

COUNCIL TAX SETTING COMMITTEE
30 January 2023

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL TAX BASE 2023/2024

REPORT OF: SERVICE DIRECTOR - CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

NEW COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

- 1.1 To set the Council Tax Base for 2023/2024 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (the Regulations)

2. RECOMMENDATIONS

- 2.1 That the Committee is recommended to set a non-collection rate of 1% for 2023/2024.
- 2.2 That the Committee is recommended to set the Council Tax Base for 2023/2024 at 50,663.6 and that the individual sums shown in Appendix A for each Parish be agreed

3. REASONS FOR RECOMMENDATIONS

- 3.1 To fulfil the statutory requirement to set a Council Tax Base for the District and to enable Major and Local Precepting Authorities to set their levels of Council Tax for 2023/2024.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. None as this is a prescribed statutory process.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Both the County Council and the Police & Crime Commissioner (PCC) for Hertfordshire have been consulted on the proposal in relation to the changes to the Council Tax Reduction Scheme for 2022/2023. There has been no formal response. The proposed changes to the new scheme have been agreed during the Cabinet meeting held on 13th December and this is due to be considered by full Council at its meeting on 19th January 2023.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 The Regulations require that a formal resolution be made to determine the Tax Base. The Regulations also require that this calculation is made between 1 December and 31 January. It cannot wait until the 'tax-setting' meeting in February because the result must be notified to the County Council, Police & Crime Commissioner for Hertfordshire, and Local Councils by 31 January in each year. Each Council is therefore required to present the calculation of the Tax Base for tax-setting at a Meeting during December or January.

8. RELEVANT CONSIDERATIONS

Council Tax Reduction Scheme

- 8.1 The amount of Council Tax Reduction awarded directly affects the Tax Base by reducing it by the equivalent number of Band D properties proportionate to the amount of expenditure. This is now established within the Council Tax Base.

The Calculation

- 8.2 Appendix B gives an illustrative example of the Council Tax Base calculation for Letchworth Garden City. This is replicated amongst all areas of the district to give a final total of 50,663.6, which is seen at Appendix A.
- 8.3 This is an increase in the Council Tax Base of 698.8 compared with 2022/2023 or 1.40%
- 8.4 This increase is largely due to the increase in the number of properties in the district as well as signs that claims for the Council Tax Reduction scheme is starting to slow down as we start to see some recovery following the pandemic. Of course, this could change as the cost-of-living crisis could have further adverse effects on the economy.
- 8.5 In previous years an allowance has been made for properties expected to come into the list before the end of the financial year to which the tax base refers. As agreed for last year and for the foreseeable future these potential property completions are ignored in the tax base calculation and are only included once the property is either occupied or if the property is completed, we have served a completion notice.

Non-Collection Rate

- 8.6 In setting its Council Tax Base, the Council has always had to decide on its expected level of non-collection. Since 1995/1996, the Council has assumed a non-collection rate of 1%.

- 8.7 It should be borne in mind when considering the non-collection rate that there are a few factors, other than eventually non-collected payments, which will impact on the collection rate and these are as follows:
- (i) The level of successful appeals against banding valuations
 - (ii) The impact of new properties coming into tax which may not be valued until the following year
 - (iii) The number of disablement applications, Discounts and Exemptions
 - (iv) The value of Council Tax Reduction Scheme awards
- 8.8 Any surplus (or deficit) on the Council Tax Collection Fund is split between the Major Precepting Authorities (the County Council, Hertfordshire Police and this Council) in proportion to the relative level of precept on the fund (approximately 77%,11%,12% County/Police/District in 2022/2023). The surplus can only be used to reduce (or increase in the case of a deficit) Council Tax bills in 2023/2024; but whereas the district proportion of the surplus reduces bills only in North Hertfordshire, the County and Police proportions are dissipated across the whole of Hertfordshire. The actual impact on bills will, therefore, depend not only upon the collection performance of this Council but of that of all other Hertfordshire authorities as well.
- 8.9 The in-year collection performance in 2022/2023 is slightly lower than that of 2021/2022 (73.93% compared with 74.32% at the end of November 2021). Considering the collection problems associated with the COVID-19 pandemic, this represents a considerable achievement in maintaining collection rates at such a high level. The value of instalments extended into February and March is 5.64% of the total collectable debit which is a slight increase compared to last year. This reflects the continued assistance that has been given to customers in extending their instalments beyond the standard ten instalments ending in January each year.
- 8.10 In setting the non-collection figure, Members should be mindful that this is based on the ultimate expected collection rate and not the in-year collection rate. Ultimate collection rates remain high. Each previous financial year is now over 99.0% and for every year before 2017/2018 has now reached over 99.5%.
- 8.11 Analysis of the Council's collection performance shows that actual collection can expect to reach 99.5% within three to four years and 99.9% within ten years. On that basis, Officers are recommending that, even with the continued unusual circumstances this year, the non-collection rate should remain at 1% for 2023/2024.

