

Subject:	Council Tax Base 2021/22		
Date of Meeting:	21 January 2021		
Report of:	Acting Chief Finance Officer		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The council tax base represents the amount that would be raised by setting a £1 council tax on a band D property. It is a requirement of the Local Government Finance Act 1992 and associated regulations that the tax base is calculated for the purpose of setting the council tax in 2021/22 before 31 January 2021.
- 1.2 The purpose of this report is to provide information to enable Members to agree the tax base for 2021/22. Members will be aware there is a report elsewhere on this agenda for the Council Tax Reduction (CTR) scheme in 2021/22 and the tax base within this report assumes the recommendations are agreed.

2. RECOMMENDATIONS:

That Policy & Resources Committee:

- 2.1 Approves the calculation of the council's Council Tax base for the year 2021/22 as set out at paragraphs 3.5 to 3.8 and Appendices 1 and 2, subject to council approval of the recommended changes to the CTR scheme and delegates authority to the Acting Chief Finance Officer to amend the tax base accordingly in the case of amendment to, or non-approval of, the CTR scheme recommendations.
- 2.2 Notes the collection rate for 2021/22 has been assessed at 98.30%.
- 2.3 Agrees that in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2021/22 shall be as follows:-
 - 2.3.1 Brighton and Hove in whole – 89,493.0 (as detailed in appendix 1)
 - 2.3.2 Royal Crescent Enclosure Committee – 31.0 (as detailed in appendix 2)
 - 2.3.3 Hanover Crescent Enclosure Committee – 39.5 (as detailed in appendix 2)
 - 2.3.4 Marine Square Enclosure Committee – 70.7 (as detailed in appendix 2)

2.3.5 Parish of Rottingdean – 1,576.7 (as detailed in appendix 2)

2.4 Agrees that for the purposes of Section 35(1) of the Local Government Finance Act 1992, the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses.

2.5 Agrees that the Enclosure Committees and Rottingdean Parish are paid the required Council Tax Reduction Grant of c£4,000 in total, to ensure they are no better or no worse off as a result of the Council Tax Reduction Scheme for the reasons set out in paragraph 3.8.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The tax base has been calculated in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012. The detail of the calculation for the whole of Brighton and Hove is shown at appendix 1.

3.2 The tax base is calculated by estimating how many properties there will be in each tax band, determining what relevant discounts and exemptions apply and how much council tax should ultimately be collected, allowing for expected collection rates.

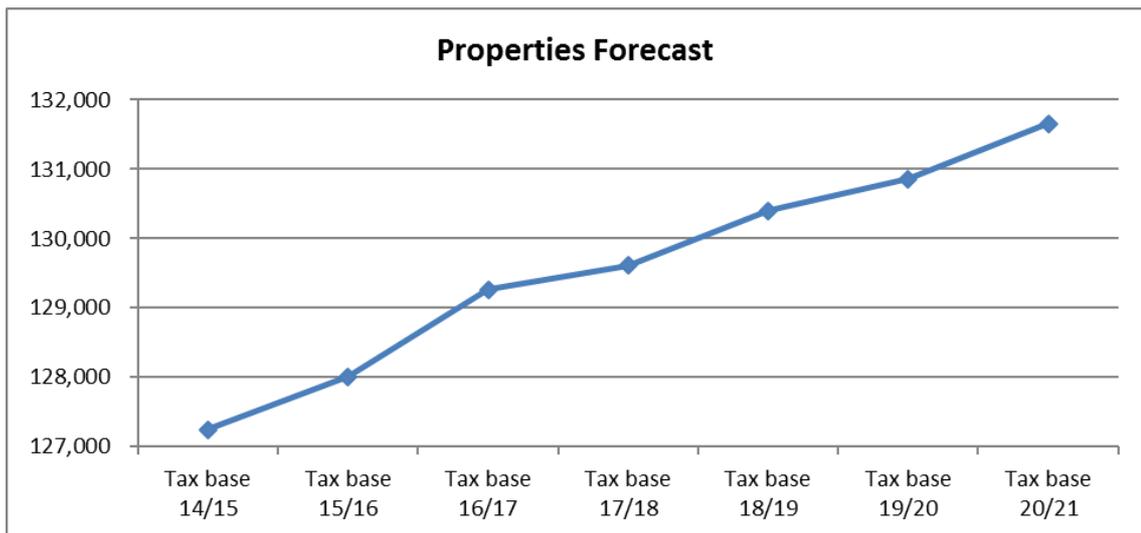
3.3 The pandemic is having a severe impact on the tax base that will continue into 2021/22 and potentially future years. The impacts include:

