

DECISION-MAKER:	EXECUTIVE DIRECTOR FOR FINANCE, COMMERCIALISATION & S151 OFFICER		
SUBJECT:	COUNCIL TAX BASE 2023/24		
DATE OF DECISION:	24 JANUARY 2023		
REPORT OF:	HEAD OF FINANCIAL PLANNING & MANAGEMENT		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director for Finance, Commercialisation & S151 Officer	
	Name:	John Harrison	Tel: 023 80834897
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Author:	Title:	MTFS & Revenue Manager	
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	E-mail:	Stephanie.Skivington@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

Not Applicable

BRIEF SUMMARY

THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2023/24

Council tax legislation sets out a procedure to be followed to set the council tax each year. The stages are

- i. Calculate the tax base;
- ii. Calculate the amount to be raised from the council tax; and
- iii. Divide the amount to be raised by the tax base to calculate the council tax rate for the year.

It is a legal requirement that the tax base is calculated and approved by 31st January each year.

COLLECTION FUND SURPLUS/DEFICIT 2022/23

Each billing authority is required to estimate the level of surplus or deficit on the Collection Fund at the end of the financial year in order that this amount can be included in the calculation of the council tax for the coming financial year. Regulations specific to 2020/21 require the estimated in-year deficit for 2020/21 to be spread over the 3 financial years 2021/22, 2022/23 and 2023/24.

The estimate for council tax must be made and notified to all precepting authorities by 15th January each year (or the first working day thereafter if it falls on a weekend). This has been completed and is included in this report for information.

RECOMMENDATIONS:		
	(i)	It is recommended that the Executive Director for Finance, Commercialisation & S151 Officer: Approves the amount calculated by Southampton City Council as its Council Tax Base for the year commencing 1 April 2023 as 67,057 equivalent Band D dwellings.
	(ii)	Notes the estimated Collection Fund cumulative council tax deficit for 2022/23 is £0.31M, of which Southampton City Council's share is £0.26M. This includes £0.22M for Southampton City Council's share of the estimated in-year deficit for 2020/21 being spread over 3 years which is to be taken into account for tax setting purposes for 2023/24.
REASONS FOR REPORT RECOMMENDATIONS		
1.	The report and recommendations have been prepared as part of the statutory requirement to set the Council Tax Base for the year commencing 1 April 2023.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.	No alternative options are relevant to this report.	
DETAIL (Including consultation carried out)		
	<u>THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2023/24</u>	
3.	Council Tax legislation sets out a procedure to be followed to set the council tax each year. The stages are i) Calculate the tax base; ii) Calculate the amount to be raised from the council tax; and iii) Divide the amount to be raised by the tax base to calculate the council tax rate for the year.	
4.	This report deals with the first of those stages. The Council has delegated authority to the Executive Director for Finance, Commercialisation & S151 Officer following consultation with the Cabinet Member for Finance & Change to approve the Council Tax Base for the City Council (Officer Scheme of Delegation 25.6). It is a legal requirement that the tax base is calculated and approved by 31 st January each year.	
5.	The Council Tax Base has two components. The first is an estimate of the number of equivalent Band D dwellings within the city that will be subject to a Council Tax charge in 2023/24, adjusted to reflect the local Council Tax Reduction Scheme.	
6.	The second component is an estimate of the proportion of those charges that the City Council expects to collect, both during the year and in future years.	
7.	The higher the collection rate, the lower the level of tax. This calculation needs to allow for both bad debts eventually written off and variations in the estimates for exemptions, discounts, new and demolished properties.	
8.	The Council Tax collection rate for 2023/24 is 98.5%, which is the proportion of charges for that year expected to be collected during the year and in future years. This is the same as for the previous year.	

