

Officer Decision Making

Thursday, 21st January, 2021
at 10.00 am

VIRTUAL MEETING

This meeting is not open to the public

Decision Maker

Executive Director – Finance and
Commercialisation

Contacts

Democratic Support Officer

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AGENDA

Agendas and papers are available via the Council's website

1 **COUNCIL TAX BASE 2021/22** (Pages 1 - 10)

Report of the Head of Planning and Management detailing the amount calculated by Southampton City Council as its Council Tax base for the year commencing 1st April 2021.

Wednesday, 13 January 2021

Service Director – Legal and Business Operations

DECISION-MAKER:	EXECUTIVE DIRECTOR FOR FINANCE, COMMERCIALISATION & S151 OFFICER			
SUBJECT:	COUNCIL TAX BASE 2021/22			
DATE OF DECISION:	21 January 2021			
REPORT OF:	Head of Financial Planning & Management			
<u>CONTACT DETAILS</u>				
AUTHOR:	Name:	Stephanie Skivington	Tel:	N/A
	E-mail:	Stephanie.Skivington@southampton.gov.uk		
DIRECTOR:	Name:	John Harrison	Tel:	023 8083 4897
	E-mail:	John.Harrison@southampton.gov.uk		

STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<u>THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2021/22</u>	
<p>Council tax legislation sets out a procedure to be followed to set the council tax each year. The stages are</p> <ol style="list-style-type: none"> 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 31 st January each year.	
<u>COLLECTION FUND SURPLUS/DEFICIT 2020/21</u>	
<p>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. New regulations require any in-year estimated deficit for 2020/21 to be spread over the next 3 financial years.</p> <p>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.</p>	
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 2021 as 64,389 equivalent Band D dwellings.
	(ii)	Notes the estimated Collection Fund council tax deficit for 2020/21 is £3.13M, of which Southampton City Council's share is £2.65M. £2.20M of Southampton City Council's share is to be taken into account in setting the 2021/22 council tax.
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 2021.
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 2021/22</u>
3.		Council Tax legislation sets out a procedure to be followed to set the council tax each year. The stages are <ul style="list-style-type: none"> 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 & Income Generation which took place prior to publication of the report, to approve the Council Tax Base for the City Council. 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 2021/22, 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 2021/22 is 97.4%, which is the proportion of charges for that year expected to be collected during the year and in future years.
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. 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 92,819 for 2021/22.

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 79,774. This reflects an estimated increase in the number of working age Council Tax Support claimants due to the economic impact of the COVID-19 pandemic. The anticipated working age Council Tax Support caseload prior to the pandemic was 11,963. As at 1 January 2021 the caseload had risen to 14,380, an increase of 20%. For 2021/22 the reduction in tax base due to working age Council Tax Support has been assumed to increase by 33% compared with the pre-pandemic level.												
11.	This figure is then converted into a Band D equivalent figure by applying the ratios shown in Appendix 1. This equates to 66,108. The Collection Rate percentage outlined in Paragraph 8 is then applied to this figure to give the final Council Tax Base of 64,389.												
12.	The Tax Base, once determined, is notified to the Fire and Police authorities to inform their funding calculations for 2021/22.												
<u>COUNCIL TAX COLLECTION FUND SURPLUS/DEFICIT 2020/21</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 Council tax surplus/deficit 2020/21</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 2020/21</td> <td style="text-align: right;">0.79</td> </tr> <tr> <td>Recoupment of previous year's estimated deficit</td> <td style="text-align: right;">(0.30)</td> </tr> <tr> <td>Deficit for the year</td> <td style="text-align: right;">0.50</td> </tr> <tr> <td>Deficit brought forward from 2019/20</td> <td style="text-align: right;">2.63</td> </tr> <tr> <td>Overall Deficit Carried Forward</td> <td style="text-align: right;">3.13</td> </tr> </tbody> </table>			£M	Net income and expenditure for 2020/21	0.79	Recoupment of previous year's estimated deficit	(0.30)	Deficit for the year	0.50	Deficit brought forward from 2019/20	2.63	Overall Deficit Carried Forward	3.13
	£M												
Net income and expenditure for 2020/21	0.79												
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Deficit for the year	0.50												
Deficit brought forward from 2019/20	2.63												
Overall Deficit Carried Forward	3.13												
Numbers in the table are rounded													
16.	To reduce the financial impact in 2021/22 of exceptional losses arising in 2020/21 due to the COVID-19 pandemic, the government has made regulations to require the 2020/21 in-year deficit to be spread over 3 years. Prior year elements remain to be met in full in 2021/22. Table 2 shows the amount of the deficit to be met in 2021/22 in calculating the council tax after allowing for the spreading.												

