

# Officer Decision Making

Monday, 24th January, 2022  
at 10.00 am

## **PLEASE NOTE TIME OF MEETING**

Virtual Meetings - Virtual meeting

This meeting is not open to the public

### **Decision Maker**

Officer Decision- Executive Director Finance and  
Commercialism

### **Contacts**

Democratic Support Officer

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## AGENDA

Agendas and papers are available via the Council's website

**1 COUNCIL TAX BASE 2022/23 (Pages 1 - 10)**

Report detailing the amount calculated by Southampton City Council as its Council Tax base for the year commencing 1st April 2022.

Friday, 14 January 2022

Service Director – Legal and Business Operations

<b>DECISION-MAKER:</b>		<b>EXECUTIVE DIRECTOR FOR FINANCE, COMMERCIALISATION &amp; S151 OFFICER</b>	
<b>SUBJECT:</b>		<b>COUNCIL TAX BASE 2022/23</b>	
<b>DATE OF DECISION:</b>		<b>24 JANUARY 2022</b>	
<b>REPORT OF:</b>		<b>HEAD OF FINANCIAL PLANNING &amp; MANAGEMENT</b>	
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title:</b>	<b>Executive Director for Finance, Commercialisation &amp; S151 Officer</b>	
	<b>Name:</b>	<b>John Harrison</b>	<b>Tel: 023 80834897</b>
	<b>E-mail:</b>	<a href="mailto:John.Harrison@southampton.gov.uk">John.Harrison@southampton.gov.uk</a>	
<b>Author:</b>	<b>Title:</b>	<b>MTFS &amp; Revenue Manager</b>	
	<b>Name:</b>	<b>Stephanie Skivington</b>	<b>Tel: 023 80832692</b>
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## **STATEMENT OF CONFIDENTIALITY**

Not Applicable

## **BRIEF SUMMARY**

### **THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2022/23**

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 31<sup>st</sup> January each year.

### **COLLECTION FUND SURPLUS/DEFICIT 2021/22**

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 specific to 2020/21 required 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 15<sup>th</sup> 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.

<b>RECOMMENDATIONS:</b>		
	(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 2022 as 66,146 equivalent Band D dwellings.
	(ii)	Notes the estimated Collection Fund cumulative council tax surplus for 2021/22 is £2.65M, of which Southampton City Council's share is £2.25M. For Southampton City Council £0.22M is to be added to this for tax setting purposes for 2022/23, being the share of the estimated in-year deficit for 2020/21 being spread into 2023/24.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		
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 2022.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>		
2.		No alternative options are relevant to this report.
<b>DETAIL (Including consultation carried out)</b>		
		<b><u>THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2022/23</u></b>
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 & Capital Assets to approve the Council Tax Base for the City Council (Officer Scheme of Delegation 26.6). It is a legal requirement that the tax base is calculated and approved by 31 <sup>st</sup> 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 2022/23, 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 2022/23 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 an increase from 97.4% for the previous year, to reflect past collection experience and a planned increase in debt collection activity.

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 93,316 for 2022/23.												
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 81,168. This reflects an assumption that working age council support will be 19% higher than 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 67,153. The Collection Rate percentage outlined in Paragraph 8 is then applied to this figure to give the final Council Tax Base of 66,146. This is an increase of 1,757 (2.7%) compared with the 2021/22 Council Tax Base.												
12.	The Tax Base, once determined, is notified to the Fire and Police authorities to inform their funding calculations for 2022/23.												
<b><u>COUNCIL TAX COLLECTION FUND SURPLUS/DEFICIT 2021/22</u></b>													
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 <sup>th</sup> 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.												
<b><u>Table 1 Estimated council tax surplus/deficit 2021/22</u></b>													
<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 2021/22</td> <td style="text-align: center;">(1.23)</td> </tr> <tr> <td>Contribution towards previous years' estimated deficit</td> <td style="text-align: center;">(2.60)</td> </tr> <tr> <td><b>Estimated surplus for the year</b></td> <td style="text-align: center;"><b>(3.83)</b></td> </tr> <tr> <td>Deficit brought forward from 2020/21</td> <td style="text-align: center;">1.18</td> </tr> <tr> <td><b>Estimated surplus carried forward</b></td> <td style="text-align: center;"><b>(2.65)</b></td> </tr> </tbody> </table>			£M	Net income and expenditure for 2021/22	(1.23)	Contribution towards previous years' estimated deficit	(2.60)	<b>Estimated surplus for the year</b>	<b>(3.83)</b>	Deficit brought forward from 2020/21	1.18	<b>Estimated surplus carried forward</b>	<b>(2.65)</b>
	£M												
Net income and expenditure for 2021/22	(1.23)												
Contribution towards previous years' estimated deficit	(2.60)												
<b>Estimated surplus for the year</b>	<b>(3.83)</b>												
Deficit brought forward from 2020/21	1.18												
<b>Estimated surplus carried forward</b>	<b>(2.65)</b>												
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 surplus being carried forward at the end of 2021/22 shown in table 1 includes £0.53M (two thirds) of the total deficit being spread, £0.26M of which is to be met in 2023/24. Table 2 shows the surplus to be taken into account in 2022/23 in calculating the council tax after allowing for the spreading.												

