

# Full Council

11 January 2022



**Report of:** Director of Finance (S151 Officer)

**Title:** Council Tax Base 2022/23

**Ward:** City Wide

**Member Presenting Report:** Councillor Craig Cheney, Cabinet Member for Finance, Governance and Performance

## Recommendation

1. Agree, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by Bristol City Council as its Council Tax base for the financial year 2022/23 shall be 127,917.

## Summary

The Local Government Finance Act 1992 (as amended) requires the Council as the Billing Authority to calculate a Council Tax Collection Fund estimate by 31 January each year.

## The significant issues in the report are:

The number of Band D equivalent properties, net of exemptions, reductions, and discounts, in the Tax Base for 2022/23 is 127,917 a decrease of 0.02% Band D equivalent properties from 2021/22.



## Policy

Bristol City Council has the power in statute to raise a tax on households in its area to pay for the provision of local services. It is designated as the Billing Authority for the area. This means that it is responsible for levying a council tax to meet its own demands and to meet the precepts of other authorities in the area. The major precepting bodies are Avon Police and Crime Commissioner and Avon Fire Authority.

## Consultation

- 1. Internal**  
Budget Task and Finish Group  
Head of Revenues - Resources
- 2. External**  
Not applicable

## Context

**2.1.** Section 67 of the Local Government Finance Act 1992 (as amended) requires the Council to determine its tax base for council tax purposes each year. Properties are recorded in eight national bands by value (A to H) as determined the Valuation Office Agency. Band H taxpayers pay twice as much as those in Band D and three times as much as those in Band A. The number of properties is expressed as a number of Band D equivalent properties.

**2.2.** In accordance with regulations the Council must set a tax base for council tax purposes and notify major precepting bodies by 31 January each year.

### **3. Calculation of council tax base**

**3.1.** The calculation has been prepared in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 which came into force on 30 November 2012. In October each year. DLUHC requires a snapshot, which is based on the number of properties, of the Tax Base at a specified date in October, net of exemptions, reductions, and discounts. This is known as the CTB1 return. A copy of the return for October 2021 is attached as Appendix B to this report. This calculates the number of chargeable properties in the city.

**3.2.** This is based on figures as of October 2021 and therefore adjustments are then based on forecast changes expected over the following 18 months for changes in the number of dwellings, changes in discounts and exemptions including those for the Council Tax Reduction Scheme. The adjusted numbers of properties in each of the eight valuation bands A to H are expressed as numbers of band D equivalents so they may be added together to produce a single figure. The table below shows the tax base and associated year on year percentage increase for the last five years

Year	Tax Base (Budget Report)	Percentage Increase
2018/19	125,798	1.38%
2019/20	126,999	0.95%
2020/21	128,566	1.23%
2021/22	127,950	(0.48%)
2022/23	127,917	(0.02%)

#### 4. Covid-19 Pandemic

**4.1.** The COVID-19 pandemic has had a huge global impact as well as a profound and unprecedented impact on the city, the Council's activities, and its finances, since March 2020. There remains much uncertainty as to what lies ahead and the associated long-term impact on public finances.

#### 5. Local Council Tax Reduction Scheme

**5.1.** Bristol is one of the few local authorities that implements a fully funded Local Council Tax Reduction scheme (CTRS). Prior to the pandemic, there had been year on year reductions in both the numbers of working age and pensioner claimants to the CTRS. During the pandemic, we saw a significant increase in CTRS working age claimants and caseload. Since then, pensioner numbers have continued to reduce while working age numbers have risen but at a much slower rate than during the Pandemic.

**5.2.** The table below shows the number of pensioner and working age claimants for the last five years

	Aug-17	Aug-18	Aug-19	Aug-20	Aug-21
Working Age	24,525	24,171	23,758	25,227	25,445
Pensioners	12,656	11,966	11,322	10,819	10,483
Total	37,181	36,137	35,080	36,046	35,928

**5.3.** The Office for Budgetary Responsibility (OBR) estimates on working age benefits caseloads for 2022/23, show an increase of around 2.3%. In addition, there is national economic and unemployment data which would suggest there is a slowing down in the increase of unemployment but still in excess of 2021/22 levels. Therefore, a further 2.5% increase has been added to the 2021 working age caseload above to reflect any potential increase during 2022/23. This adds a further 670 claimants, effectively reducing the tax base by 493 Band D equivalent properties. The continuing reduction in pensioner claimants would suggest their income was not as adversely affected by the Pandemic as other areas of the local population.

