



# Council Tax Base

November 2022



# Council Tax Base

- Council Tax Base – number of dwellings, net of discounts and exemptions chargeable for council tax, converted to band D equivalents.
  - In accordance with Regulations the Authority must set a tax base for council tax purposes and notify major precepting bodies by 31 January each year.
  - The major precepting bodies are Avon Police and Crime Commissioner and Avon Fire Authority.
  - Cabinet 6 December 2022
  - Full Council 10 January 2023
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# Council Tax Base – Main Drivers

- CTB 1 – October 2022
  - Estimation of additional growth
  - Adjustments to the take up of the Council Tax Reduction Scheme (CTRS)
  - Adjustment for student exemptions
  - Collection Rate
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# Council Tax Base Summary

## Council Tax Base Calculation

- Council Tax Base 2023/24 – 129,654 Band D equivalents
- Growth of 1.36% on 2022/23
- Losses on collection set at 5% for 2023/24
- £1.3m additional pressure when compared with original MTFP assumptions

	2023/24 Band D Equivalent Properties	2022/23 Band D Equivalent Properties	Difference
Tax Base as per attached CTB 1 Return	135,773	132,800	2,973
Adjustment due to anticipated growth	2,726	1,983	743
Adjustment due to increase in working age CTS claimants		(493)	493
Adjustment due to reduction in pensioner CTS claimants	0	0	0
Reduction due to reinstatement of existing student properties not recorded on CTB1	(2,021)	(2,417)	396
Long Term Empty Property Premium (in CTB1 for 22/23)			0
Adjusted Tax Base	136,478	131,873	4,605
LESS losses on collection (5% for 2023/24)	(6,824)	(3,956)	(2,868)
<b>Recommended Tax Base</b>	<b>129,654</b>	<b>127,917</b>	<b>1,737</b>

# 2022/23 Council tax base growth

- 5,787 new dwellings are in construction across Bristol.
- 4,631 likely to be completed by 31 March 2023

This is reduced to take into account:

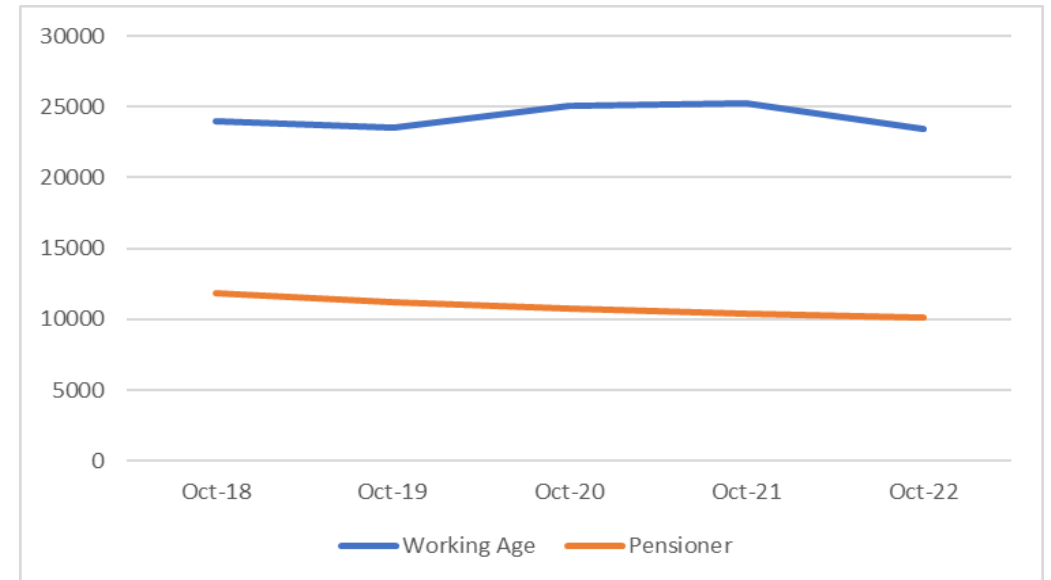
- Completion of sites throughout the year and not eligible for Council Tax until complete
- Proportion of new properties eligible for discounts, exemptions and Council Tax Reduction Scheme.

	Total Dwellings	Band D Equivalents
Identified new dwellings under construction	5,787	
Of which, likely to be completed by 31 March 2023	4,631	
Reduction of 26% to take account of discounts, exemptions and CTRS	(1,204)	
Total Growth	3,427	2,726

# Council Tax Reduction Scheme

## Working Age and Pensioners

- Peaked during first lockdown
- Drop in pensioner claimants now levelling off
- Month on month reduction in working age claimants
- Drop in over 2,000 since October 2022
- Lower caseload than 2018
- Potential to impact on arrears



# Student Exemptions

- Not all students will have registered by the end of October.
- Need to estimate additional number entitled to an exemption.
- Take account of new student developments
- Impact of change in valuation methodology for “cluster flats.”

