

Brighton & Hove City Council

Policy & Resources Committee

Agenda Item 91

Subject: Council Tax Base 2022/23

Date of meeting: 27 January 2022

Report of: Chief Finance Officer

Contact Officer: Name: James Hengeveld
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Ward(s) affected: All

For general release

1. Purpose of the 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 2022/23 before 31 January 2022.
- 1.2 The purpose of this report is to provide information to enable Members to agree the tax base for 2022/23. Members will be aware a report on Council Tax Reduction (CTR) scheme for 2022/23 went to this committee on 2 December 2021 which included changes to the existing scheme that are subject to approval at Full Council.

2. Recommendations

- 2.1 That Committee agrees the calculation of the council's tax base for the year 2022/23 including proposed changes to the CTR scheme.
- 2.2 That Committee notes the collection rate assumed is 98.75%.
- 2.3 That Committee 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 2022/23 shall be as follows:
 - 2.3.1 Brighton and Hove in whole – 91,204.0 (detail in appendix 1)
 - 2.3.2 Royal Crescent Enclosure Committee – 29.7 (detail in appendix 2)
 - 2.3.3 Hanover Crescent Enclosure Committee – 41.2 (detail in appendix 2)
 - 2.3.4 Marine Square Enclosure Committee – 69.9 (detail in appendix 2)
 - 2.3.5 Parish of Rottingdean – 1,600.7 (detail in appendix 2)
- 2.4 That Committee 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 That Committee 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 introduction of the Council Tax Reduction Scheme for the reasons set out in paragraph 3.13.

3. Context and background information

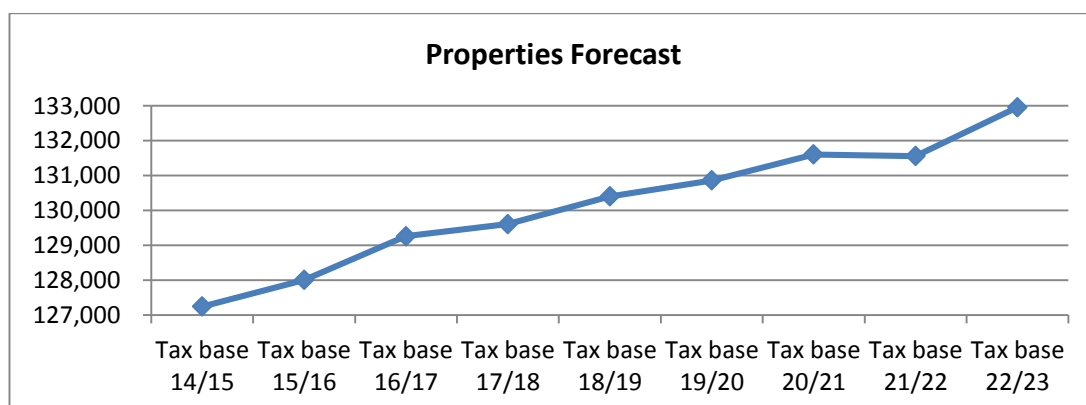
- 3.1 The tax base has been calculated in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012. The detail of the calculation for the whole of Brighton and Hove is shown at appendix 1.

- 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.

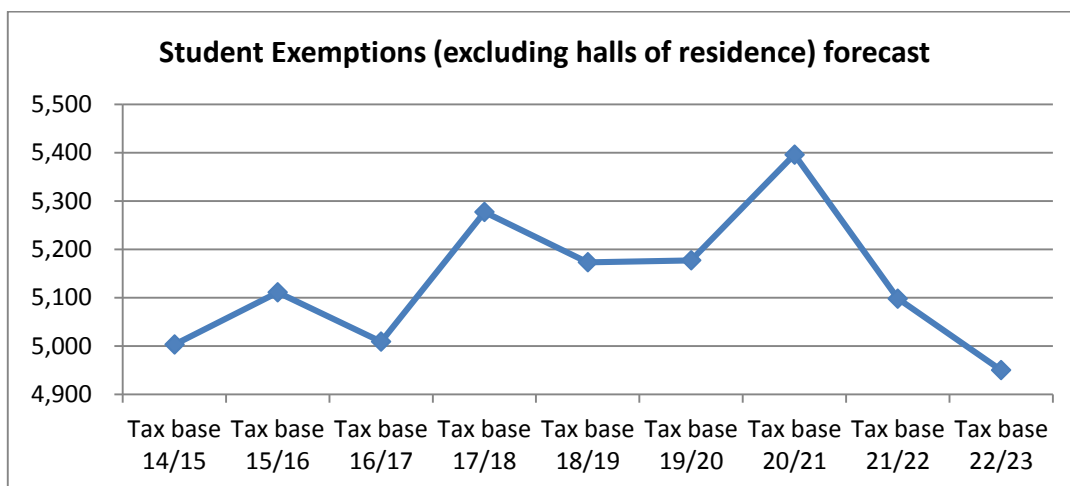
- 3.3 The key changes to the proposed tax base for 2022/23 are set out below.

