been taken into account in establishing the proposed Council Tax Base and the impact will be closely monitored throughout the year.

B. Council Tax Base Calculation Table 2021/22

	BAND A with disabled relief	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	Total
Number of dwellings in valuation list as at 14th September 2020	-	47,670	33,048	23,318	10,066	5,136	1,805	606	57	121,706
Number of exempt dwellings (including demolished)	-	3,210	1,445	977	671	187	33	35	18	6,576
Reductions to lower band due to disabled relief	-	147	172	156	119	66	27	27	13	727
Additions to band due to disabled relief	147	172	156	119	66	27	27	13	-	727
CHARGEABLE DWELLINGS FOR BAND	147	44,485	31,587	22,304	9,342	4,910	1,772	557	26	115,130
Total discounts at 25%	63	22,962	11,106	6,089	2,271	948	273	83	1	43,796
Total discounts at 50%	1	60	58	32	22	15	30	27	14	259
Total discounts at 100%	-	83	51	21	8	2	-	-	-	165
TOTAL DISCOUNTS - shown as whole dwelling equivalent	16	5,854	2,857	1,559	587	247	83	34	7	11,244
Long Term Empty Premium 2 - 5 years at 100%	-	82	18	11	5	5	2	2	-	125
Long Term Empty Premium 5 - 10 years at 200%	-	30	7	6	1	-	-	-	-	44
Long Term Empty Premium +10 years at 300%	-	7	2	1	-	-	-	-	-	10
LONG TERM EMPTY PREMIUM - impact of premium	-	163	38	26	7	5	2	2	-	243
Estimated number of dwellings not listed but which will be listed in the band for the whole or any part of the financial year	-	77.0	78.0	68.0	25.0	22.0	9.0	2.0	-	281
Estimated number of reductions to lower band due to successful appeals	-	-	9	2	1	4	3	1	-	20
Estimated number of additions to lower band due to successful appeals	-	9	2	1	4	3	1	-	-	20
TOTAL ADJUSTMENTS	-	68	85	69	22	23	11	3	-	281
LOCAL COUNCIL TAX SUPPORT SCHEME REDUCTIONS	41	9,367	3,218	1,038	242	64	19	4	-	13,993
Estimated impact Local Council Tax Support demand		534	183	59	14	4	1			795
Family annexes discount at 50%	-	19	12	17	13	6	12	1	-	78
FAMILY ANNEXES	0	9	6	8	7	3	6	1	-	39
TOTAL DWELLINGS	90	28,952	25,447	19,735	8,522	4,620	1,676	523	19	89,583
RATIO TO BAND D	5	6	7	8	9	11	13	15	18	
	9	9	9	9	9	9	9	9	9	
RELEVANT AMOUNTS FOR 2020/21	50	19,302	19,792	17,542	8,522	5,647	2,421	872	38	74,185
COLLECTION RATE										97.50%
ADJUSTED RELEVANT AMOUNT	49	18,819	19,297	17,103	8,308	5,506	2,361	850	37	72,330
MOD CONTRIBUTION										785
TAX BASE										73,115

C. Council Tax Base - Previous Years

	2018/19			2019/20			2020/21		
Band	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent
A	47,211	98.5%	18,573	47,750	98.0%	19,359	47,747	98.0%	19,785
B	32,347	98.5%	18,972	32,674	98.0%	19,307	32,932	98.0%	19,729
C	22,709	98.5%	16,890	22,947	98.0%	17,006	23,207	98.0%	17,270
D	9,622	98.5%	8,130	9,752	98.0%	8,155	9,939	98.0%	8,312
E	4,913	98.5%	5,340	4,950	98.0%	5,332	5,057	98.0%	5,470
F	1,738	98.5%	2,308	1,755	98.0%	2,308	1,786	98.0%	2,352
G	596	98.5%	835	601	98.0%	834	603	98.0%	846
H	58	98.5%	36	58	98.0%	36	56	98.0%	36
Total	119,194		71,084	120,487		72,336	121,327		73,800
MOD			848			836			803
Tax Base			71,932			73,172			74,603