



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Cabinet

7 December 2021

Report of: Councillor Adam Stokes

Deputy Leader of the Council



Council Tax Base 2022/23

To recommend the Council Tax Base for the financial year 2022/23.

Report Author

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| Corporate Priority: | Decision type: | Wards: |
|---------------------------|--|------------------|
| A high performing Council | Budget and Policy Framework | All Wards |
| Reviewed by: | Alison Hall-Wright (Head of Finance and ICT) | 16 November 2021 |
| Approved by: | Richard Wyles (Assistant Director of Finance & s151 Officer) | 16 November 2021 |
| Signed off by: | Councillor Adam Stokes (Deputy Leader of the Council) | 16 November 2021 |

Recommendation (s) to the decision maker (s)

- Cabinet is asked to recommend to full Council the Council Tax base for the forthcoming financial (2022/23) year equating to 48,706.7 in accordance with the relevant legislation.**

1 The Background to the Report

- 1.1** The local Government Finance Act 1992 amended by s84 of the Local Government Act 2003 set out the requirements allowing each local authority to make its own arrangements for adopting the Council Tax base. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012:2914) provides amended statutory guidance to incorporate the changes resulting from the introduction of the Local Council Tax Support Scheme (LCTSS).
- 1.2** The Council Tax Base forms part of the calculation for the council tax for the local area; the number of properties that will form the Council Tax Base must therefore be agreed.
- 1.3** As well as setting out the requirement that the Council Tax Base be calculated, statute also sets out the timeframe in which this must be completed. The Council is required to inform its preceptors of the Council Tax Base by 31 January 2022.
- 1.4** The council tax varies between different bands according to proportions laid down in legislation. These proportions are based around Band D and are fixed so that the bill for a dwelling in Band A will be a third of the bill for a dwelling in Band H. Applying the relevant proportion to each band's net property base produces the number of 'Band D' equivalent properties for the area.
- 1.5** In determining the Council Tax Base for 2022/23 the following factors have been taken into considerations:
- (a) The tax base for parish purposes is based on the number of properties as at 13 September 2021 and the discounts and exemptions applicable on 4 October 2021, as prescribed by legislation;
 - (b) An adjustment for the impact of the local Council Tax Support Scheme that has been adopted by South Kesteven District Council;
 - (c) An adjustment for the empty property premium, which allows South Kesteven District Council to charge a premium of between 100% and 300% depending upon the period the property has remained empty.
- 1.6** The table below summarises the position showing the proposed tax base for South Kesteven for 2022/23 is 48,706.7 Band D equivalents. This is an increase of 1.21% on the previous financial year 2021/22. Appendix 1 analyses these figures at Parish level.

| Table 1: Tax Base – Band D Equivalents | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 218/19 | 2017/18 | 2016/17 |
| Impact of empty property premium | 110 | 131 | 128 | 137 | 125 | 131 | 125 |
| Total Band D equivalents | 52,663.2 | 52,170.4 | 51,757.0 | 51,061.9 | 50,575.5 | 50,306.5 | 49,779.57 |
| Impact of LCTSS Discounts and Work Incentive | (3,956.5) | (4,048) | (3,838.2) | (3,936.2) | (4,056.2) | (4,187.1) | (4,344.87) |
| Total Band D Equivalent properties | 48,706.7 | 48,122.4 | 47,918.4 | 47,125.7 | 46,519.3 | 46,119.4 | 45,434.7 |
| Tax Base Growth | 1.21% | 0.4% | 1.68% | 1.30% | 0.87% | 1.49% | 1.54% |

Adjustment for the Localised Council Tax Support Scheme

- 1.7 The localisation of Council Tax Support which was introduced from 1 April 2013 has a direct impact on the setting of the Council Tax base.
- 1.8 The Council Tax base must therefore be adjusted to include the impact of the Localised Council Tax Support scheme that has been adopted by South Kesteven District Council.
- 1.9 For 2022/23, the reduction to the Council Tax base has increased in comparison to previous years as a result of an increase in eligible claimants during the period of the pandemic.
- 1.10 As set out in Table 1, the LCTSS reduces the tax base and therefore the Council tax income collected by individual precepting bodies.