- Nationally and locally there has been a step increase in the number of working age claimants of CTR which is assumed to continue to rise until at least April 2021 which reduces the tax base as CTR is a discount.
- Development of new properties and property completions have also been delayed, which limits the tax base growth and it is difficult to predict how quickly this will catch up.
- There is a significant increase in purpose-built student accommodation at the same time as an expected decrease in overall students which is assumed to result in a net reduction in student exemptions in other housing.
- The council has been limited in its ability to pursue council tax debts which, when coupled with increased financially vulnerable households means that in year collection and the collection of older debts is lower than originally assumed and is expected to continue into 2021/22.

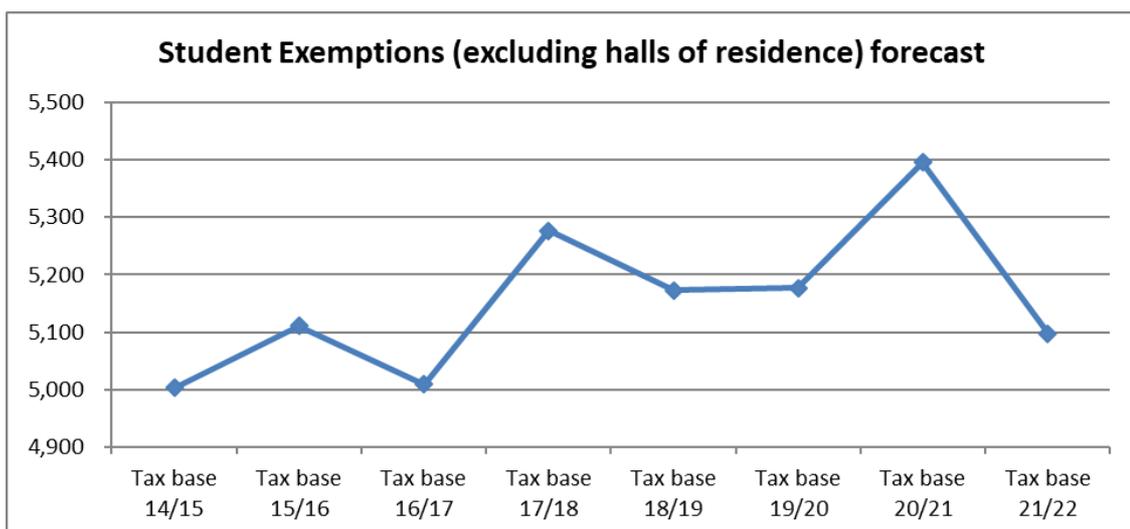
3.4 The key changes to the proposed tax base for 2021/22 are set out below.

3.4.1 As at November 2020 there were 130,933 properties on the valuation list. It is forecast that 628 new properties will be added by March 2022 equivalent to a 0.5% increase in the housing stock of the city. The largest developments within this include 142 new properties at the Circus Street development and 70 properties at the former Astoria in Gloucester Place. There are three large student developments forecast to be added to the list by 31 March 2022 however as the assignment of how these are valued will impact on exact numbers of properties added to the list and they will be eligible for student exemptions, there will be no direct additional council tax income and they are not shown in the tax