- 3.4 As of November 2021, there were 131,732 properties on the valuation list. It is forecast that 1,227 new properties will be added by March 2023 equivalent to a 0.9% increase in the housing stock of the city. The largest developments within this include 168 new properties at the Edward Street Quarter development, 164 properties at School Road, Hove, 126 properties at Saunders Park View, 70 properties at the former Astoria at Gloucester Place and 69 properties at Kings House.

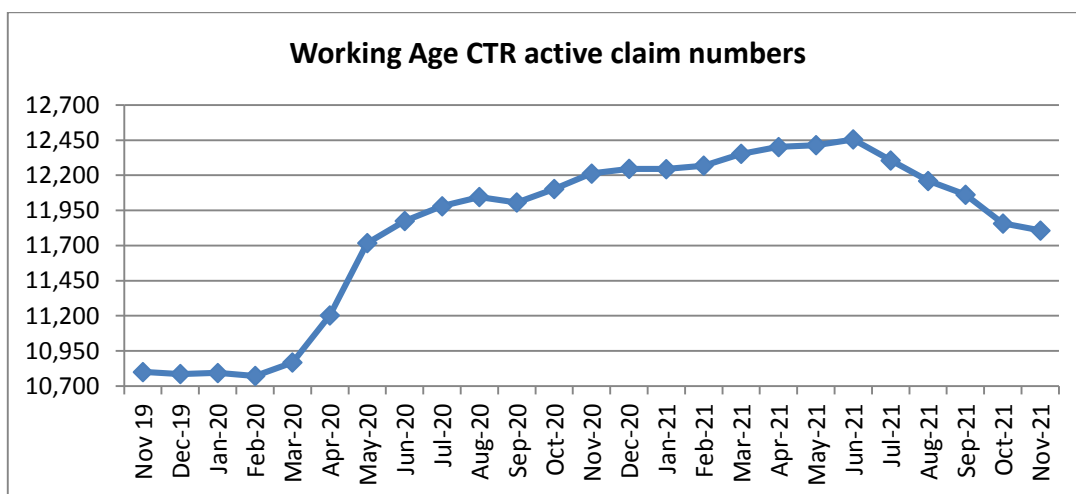
- 3.5 There are also large student developments forecast to be added to the list by 31 March 2023, however, as the assignment of how these are valued will impact on exact numbers of properties added to the list and they will be eligible for student exemptions, there will be no direct additional council 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.