**8.4** The government's Spending Review, announced in October, included change to the Universal Credit taper from December 2021. This will result in some claimants receiving more Universal Credit, which will, in turn, reduce the amount of CTRS claimed.

## 6. Single Person Discounts

**6.1.** Regular reviews continue to monitor the number of properties attracting single person discounts. Currently around 30% of domestic properties are claiming single person discount. This equates to an estimated 62,547 properties or 49,646 band D equivalents. Regular National Fraud Initiatives identify multiple occupants in properties claiming single person discount helping to ensure that the Council Tax Base properly reflects entitlements to this discount. A National Fraud Office review is being carried out during 2021/22 and is expected to identify further reductions but trends suggest these are likely to be balanced by a further general increase in legitimate applications for single person discount. Therefore, no further adjustments have been made to the council tax base.

## 7. Student Exemptions

**7.1.** Students are entitled to an exemption from paying council tax if everyone in the property is a full-time student. Alternatively, they may be entitled to a discount if some of the people occupying a property are full time students. Bristol has a large student population, and as at the end of October the status of all students has not been evidenced to the Council. It is therefore necessary to estimate the number of additional students likely to be eligible for exemptions. Any estimate to be included in the tax base will also take account of any known student related property developments. The adjustment of 2,778 comprises of an estimated increase in student exemptions of 2,291 properties due to existing student households where exemptions need to be re-instated, an additional 487 student properties under construction and likely to be added to the rating list for 2022/23. This is equivalent reduction in Band D properties of 2,417 as shown below and in the table at paragraph 13. The construction work relates to 7 major sites across the city.

	All Bands	Band D Equivalent
Number of student dwellings registered per CTB1	6,779	6,237
Existing student households yet to register	2,291	2,038
New student dwellings likely to be added to the rating list by the end of 2021/22	281	219
New student dwellings likely to be added to the rating list in 2022/23	206	160
	9,557	8,654

**7.2.** Student accommodation can take the form of either private housing or halls of residence. The table below sets out both the actual number of properties (houses/flats and halls of residents) receiving student exemptions at the end of the financial year along with an estimate of the Band D equivalents based on these figures. The 2021/22 figures are an estimate of the position at the end of the financial year and the 2022/23 is an estimate of anticipated numbers given as part of the council tax base calculations

### 7.3.

Year	Property Numbers	
	Actual/Estimated	
	Student Exemptions	Band D Equivalent
2019/20	8,891	7,631
2020/21	9,024	7,852
2021/22	9,351	8,137
2022/23	9,557	8,654

## 8. Growth

**8.1.** In determining the Tax Base for the forthcoming year, the Council can take into account any increase in Tax Base that may arise from the completion of new properties. Given the amount of the on-going property development across the city and, in view of this continuing trend, it is considered reasonable to allow for an element of growth in the Tax Base due to the anticipated completion of new properties in respect of known developments. In estimating the effect on the Tax Base of new properties it is prudent to assume most new properties will be in lower valuation Bands. Allowances must also be made for discounts that will apply in respect of new properties, including Council Tax Reduction discounts, and for the fact that council tax will only be payable for new properties from the date of completion rather than for a full financial year.

**8.2.** The 2022/23 estimate for growth uses information provided by the Council's Valuation and Inspection team and is based on the number of new developments in the city where work has commenced. Assumptions are then made as to whether these properties will be banded by the end of the financial year, the actual date during the year they may be banded and the number of exemptions, discounts, and Council Tax Reduction they might attract.

**8.3.** Since the completion of the CTB1 return the Valuation & Inspection team have reported a further 426 properties to the Valuation Office for banding and it is assumed all these properties will have been banded by 1 April 2022. This is equivalent to a total of 350 band D properties.

**8.4.** The team are monitoring a potential 7,547 additional new builds where work has commenced. The estimate of properties likely to be banded by March 2023 is anticipated to be around 5,842. We estimate 334 dwellings will be banded by March 2022, 2,734 by September 2022, 690 dwellings will be banded by March 2023 with a further 2,084 where the completion date is unknown. The numbers are further reduced to 2,803 to factor in the dwellings will not be banded for the entire period. A 25% reduction has been factored in for loss in revenue due to exemptions, discounts, and Council Tax Reduction. The final figure is converted into the Band "D" equivalent of 1,983