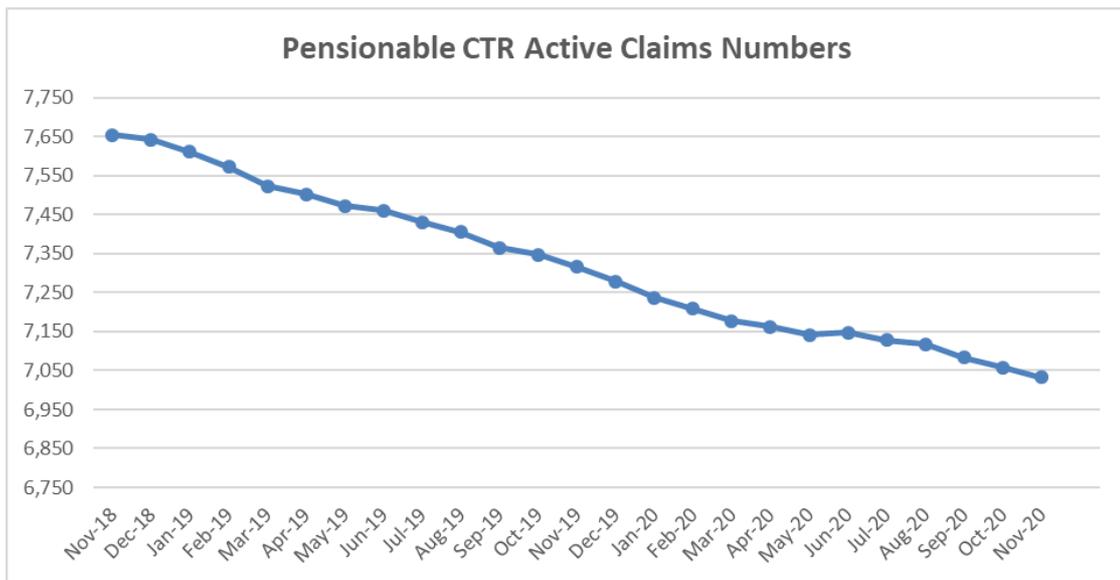
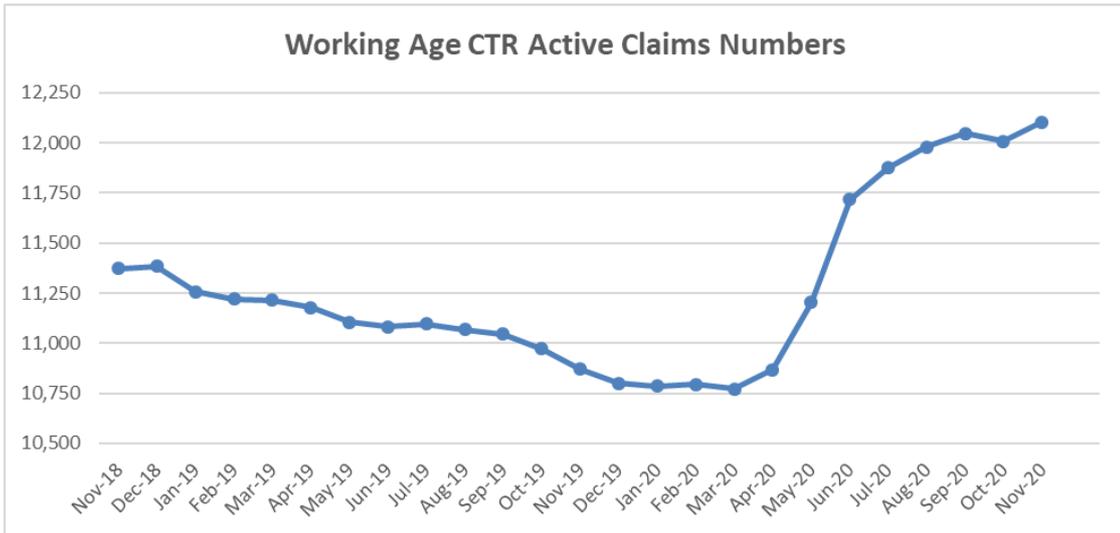
base forecast given the uncertainty of the how they will be valued. The graph below shows the trend of registered properties over time.