Year	Actual/Estimated Student Exemptions	Band D Equivalents
2020/21	9,024	7,750
2021/22	8,674	7,722
2022/23	9,573	8,147
2023/24	9,654	8,201

# Losses on Collection

- Pre Covid in-year collection rate was 96.8% with a further 1.7% collection against arrears and a 1.5% allowance for losses on collection (income never collected)
  - 2022/23 collection rate is likely to be 92.5% with a further 1.7% against arrears
  - Expecting recovery through 2023/24 and beyond
  - 2023/24 - the in-year collection rate set at 94% with arrears collection at 1%
  - Total debt at the end of 2022/23 expected to be £54m of which £38m provided for
  - Only after full investigations have been completed will debt be recommended for write-off if deemed uncollectable in the longer term.
  - Core Cities experiencing similar issues with reduction in collection rates between 19/20 and 21/22 of 4.1% for Bristol, 3% for Manchester and 8.7% for Liverpool.
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# Core City Collection Rates

Authority	Council Tax Collection Rate – percentage collection		
	2019/20	2020/21	2021/22
Birmingham	94.28%	92.62%	92.89%
Bristol	96.76%	95.20%	92.67%
Leeds	95.93%	95.36%	94.55%
Liverpool	92.60%	83.80%	83.91%
Manchester	92.80%	90.15%	89.81%
Newcastle Upon Tyne	97.02%	95.55%	96.76%
Liverpool	92.99%	93.73%	93.08%
Sheffield	92.81%	90.08%	90.93%
Inner London		95.60%	91.12%
All Shire Districts		97.75%	97.22%

# Any Questions?



# Collection Fund Surplus/Deficit

2022/23



# Collection Fund Surplus/Deficit

- Local Government Finance Act 1992 requires estimated surplus or deficit on the Collection Fund in respect of Council Tax by 15 January.
  - Similarly, the Council must determine the estimated surplus or deficit on the Collection Fund in respect of Business Rates prior to 31 January 2023.
  - Enables preceptors to finalise their precepts for 2023/24.
  - Any surplus or deficit in the collection fund is carried forward and impacts on the general fund in the following financial year.
  - 2020/21 exceptional business rates losses spread over three years – 2022/23 last year
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# Collection Fund Position 2022/23

- Council tax – estimated surplus £1.960m. Shared between the Council, Avon Fire and Police. £1.671m to BCC.
- Business Rates – estimated surplus £3.358m, after application of government funding, shared between the Council, Avon Fire and WECA. £3.156m to BCC.
- Total BCC share £4.827m

# In-year council tax position

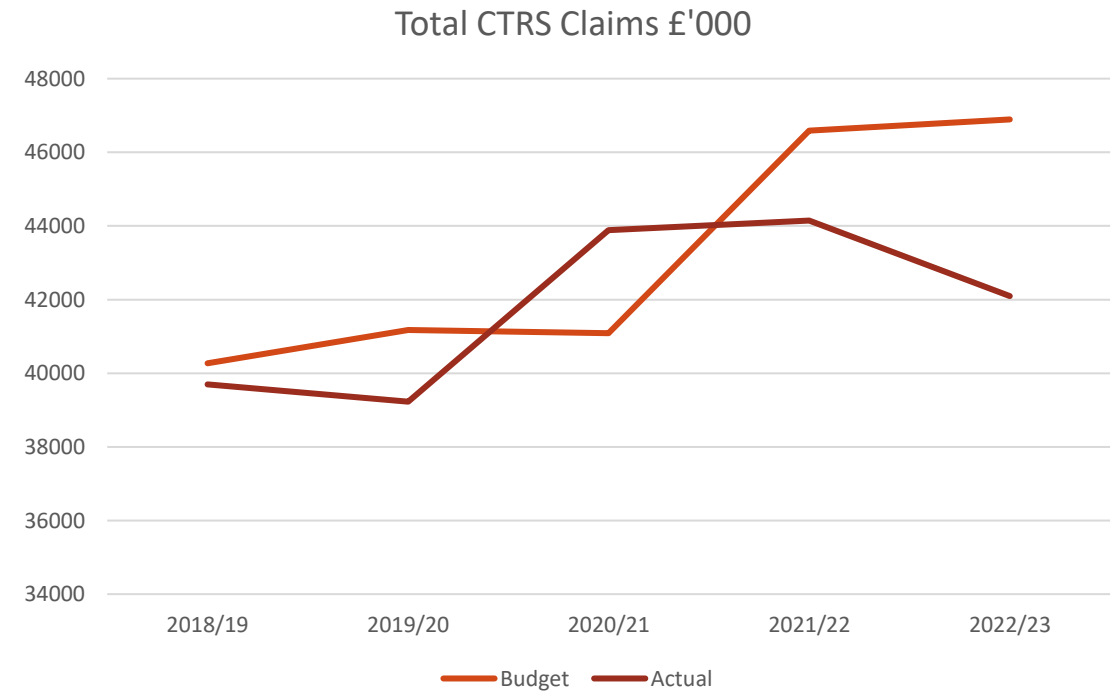
	£m
Reduction in the cost of council tax support	(4.7)
Greater growth in the housing market than expected	(0.5)
Increase in other discounts and reliefs	1.1
Increase in the allowance for the impairment of debts	3.1
Total	(1.0)