Adjustment for empty property premiums

- 1.11 The Local Government Finance Act 2012 first introduced the power for local authorities to charge a premium of up to 50% where a property was left unoccupied and unfurnished.
- 1.12 The Rating (Property in Common Occupation) and Council tax (Empty Dwellings) Act 2018 allowed Councils to increase these premiums in line with legislation from 1 April 2019 and each year thereafter for a further two years.
- 1.13 The Council Tax Base is increased as a result of the empty premium which allows a billing authority to charge a premium on properties left unoccupied and unfurnished. These premiums are as follows: -
 - (a) Up to 100% premium for properties empty between two and five years – resulting in a full charge of 200%;
 - (b) Up to 200% premium for properties empty between five and ten years – resulting in a full charge of 300%
 - (c) Up to 300% premium for properties empty for at least ten years – resulting in a full charge of 400%
- 1.14 As set out in Table 1, the empty property premium increases the tax base and therefore the Council tax income collected by individual precepting bodies.

Other Discretionary Discounts

- 1.15 The Council has the power under the Local Government Act 2003 to implement other local discounts.
- 1.16 Discounts would be granted either to individuals or to classes of individuals. There are financial implications to granting any discounts in addition to those set out in legislation. Not only would there be an increase in the general level of Council Tax for other payers, but the complication and cost of administering council tax would increase.

Collection Rates

- 1.17 The setting of a realistic and prudent collection rate for Council Tax in 2022/23 is an essential component of the overall budget strategy.
- 1.18 It is anticipated that a collection rate of 98.50% will be achieved in 2021/22 and this will form the basis of the collection rate for 2022/23.
- 1.19 The Council takes a prudent approach and does not project future growth in 2022/23, so consequently, does not adjust the tax base for any non-collection. The following table

shows both the current and historic collection rates the council has achieved over the past five years:

| Table 2: Collection Rates | | | | | | |
|----------------------------------|---------|-----------------------|---------|---------|---------|---------|
| | 2022/23 | 2021/22 (forecast) | 2020/21 | 2019/20 | 2018/19 | 2017/18 |
| Council Tax Collection Rate | 98.75%* | 98.50% | 98.40% | 98.68% | 98.77% | 98.81% |

*this will be reviewed in response to the impact of the pandemic

Impact on Local Precepting Authorities'

- 1.20** The above factors impact on the local precepting authorities' (Parish and Town Councils) ability to raise their own precepts which, based on a standstill position, would be lower.
- 1.21** The local tax base information will be supplied to all Parish and Town Councils in order for them to fact it into their local precept setting considerations.
- 1.22** It can be seen from Table 1 that there has been a positive increase in the tax base growth from previous years and this will provide a positive financial contribution to the Medium Term Financial Plan. At an assumed Council Tax level for 2022/23, the increase in the tax base will result in an additional £94k Council Tax income than had been previously modelled in the MTFP. This has been factored in the budget setting proposals that are currently being considered

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1** None – this report contains technical calculations for the council's tax base for 2022/23 as prescribed by legislation.

3 Available Options Considered

- 3.1** None.

4 Preferred Option

- 4.1** It is recommended that the Council Tax Base is set at 48,706.7 for 2022/23.

5 Reasons for the Recommendation (s)

- 5.1** If the recommendation is supported, it will be used in the calculation and budget preparations for 2022/23.

6 Next Steps – Communication and Implementation of the Decision

- 6.1** None.

7 Financial Implications

- 7.1** These are contained within the report. Setting the tax base is an important milestone in the annual budget setting process and allows the Council to project the anticipated Council Tax that will be collected for the following financial year.

Financial Implications reviewed by: Richard Wyles, Assistant Director of Finance and s151 Officer

8 Legal and Governance Implications

8.1 The approval of the Council Tax Base detailed in this report is required in accordance with the legislation referred to in Section 67 of the Local Government Finance Act 1992, which sets out the requirements for council tax setting which can be discharged by full Council.

8.2 The proposals in this report will be considered by Council at its budget setting meeting scheduled for 1 March 2022.

Legal Implications reviewed by: Graham Watts, Head of Democratic Services and Deputy Monitoring Officer

9 Equality and Safeguarding Implications

9.1 The report contains the calculation of the Council Tax Base for 2022/23 as prescribed by legislation.

9.2 The resultant impact on revenue budgets are addressed within the budget setting process.

10 Risk and Mitigation

10.1 The Council Tax Base is set using a formula set down in legislation, which is then used to inform financial planning and the budget setting process.

10.2 No risks have been identified.

11 Community Safety Implications

11.1 None.

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

12.1 None.

13 Other Implications (where significant)

13.1 None.

14 Background Papers

14.1 None.

15 Appendices

15.1 Appendix A – 2022/23 Council Tax Base by Parish.