**8.5.** The total estimated equivalent Band D growth in the tax base is therefore estimated at 1,983.

	Total Dwellings	Band D Equivalent
Identified new dwellings under construction not complete	7,547	6,170
Of which are likely to be completed by 31.3.23	5,842	3,359
Adjusted for estimated variable completion dates	2,803	2,292
Add: properties already complete and waiting to be banded	426	348
	3,229	2,640
Less estimated discounts and exceptions, CTRS etc	(817)	(657)
Total Growth	2,412	1,983

**8.6.** Housing growth in the 2021/22 CTB report assumed additional band D equivalent properties added to the tax base by the end of 2021/22 of 2,045. However, data as at the end of September 2021 would suggest a reduction of 157 Band D equivalent properties likely to be banded and chargeable for this financial year. The revised number is now forecast to be 1,888. Continuing issues with building supplies will have contributed to this slower than expected growth.

## 9. Losses on Collection

**9.1.** The losses on collection figure in the table in paragraph 13 below is an estimate of previous years arrears which will be recoverable. In estimating the provision for losses on collection the Council makes an estimate of debts which, after full recovery measures have been affected will be uncollectable in the longer term and therefore recommended for write-off. Prior to the Covid-19 pandemic this was estimated to be an in-year net loss against the tax base of 1.5%. However due to the potential on-going effects of the pandemic this has been revised for one year only to 3%.

**9.2.** The collection rate for 2021/22 is likely to be around 91.9%, with potentially over £20m in uncollected in-year arrears. Pre the Pandemic, the in-year collection rate was 96.8%. During 2022/23 we expect to see the start of a tapered recovery and for collection rates to increase. Therefore for 2022/23 the collection rate has been set at 95.8%. The collection of arrears is also expected to improve during 2022/23, contributing a further 1.2% to the forecast tax base.

## 10. Calculation of the Council Tax Base

	2022/23 Band D Equivalent Properties	2021/22 Band D Equivalent Properties	Difference
Tax Base as per attached CTB 1 Return	132,800	130,526	2,274
Adjustment due to anticipated growth	1,983	2,045	(62)
Adjustment due to increase in working age CTS claimants	(493)	(780)	287
Adjustment due to reduction in pensioner CTS claimants	0	324	(324)
Reduction due to reinstatement of existing student properties not recorded on CTB1	(2,417)	(2,265)	(152)
Long Term Empty Property Premium (in CTB1 for 22/23)		48	(48)
Adjusted Tax Base	<u>131,873</u>	<u>129,898</u>	<u>1,975</u>
LESS losses on collection (3% for 2022/23)	(3,956)	(1,948)	(2,008)
<b>Recommended Tax Base</b>	<b><u>127,917</u></b>	<b><u>127,950</u></b>	<b><u>(33)</u></b>

- 10.1.** This is a reduction of 33 (0.02%) Band D equivalent properties since the last Tax Base calculation in October 2020.

### Other Options Considered

- 11.** Not applicable

### Risk Assessment

- 12.** There are a number of risks associated with estimating the amount of Council Tax collected during the year. These include;

- Difficulty in estimating Council Tax discounts and exemptions, including the take-up of the Council Tax Support Scheme.
- On-going impact of Covid-19 on employment and businesses on collection rates and Council Tax Reduction Scheme.

### Summary of Equalities Impact of the Proposed Decision

There are no proposals in this report which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

## **Legal and Resource Implications**

### **Legal**

The tax base calculations for 2022/23 set out in this report comply with the Local Authorities (Calculation of Council tax base) Regulations 2012. The report will enable the Council to meet the requirement under the Local Government Finance Act 1992 (as amended) to determine the Council Tax base by no later than 31st January in the preceding financial year.

(Legal advice provided by Nancy Rollason – Head of Legal Services)

### **Financial**

#### **(a) Revenue**

The calculation of the Council Tax Base is calculated based on data extracted from the CTB1 return completed in mid-October. This is then adjusted for fluctuations in both the housing market and the estimated effect of levels of Council Tax Support, discounts, and exemptions. The impact of each of these is set out in detail in the report. The adjusted tax base of 127,917 represents a reduction of 0.02% on the base when compared with 2021/22.

#### **(b) Capital**

Not applicable

**(Financial advice provided by Tony Whitlock – Finance Business Partner)**

### **Land**

Not applicable

### **Personnel**

No HR Implications

**(Personnel advice provided by Mark Williams – Head of HR)**

## **Appendices:**

Appendix 1 - Copy of the CTB return submitted to the DLUHC October 2021

## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:** Working papers held in Corporate Finance