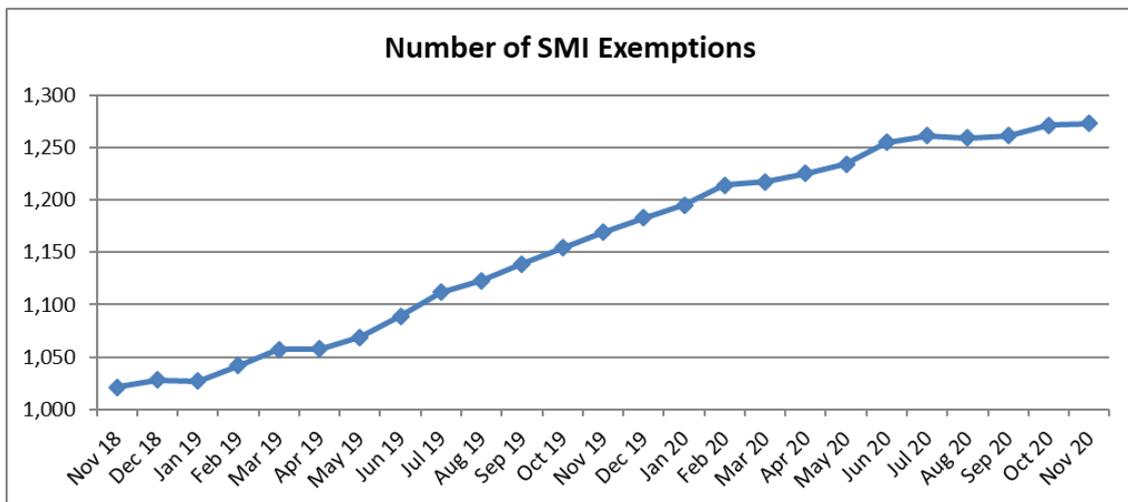
3.4.2 It is estimated that an average of 5,098 properties will be solely occupied by students (excluding halls of residence) during 2021/22 and the estimated value of the Class N exemption awarded is £7.468m for the city council (assuming a 4.99% council tax increase). This is a decrease compared with 2020/21 due to the increase in halls of residence being built within the city. The University of Sussex have a significant increase in units on campus either completed or in progress. It is expected that increases in halls of residence will ultimately reduce the number of other housing properties solely occupied by students. The graph below shows the number of Class N exemptions forecast in the tax base.



3.4.3 The number of working age claimants receiving CTR has increased significantly as a result of the impact from Covid-19 and there are 1,413 more claimants at November 2020 compared to November 2019. The pensionable claimants receiving CTR have continued to decrease through 2019/20 but at a slightly lower level than previous years as shown in the graph below. The tax base forecast includes a further increase in working age claimants through to March 2021 followed by a reduction through 2021/22. In addition, it includes the proposed changes to the CTR scheme outlined in a report elsewhere on this agenda.



3.4.4 The number of exemptions for Severely Mentally Impaired (SMI) eligibility is starting to level off this financial year since increasing each year from 2013/14. An SMI exemption is a 100% discount and therefore with the introduction of the minimum contribution for working age claimants under CTR, it is beneficial for eligible claimants to be appropriately classified. Since there was no difference to the discount level previously, it is likely SMI was under reported. The changes in the numbers of CTR claimants and SMI exemptions have been reflected in the proposed tax base. SMI exemptions are shown in the graph below.



3.4.5 The proposed tax base for 2021/22 assumes a slightly higher level of single person discounts (SPDs). In the early part of the new financial year it will be the focus of the council’s Revenues & Benefits Service to ensure eligibility is correctly applied through a data matching exercise to verify the number of adults within a household. This exercise has previously been completed each year but has had to be delayed as staffing resources have been prioritised to support financially vulnerable households and businesses. SPD trends are shown below.



3.4.6 The empty homes council tax premium for properties that are empty for more than 10 years will increase to 300% (currently 200%) from 1 April 2021 as approved by Council on 13 December 2018 and this increase is reflected in the tax base.

3.4.7 The collection rate for council tax income is being reduced significantly, by 0.7% to 98.3%, to reflect the ongoing impact of Covid-19 for harder to collect debts.

3.5 The resultant tax base proposed for 2021/22 is 89,493.0 which is a 1.4% decrease from the 2020/21 tax base of 90,722.8 for the reasons explained above and summarised in the table below.