9.	The calculations in Appendix 1 set out the total level of discounts and exemptions that are expected to be granted in the year in order to come to a total equivalent number of dwellings. This includes the estimated impact of removing the discount of one month's council tax for landlords of empty and unfurnished properties that has been consulted upon as part of the budget process. The Council then makes assumptions about the number of new and demolished properties during the year to give a revised total number of properties that equates to 94,112 for 2023/24.												
10.	The Council Tax Base needs to be adjusted for the local Council Tax Reduction Scheme, which has been analysed across the property Bands accordingly to give a reduced Council Tax Base of 82,323. This reflects an assumption that council tax support for working age recipients will be 8% higher and for pensioner recipients will be 5% higher than the level experienced in September 2022 due to the effects of the cost of living crisis.												
11.	This figure is then converted into a Band D equivalent figure by applying the ratios shown in Appendix 1. This equates to 68,078. The Collection Rate percentage outlined in Paragraph 8 is then applied to this figure to give the final Council Tax Base of 67,057. This is an increase of 911 (1.38%) compared with the 2022/23 Council Tax Base.												
12.	The Tax Base, once determined, is notified to the Fire and Police authorities to inform their funding calculations for 2023/24.												
<u>COUNCIL TAX COLLECTION FUND SURPLUS/DEFICIT 2022/23</u>													
13.	Each billing authority is required to estimate the level of surplus or deficit on the council tax element of the Collection Fund at the end of the financial year in order that these amounts can be included in the calculation of the council tax for the coming financial year.												
14.	These estimates must be made by the 15 th January each year (or the first working day thereafter if it falls on a weekend) and then be notified to all precepting authorities.												
15.	Appendix 2 shows a revised estimate of the council tax element of the Collection Fund surplus/deficit and is summarised in Table 1 below.												
<u>Table 1 Estimated council tax surplus/deficit 2022/23</u>													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">£M</th> </tr> </thead> <tbody> <tr> <td>Net income and expenditure for 2022/23</td> <td style="text-align: right;">0.15</td> </tr> <tr> <td>Cost of distributing previous year's estimated surplus</td> <td style="text-align: right;">2.92</td> </tr> <tr> <td>Estimated deficit for the year</td> <td style="text-align: right;">3.07</td> </tr> <tr> <td>Surplus brought forward from 2021/22</td> <td style="text-align: right;">(2.76)</td> </tr> <tr> <td>Estimated deficit carried forward</td> <td style="text-align: right;">0.31</td> </tr> </tbody> </table>			£M	Net income and expenditure for 2022/23	0.15	Cost of distributing previous year's estimated surplus	2.92	Estimated deficit for the year	3.07	Surplus brought forward from 2021/22	(2.76)	Estimated deficit carried forward	0.31
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Numbers in the table are rounded													
16.	Regulations require the 2020/21 in-year deficit estimated in January 2021 at £0.79M to be spread over the 3 years 2021/22, 2022/23 and 2023/24. The estimated deficit being carried forward at the end of 2022/23 shown in table 1 includes £0.26M for the final third of the total deficit being spread, which is to be met in 2023/24.												

17.	This deficit will be shared between the precepting authorities as shown in Table 2:										
	<p><u>Table 2 Council tax estimated deficit shares 2023/24</u></p> <table border="1"> <thead> <tr> <th></th> <th>£M</th> </tr> </thead> <tbody> <tr> <td>Southampton City Council</td> <td>0.26</td> </tr> <tr> <td>Hampshire Police & Crime Commissioner</td> <td>0.04</td> </tr> <tr> <td>Hampshire and IOW Fire & Rescue Authority</td> <td>0.01</td> </tr> <tr> <td>Total estimated deficit to be recouped in 2023/24</td> <td>0.31</td> </tr> </tbody> </table>		£M	Southampton City Council	0.26	Hampshire Police & Crime Commissioner	0.04	Hampshire and IOW Fire & Rescue Authority	0.01	Total estimated deficit to be recouped in 2023/24	0.31
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18.	The City Council's £0.26M share of the deficit will be taken into account in setting the council tax for 2023/24.										
RESOURCE IMPLICATIONS											
<u>Capital/Revenue</u>											
19.	The revenue implications are contained in the main report and there are no capital implications.										
<u>Property/Other</u>											
20.	None.										
LEGAL IMPLICATIONS											
<u>Statutory power to undertake proposals in the report:</u>											
21.	<p>The Local Authorities (Funds) (England) Regulations 1992.</p> <p>The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.</p> <p>The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020.</p>										
<u>Other Legal Implications:</u>											
22.	None										
RISK MANAGEMENT IMPLICATIONS											
23.	<p>There is a risk that the reduction in tax base due to Council Tax Support claimants may be different to what has been assumed. A 5% increase in Council Tax Support claimants would reduce the tax base by 425 Band D equivalents (after applying the estimated collection rate).</p> <p>Any difference between the actual and estimated tax base for 2023/24 will contribute to a surplus or deficit on the Collection Fund at the end of the year, which will need to be taken into account in setting the council tax for 2024/25. Any difference between the estimated deficit on the council tax element of the Collection Fund for 2022/23 and the outturn position would also need to be taken into account in setting the council tax for 2024/25.</p>										
POLICY FRAMEWORK IMPLICATIONS											
24.	The report has been prepared in accordance with the statutory requirements with respect to the setting of the Council Tax Base for 2023/24 and the										

	estimation of the surplus/deficit on the council tax element of the Collection Fund for 2022/23.
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KEY DECISION?	Yes
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WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Council Tax Base 2023/24
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2.	Council Tax Estimated Surplus/Deficit 2022/23
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Privacy Impact Assessment

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	