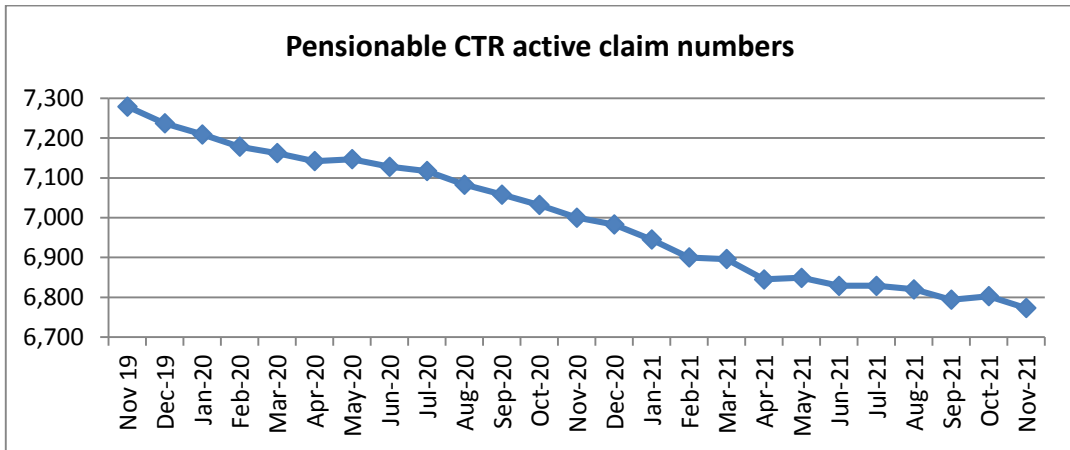


- 3.6 It is estimated that an average of 4,950 properties will be solely occupied by students (excluding halls of residence) during 2022/23. This is a decrease compared with 2021/22 due to the increase in the numbers of halls of residence being built within the city. The universities have a significant increase in units on campus either completed or in progress as well as a number of private sector student halls of residence. It is expected that these developments will ultimately reduce the number of other housing properties solely occupied by students. The graph below shows the number of student exempt properties forecast in the tax base.

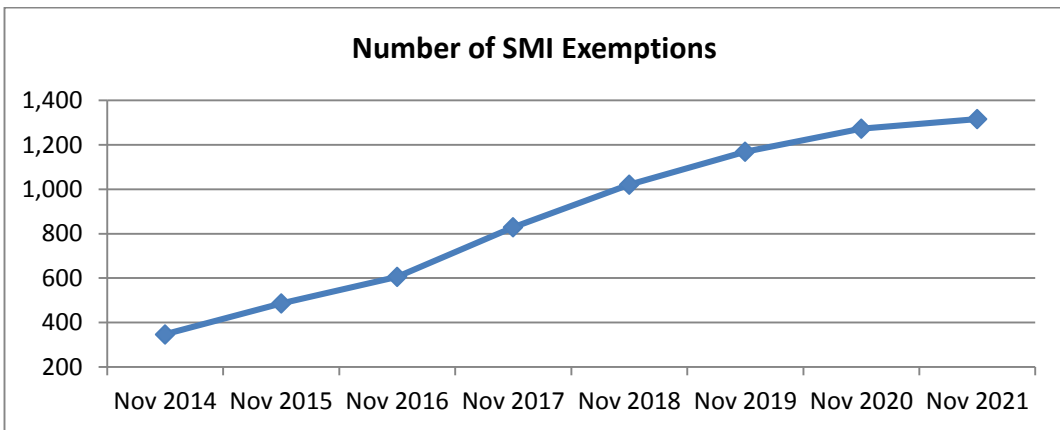


- 3.7 The number of working age claimants eligible for Council Tax Reduction (CTR) increased significantly up until June 2021 due to the impact from Covid-19 and has since started to reduce. There are 406 less claimants in November 2021 compared to November 2020. The pensionable claimants receiving CTR have continued to decrease through 2021/22 but at a slightly lower level than previous years as shown in the graph below. The tax base forecast includes a further reduction in working age claimants through to March 2022 followed by a reduction through 2022/23. In addition, it includes the proposed changes to the CTR scheme due to be presented to Full Council on 3 February 2022.