	<u>Table 2 Council tax surplus/deficit to be met in 2021/22</u>	
		£M
	2020/21 in-year deficit	0.79
	Less: Element of 2020/21 in-year deficit to be met in 2022/23 and 2023/24	(0.53)
	2020/21 in-year deficit to be met in 2021/22	0.26
	Element of 2019/20 deficit not recouped in 2020/21	2.33
	Total deficit to be met in 2021/22	2.60
	Numbers in the table are rounded	
17.	This deficit will be shared between the precepting authorities as shown in Table 3:	
	<u>Table 3 Council tax deficit shares 2021/22</u>	
		£M
	Southampton City Council	2.20
	Hampshire Police & Crime Commissioner	0.30
	Hampshire Fire & Rescue Authority	0.10
	Total deficit to be met in 2021/22	2.60
18.	The City Council's £2.20M share will be taken into account in setting the council tax for 2021/22.	
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.	The Local Authorities (Funds) (England) Regulations 1992. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020.	
<u>Other Legal Implications:</u>		
22.	None	
RISK MANAGEMENT IMPLICATIONS		
23.	There is a risk that the reduction in tax base due to working age Council Tax Support claimants may be different to what has been assumed. A 5%	

	<p>increase in working age Council Tax Support would reduce the tax base by 226 Band D equivalents (after applying the estimated collection rate).</p> <p>Any difference between the actual and estimated tax base for 2021/22 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 2022/23.</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 2021/22 and the estimation of the surplus/deficit on the council tax element of the Collection Fund for 2020/21.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Council Tax Base 2021/22
2.	Council Tax Estimated Surplus/Deficit 2020/21

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.	

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Council Tax Base 2021/22

	A Reduced	A	B	C	D	E	F	G	H	Total
Total number of Dwellings on the Valuation List	0	36,128	35,166	23,463	9,556	3,168	1,408	441	32	109,362
Total number of Exempt, Demolished and Disabled Relief Dwellings on the Valuation List	79	(2,907)	(1,295)	(1,507)	(494)	(204)	(59)	(24)	(26)	(6,437)
Number of Chargeable Dwellings	79	33,221	33,871	21,956	9,062	2,964	1,349	417	6	102,925
Less: Estimated discounts, exemptions and disabled relief	(7)	(4,872)	(2,896)	(1,553)	(564)	(176)	(65)	(17)	(2)	(10,151)
Total equivalent number of dwellings after discounts, exemptions and disabled relief	72	28,350	30,975	20,404	8,498	2,788	1,284	400	5	92,775
Estimate of Additional Net Dwellings in 2021/22		16	8	18	2					45
Total Number of Properties	72	28,366	30,983	20,422	8,500	2,788	1,284	400	5	92,819
Less: Reduction in tax base as a result of Local Council Tax Support Scheme (LCTSS)	(34)	(7,460)	(4,042)	(1,179)	(265)	(53)	(9)	(3)	0	(13,045)
Total after LCTSS and other adjustments	38	20,905	26,941	19,243	8,235	2,735	1,275	397	5	79,774
Factor stipulated in regulations	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	21	13,937	20,954	17,105	8,235	3,343	1,841	662	9	66,108
Multiplied by estimated collection rate										97.40%
COUNCIL TAX BASE										64,389

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COLLECTION FUND COUNCIL TAX (SURPLUS)/DEFICIT 2020/21

	Estimate 2020/21 £M	Revised Estimate 2020/21 £M	Variance Adverse / (Favourable) 2020/21 £M
Council Tax			
<u>Income</u>			
Income from Council Tax Payers	(123.90)	(118.21)	5.69
Transfers from the General Fund - Hardship Relief	(0.23)	(2.60)	(2.38)
	(124.13)	(120.81)	3.31
<u>Contributions towards Previous Years C.Tax Deficit:</u>			
Southampton City Council	(0.25)	(0.25)	0.00
Hampshire Police	(0.03)	(0.03)	0.00
Hampshire Fire & Rescue	(0.01)	(0.01)	0.00
	(0.30)	(0.30)	0.00
Total Council Tax Income	(124.42)	(121.11)	3.31
<u>Expenditure</u>			
Precepts:			
Southampton City Council	102.54	102.54	0.00
Hampshire Police	13.84	13.84	0.00
Hampshire Fire & Rescue	4.52	4.52	0.00
	120.90	120.90	0.00
Bad and Doubtful Debts	3.23	0.71	(2.52)
Total Council Tax Expenditure (incl. precepts)	124.13	121.61	(2.52)
Council Tax Deficit/(Surplus) for the Year	(0.30)	0.50	0.79
Council Tax Deficit/(Surplus) Brought Forward	0.30	2.63	2.33
Council Tax Deficit/(Surplus) Carried Forward	(0.00)	3.13	3.13
Council Tax (Surplus)/Deficit			
Contribution (to)/ from SCC		2.65	
Contribution (to)/ from HPA		0.36	
Contribution (to)/ from F&RS		0.12	
Council Tax Collection Fund Balance c/f		3.13	
SCC Council Tax (Surplus)/Deficit Spreading			
2021/22		2.20	
2022/23		0.22	
2023/24		0.22	
		2.65	

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