	Tax base	Change
2020/21 tax base	90,722.8	
Increased CTR claimants	-757.4	-0.8%

Changes to CTR scheme from 1/4/21	-198.5	-0.2%
Reduction in collection rate	-634.1	-0.7%
Net decrease in exemptions	356.3	0.4%
New properties and band changes	22.5	0.0%
Increase in empty homes premium	49.8	0.0%
Net increase in discounts	-68.4	-0.1%
2021/22 tax base	89,493.0	-1.4%

3.6 After allowing for the proposed changes to the CTR scheme this represents a net increase in resources of £0.209m compared with the previous assumptions set out in the Draft Budget and Resource update 2021/22 reported to this committee in December 2020.

3.7 The regulations require a separate calculation for parts of a local authority area where special expenses apply. Appendix 2 shows the summary calculation for Enclosure Committees in Brighton and Hove which fall under this category. Each Enclosure Committee sets a levy for maintaining the enclosure gardens, which is recovered through an additional council tax charge to the enclosure residents. Appendix 2 also shows the summary calculation for the Parish of Rottingdean.

3.8 The additional discounts generated by the Council Tax Reduction Scheme also have implications for the Enclosure Committees and Rottingdean Parish. In line with government guidance and in the interests of fairness to local residents, it is proposed that the relevant proportion of council tax reduction grant is paid to each body to ensure they are no better or no worse off as a result of the local scheme. It is estimated the total grant payable in 2021/22 will be c£4,000 in line with previous years; the actual figure will depend on the tax level set by each body.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The calculation of the Council Tax base is determined largely by regulation and is based on the best information available at this time. Options relating to the Council Tax Reduction Scheme are considered in a separate report elsewhere on this agenda.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 There are meetings between Finance and Revenues teams to discuss collection performance, movements in the tax base and the projections used for determining the tax base for the following year.

5.2 The Police and Crime Commissioner for Sussex and the East Sussex Fire Authority have been informed of the latest tax base projections as it forms part of setting their council tax precept.

6. CONCLUSION

6.1 It is a requirement of the Local Government Finance Act 1992 and associated regulations that the tax base is calculated for the purpose of setting the Council Tax in 2021/22 before 31 January 2021 and this report enables the Council to fulfil that requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The proposed tax base is estimated to generate £155.914m in 2021/22 based on a 4.99% council tax increase, an increase of £0.209m compared to assumptions in the Draft Budget and Resource update 2021/22 report to this committee in December 2020.
- 7.2 The government announced a one-off £2.968m Local Council Tax Support Grant for 2021/22 within the provisional Local Government Finance Settlement to support the financial impacts of increased costs of Council Tax Reduction and other help to economically vulnerable households. It is proposed to utilise £1.120m of this grant as short term funding to cover the expected short term reduction in the collection rate during 2021/22. This assumes the collection rate will revert to 99% in 2022/23 and therefore is a sustainable use of one off funding.

Finance Officer Consulted: James Hengeveld

Date: 11/01/21

Legal Implications:

- 7.3 Under the Local Government Finance Act 1992, the council must determine the Council Tax base applicable to Brighton & Hove. In respect of 2021/22, the base must be determined before 31 January 2021 as required by regulation 8 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 7.4 All other references to the legal framework for setting the council tax base are contained within the body of the report.
- 7.5 The calculation of the Council Tax Base is not a function reserved to Full Council by legislation or by local agreement and, as such, it is a matter to be determined by the Policy & Resources Committee.

Lawyer Consulted: Elizabeth Culbert

Date: 11/01/21

Equalities Implications:

- 7.6 There are no identified equalities impacts as a result of agreeing the council tax base.

Sustainability Implications:

- 7.7 None.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.8 There are potentially greater risks to the forecasts because of the ongoing impacts of Covid-19 on the levels of council tax liability and collection rates.

Monitoring will be maintained at a high level throughout the year to ensure that any issues are identified quickly, and mitigation measures adopted. Members will be kept up to date through the regular budget monitoring reports.

Corporate / Citywide Implications:

7.9 None.

SUPPORTING DOCUMENTATION

Appendices:

1. Tax base calculation for the whole of Brighton and Hove
2. Tax base calculation for enclosure committees and the parish of Rottingdean

Documents in Members' Rooms

1. None

Background Documents

1. Files held within the Finance and Revenues Teams