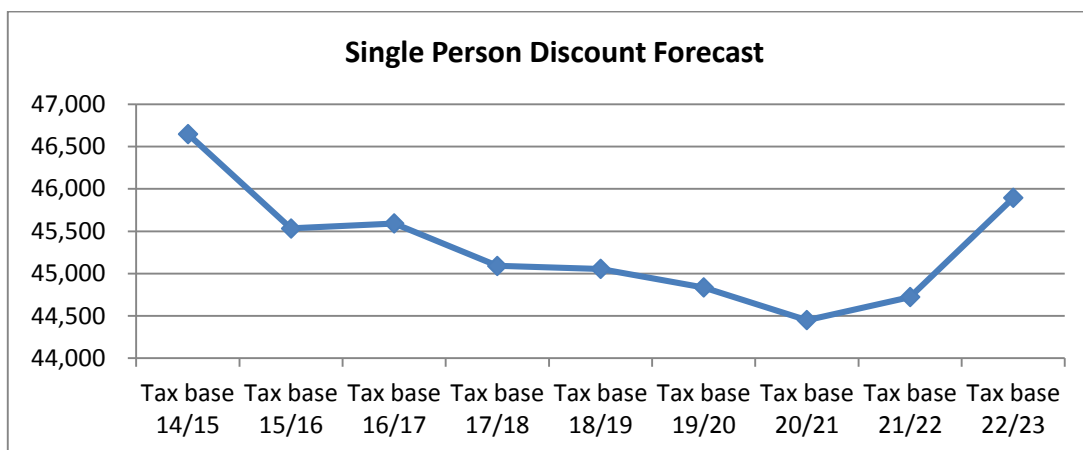




3.8 The number of exemptions for Severely Mentally Impaired (SMI) eligibility continue to increase. An SMI exemption is a 100% discount and therefore with the introduction of the minimum contribution for working age claimants under CTR, it is beneficial for eligible claimants to be appropriately classified. 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.



3.9 The proposed tax base for 2022/23 assumes a higher level of single person discounts (SPDs) compared to last year but is lower than the 46,347 currently on the system. The council's Revenues & Benefits Service are in the process of ensuring eligibility is correctly applied through data matching to verify the number of adults within a household and this is anticipated to reduce the SPD awards. SPD trends are shown below.



3.10 The collection rate was reduced to 98.3% in 2021/22 to allow for the ongoing impact of Covid-19 for harder to collect council tax debt. Covid-19 is still having an impact on harder to collect debt and therefore whilst it is anticipated the collection rate can increase, it is not anticipated to increase back to the pre-pandemic level at this stage. The collection rate in 2022/23 has been increased to 98.75%.

3.11 The resultant tax base proposed for 2022/23 is 91,204.0 which is a 1.9% increase from the 2021/22 tax base of 89,493.0 for the reasons explained above and summarised in the table below.

	Tax base	Change
2021/22 tax base	89,493.0	
Reduced CTR claimants	918.1	+1.0%
Changes to CTR scheme from 1/4/22	-187.5	-0.2%
Increase in collection rate	392.8	+0.4%
Net decrease in exemptions	51.8	+0.1%
New properties and band changes	831.4	+0.9%
Decrease in empty homes premium	-8.0	0.0%
Net increase in discounts	-287.6	-0.3%
2022/23 tax base	91,204.0	+1.9%

3.12 The regulations require a separate calculation for parts of a local authority area where special expenses apply. Appendix 2 show 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.

3.13 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 what is considered fair 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 2022/23 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 and consideration of 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.

5. Community engagement and 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 2022/23 before 31 January 2022 and this report enables the Council to fulfil that requirement.

7. Financial implications

- 7.1 The proposed tax base is estimated to generate £163.651m in 2022/23 based on a 2.99% council tax increase (including a 1% adult social care precept). This sum will be reflected in the 2022/23 budget proposals to be presented to this committee and Budget Council in February 2022.
- 7.2 The total increase in resources from the council tax base in 2022/23 compared to 2021/22 is £7.737m. This is represented by a 1.9% increase in the tax base and 2.99% increase in Council Tax.
- 7.3 The tax base is being set ahead of the proposed Council Tax Reduction Scheme being considered at Full Council on 3 February 2022. Should the changes to the scheme not be agreed the financial impact will be included in the collection fund estimates reported throughout 2022/23 in Targeted Budget Management Reports to this committee.

Name of finance officer consulted: James Hengeveld Date consulted:
12/01/22

8. Legal implications

- 8.1 Under the Local Government Finance Act 1992, the council must determine the Council Tax base applicable to Brighton & Hove. In respect of 2022/23, the base must be determined before 31 January 2022 as required by

regulation 8 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

- 8.2 All other references to the legal framework for setting the council tax base are contained within the body of the report.
- 8.3 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.

Name of lawyer consulted: Elizabeth Culbert Date consulted 140122

9. Equalities implications

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

10. Sustainability implications

- 10.1 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

