

Cabinet



Date of meeting:	21 December 2021
Title of Report:	Council Tax Base Setting 2022/23 and Council Tax Support Scheme 2022/23
Lead Member:	Councillor Nick Kelly (Leader)
Lead Strategic Director:	Brendan Arnold (Service Director for Finance)
Author:	Wendy Eldridge (Principal Technical Accountant) Debbie Perry (Technical Manager)
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Your Reference:	
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To recommend the 2022/23 Council Tax base to Council in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

Agree actions from annual review of the Council Tax Support (CTS) scheme.

Recommendations and Reasons

Cabinet agree to recommend to Council -

1. the Council Tax Base for 2022/23 of 73,830 equivalent Band D dwellings as set out in the report.
2. the continuation of the current Council Tax Support scheme and Exceptional Hardship Scheme for 2022/23 with no updates.

Reason for recommendations: to meet the legal requirements to set the Council tax base for budget setting purposes.

To help ensure that the Council Tax Support scheme treats claimants consistently, is clear to understand and is easy to administer.

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 annually review their CTS scheme.

Relevance to the Corporate Plan and/or the Plymouth Plan

The Council Tax Base and associated 2022/23 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 73,830 band D equivalent properties.

Financial Risks:

Council tax base assumptions include growth and demand on CTS scheme during 2022/23. A mid-year estimate will be prepared during autumn 2022 to identify any surplus or deficit between forecast council tax collection and the council tax income target when 2022/23 budget set. Any surplus or deficit will be included in calculating resources for future medium term financial plans.

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 2022/23							
B	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							

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: **03/12/2021**

Cabinet Member approval: *Councillor Nick Kelly (Leader)*
Date approved: **08/12/2021**

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 2022, 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 2022/23 during the period 1 December 2021 to 31 January 2022. 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 73,830. The Council Tax Base for 2021/22 was 73,115.
- 2.2 The Tax Base calculation includes the impact of the Council Tax Support Scheme. Tax base calculations include assumptions for financial impact from COVID-19 and the continuing requirements of citizens for support to pay their Council Tax through the Council Tax Support scheme.

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 13 September 2021 (Ministry of Levelling Up, Housing & Communities (DLUHC) 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 13 September 2021 and 31 March 2023;
 - (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 2021/22 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 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>

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 in receipt of an income based welfare benefit passported to a

maximum 80% payment towards their Council Tax with a sliding qualification scale applied to all other claimants in order to determine entitlement.

5.3 All councils are required to annually review their local CTS schemes. Significant changes were agreed to the CTS scheme to implement an income banded scheme in 2020/21 to support Universal Credit (UC) customers from the frequent changes to their awards. In 2021/22 further changes to the scheme were made to address a small number of administrative issues that had arisen as a result of the implementation of the banded scheme in the previous year. A change was also made in 2021-22 to introduce flexibility into the scheme to allow the suspension of the use of the minimum income floor for the self-employed in exceptional circumstances, such as the COVID-19 pandemic.

A review of the 2021/22 CTS scheme has not identified any issues that require changes to be made to the scheme for 2022/23.

5.4 Current caseload figures confirm that the number of Plymouth residents claiming Council Tax Support increased by 2.54% in the last 12 months (October 2020 vs October 2021). Whilst the change in caseload is much lower than last year (12.7%) and appears to be levelling off, the associated expenditure in 2021/22 has still increased by 7.08% compared to 15% in the previous year. This indicates that the financial impact of COVID-19 on families continues to be felt as the nation starts to recover and CTS continues to provide vital support for many households in the city who have continued to lose income. It is expected that the caseload and scheme cost within 2022/23 can be funded within the available financial envelope.

5.5 Taking the factors in the above paragraphs into account, it is recommended that no updates are made to the CTS scheme for implementation in 2022/23.

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.

C. Council Tax Base - Previous Years

Band	2019/20			2020/21			2021/22		
	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	47,750	98.0%	19,359	47,747	98.0%	19,785	47,670	97.5%	18,868
B	32,674	98.0%	19,307	32,932	98.0%	19,729	33,048	97.5%	19,297
C	22,947	98.0%	17,006	23,207	98.0%	17,270	23,318	97.5%	17,103
D	9,752	98.0%	8,155	9,939	98.0%	8,312	10,066	97.5%	8,308
E	4,950	98.0%	5,332	5,057	98.0%	5,470	5,136	97.5%	5,506
F	1,755	98.0%	2,308	1,786	98.0%	2,352	1,805	97.5%	2,361
G	601	98.0%	834	603	98.0%	846	606	97.5%	850
H	58	98.0%	36	56	98.0%	36	57	97.5%	37
Total	120,487		72,336	121,327		73,800	121,706		72,330
MOD			836			803			785
Tax Base			73,172			74,603			73,115