# Council Tax Cumulative Surplus

Council Tax	£m
2022/23 in-year surplus	(1,038)
(Surplus)/deficit carried forward	(2,215)
Spreading adjustment (2020/21 losses)	1,293
Total Surplus c/fwd 2023/24	<u>(1,960)</u>
Split of surplus between preceptors:	
Bristol City Council	(1,671)
Police & Crime Commissioner for Avon & Somerset	(230)
Avon Fire Authority	(69)
Total	(1,960)

# Council Tax Reduction Scheme

- Claims peaked during the 2020/21 lockdown
- Levelled off during 2021/22
- Month on month drop since – mainly working age claimants
- Budget increased in line with national statistical analysis and likely on going impact of the pandemic.
- Not materialised - £4.7m saving in 2022/23
- Budget reset for 2023/24





# Council Tax Arrears

- Council tax in-year arrears for 2022/23 are currently estimated at £23.3m.
- Previous years arrears(excluding current) are £31.3m
- Some citizens have elected to use their energy rebate to clear balances
- Percentage provision for impairment of debt remains at 2021/22 levels

	£m	£m
Opening balance 1 April 2022	25.1	
Amounts written off in year	(1.0)	
Additional arrears collection	<u>2.0</u>	
		26.1
Required as at 31 March 2023		<u>38.0</u>
Increase to provision required		11.9
Current budgeted increase to the provision		<u>(8.8)</u>
Net increase required		3.1

# In-year business rates collection fund position

	£m
Net Changes in liability	(1.3)
Increased contribution to Business Rates Pool	0.5
CARF relief given (funded by S31 grant)	12.9
Increase in the provision for appeals	2.0
Reduction in the allowance for impairment of debt	(2.4)
Total deficit 2022/23	11.7

# Business Rates cumulative surplus

Business Rates	£m
2022/23 in-year deficit	11.737
(Surplus)/deficit carried forward	(8.704)
Spreading adjustment (2020/21 losses)	2.961
Adjustment for estimated v actual S31 grant	3.548
Allocation of CARF relief	(12.900)
Total Surplus c/fwd 2023/24	<u>(3.358)</u>
Split of surplus between preceptors:	
Bristol City Council	(3.156)
WECA	(168)
Avon Fire Authority	(34)
Total	(3.358)

# Business Rates Arrears

- In-year business rates arrears as at 31 March 2023 are estimated at £11.2m
- Previous years arrears (excluding current) are £17.2m
- Covid Additional Relief Fund (CARF) has resulted in reduced arrears in 2022/23

	£m	£m
Opening balance 1 April 2021	17.3	
Amounts written off in-year	<u>(0.8)</u>	
		16.5
Required 31 March 2022		<u>19.5</u>
Increase to provision required		3.0
Current budgeted increase to the provision		<u>(5.4)</u>
Net reduction required		(2.4)

# Business Rates Appeals

- Significant increase in the call on the appeals provision in 2021/22. £20m charged to provision
- Not seeing this level of appeals to date in 2022/23
- Full cost, including backdated element borne fully in year by the Council.
- Prudent to add a further £2m to the provision to be reviewed at year-end.

	£m
Opening balance 1 April 2021	26.8
Budgeted increase to Provision	10.2
Appeals to 1 October 2022	(6.0)
Additional to 31 March 2023	<u>(6.0)</u>
<b>Balance remaining 31 March 2023</b>	<b>25.0</b>
Top up required	<u>2.0</u>
<b>Total Provision 31 March 2023</b>	<b>27.0</b>

# BCC overall Position

The overall BCC share of the collection fund surplus for 2022/23 is £4.8m.

	£'000
Council Tax	1,671
Business Rates	3,156
Total	4,827



# Any Questions