9. LEGAL IMPLICATIONS

- 9.1 The Council's Constitution provides at 10.2 the Council Tax Setting Committee Terms of Reference and specifically at 10.2.1 (a) states that the Committee will have the responsibility to "Set the Council Tax Base in accordance with the Local Authority (Calculation of Council Tax Base) Regulations 2012."

- 9.2 In accordance with the Local Government Finance Act 1992 and related Statutory Instruments, the Authority is required to determine its Council Tax Base by no later than 31st January in the preceding financial year.
- 9.3 The formula to be used for the calculation of the Council Tax Base is set out in the Local Authority (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The content and timing of the supply of information from and to the Major Precepting Authorities and the Billing Authority is regulated by the Local Authority (Calculation of Council Tax Base) (Supply of Information) Regulations 1992.

10. FINANCIAL IMPLICATIONS

- 10.1 The Council Tax Base agreed will be used to determine the actual level of Council Tax levied by the Council at its meeting in February 2023.
- 10.2 Based on the current Band D Council Tax of £245.13, the Council Tax Base of 50,663.6 will result in projected income from Council Tax of £12,419,168, compared to £12,247,871 in 2022/2023. The Medium-Term Financial Strategy and draft budget however assumes that there will be an increase in the Council Tax rate in 2023/2024, which will increase the projected income from Council Tax.

11. RISK IMPLICATIONS

- 11.1 As explained at 8.8, any shortfall in the Collection Fund would have to be made up by the Major Precepting Authorities in proportion to the level of Precept, either directly or through increased Council Taxes in subsequent years.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equality implications arising from this report. Ensuring that the Council has sufficient income to deliver the services that residents rely on whilst keeping Council Tax Levels at an appropriate level is important. Those services may include those that have a protected characteristic so maintaining may be especially important in unprecedented times.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1. There are no Human Resource implications in this report

15. APPENDICES

15.1 Appendix A – Council Tax Base by Parish 2023/2024

15.2 Appendix B – Example of Council Tax Base calculation for Letchworth Garden City

16. CONTACT OFFICERS

16.1 Geraldine Goodwin, Revenues Manager
Geraldine.goodwin@north-herts.gov.uk; ext 4277

16.2 Johanne Dufficy, Service Director - Customers
Johanne.dufficy@north-herts.gov.uk; ext 4555

16.3 Ian Couper, Service Director – Resources
ian.couper@north-herts.gov.uk; ext 4243

16.4 Antonio Ciampa, Accountancy Manager
Antonio.ciampa@north-herts.gov.uk; ext 4566

16.5 Isabelle Alajooz, Legal Commercial Team Manager and Deputy Monitoring Officer
Isabelle.alajooz@north-herts.gov.uk; ext 4346

16.6 Rebecca Webb, HR Services Manager
Rebecca.webb@north-herts.gov.uk; ext 4481

16.7 Reuben Ayavoo, Policy & Communities Manager
Reuben.ayavoo@north-herts.gov.uk; ext 4212

17. BACKGROUND PAPERS

17.1. None