	<b>Table 2 Council tax estimated surplus/deficit to be met in 2022/23</b>	
		<b>£M</b>
	Estimated surplus carried forward	(2.65)
	Less: Element of 2020/21 in-year deficit to be met in 2023/24	(0.26)
	<b>Total estimated surplus to be distributed in 2022/23</b>	<b>(2.92)</b>
	Numbers in the table are rounded	
17.	This surplus will be shared between the precepting authorities as shown in Table 3:	
	<b>Table 3 Council tax estimated surplus shares 2022/23</b>	
		<b>£M</b>
	Southampton City Council	(2.47)
	Hampshire Police & Crime Commissioner	(0.34)
	Hampshire and IOW Fire & Rescue Authority	(0.11)
	<b>Total estimated surplus to be distributed in 2022/23</b>	<b>(2.92)</b>
18.	The City Council's £2.47M share of the surplus will be taken into account in setting the council tax for 2022/23.	
<b>RESOURCE IMPLICATIONS</b>		
<b><u>Capital/Revenue</u></b>		
19.	The revenue implications are contained in the main report and there are no capital implications.	
<b><u>Property/Other</u></b>		
20.	None.	
<b>LEGAL IMPLICATIONS</b>		
<b><u>Statutory power to undertake proposals in the report:</u></b>		
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.	
<b><u>Other Legal Implications:</u></b>		
22.	None	
<b>RISK MANAGEMENT IMPLICATIONS</b>		
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% increase in working age Council Tax Support would reduce the tax base by 229 Band D equivalents (after applying the estimated collection rate).	

	Any difference between the actual and estimated tax base for 2022/23 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 2023/24.
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**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 2022/23 and the estimation of the surplus/deficit on the council tax element of the Collection Fund for 2021/22.
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<b>KEY DECISION?</b>	Yes
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<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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SUPPORTING DOCUMENTATION

**Appendices**

1.	Council Tax Base 2022/23
2.	Council Tax Estimated Surplus/Deficit 2021/22

**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 2022/23**

	<b>A Reduced</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
Total number of Dwellings on the Valuation List	0	36,350	35,386	23,491	9,623	3,171	1,408	441	32	<b>109,902</b>
Total number of Exempt, Demolished and Disabled Relief Dwellings on the Valuation List	77	(2,952)	(1,471)	(1,480)	(493)	(205)	(50)	(30)	(26)	<b>(6,630)</b>
Number of Chargeable Dwellings	77	33,398	33,915	22,011	9,130	2,966	1,358	411	6	<b>103,272</b>
Less: Estimated discounts, exemptions and disabled relief	(8)	(4,909)	(2,913)	(1,555)	(565)	(175)	(68)	(19)	(2)	<b>(10,213)</b>
Total equivalent number of dwellings after discounts, exemptions and disabled relief	69	28,489	31,002	20,456	8,566	2,791	1,290	392	5	<b>93,059</b>
Estimate of Additional Net Dwellings in 2022/23		120	24	80	24	10				<b>256</b>
Total Number of Properties	69	28,608	31,026	20,536	8,589	2,801	1,290	392	5	<b>93,316</b>
Less: Reduction in tax base as a result of Local Council Tax Support Scheme (LCTSS)	(31)	(6,926)	(3,775)	(1,105)	(249)	(49)	(9)	(3)	0	<b>(12,148)</b>
<b>Total after LCTSS and other adjustments</b>	<b>38</b>	<b>21,682</b>	<b>27,251</b>	<b>19,431</b>	<b>8,340</b>	<b>2,751</b>	<b>1,281</b>	<b>389</b>	<b>5</b>	<b>81,168</b>
Factor stipulated in regulations	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
<b>Band D Equivalentents</b>	<b>21</b>	<b>14,455</b>	<b>21,195</b>	<b>17,272</b>	<b>8,340</b>	<b>3,363</b>	<b>1,850</b>	<b>648</b>	<b>9</b>	<b>67,153</b>
Multiplied by estimated collection rate										<b>98.50%</b>
<b>COUNCIL TAX BASE</b>										<b>66,146</b>

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### COLLECTION FUND COUNCIL TAX (SURPLUS)/DEFICIT 2021/22

	Estimate 2021/22 £M	Revised Estimate 2021/22 £M	Variance Adverse / (Favourable) 2021/22 £M	
<b>Council Tax</b>				
<b><u>Income</u></b>				
Income from Council Tax Payers	(128.11)	(128.92)	(0.81)	
Transfers from the General Fund - Hardship Relief	(0.23)	(0.23)	0.00	
	<b>(128.34)</b>	<b>(129.14)</b>	<b>(0.81)</b>	
<b><u>Contributions towards Previous Years C.Tax Deficit:</u></b>				
Southampton City Council	(2.20)	(2.20)	0.00	
Hampshire Police	(0.30)	(0.30)	0.00	
Hampshire and IOW Fire & Rescue	(0.10)	(0.10)	0.00	
	<b>(2.60)</b>	<b>(2.60)</b>	<b>0.00</b>	
<b>Total Council Tax Income</b>	<b>(130.93)</b>	<b>(131.74)</b>	<b>(0.81)</b>	
<b><u>Expenditure</u></b>				
<b>Precepts:</b>				
Southampton City Council	105.88	105.88	0.00	
Hampshire Police	14.58	14.58	0.00	
Hampshire and IOW Fire & Rescue	4.54	4.54	0.00	
	<b>125.00</b>	<b>125.00</b>	<b>0.00</b>	
Bad and Doubtful Debts	3.34	2.91	(0.42)	
<b>Total Council Tax Expenditure (incl. precepts)</b>	<b>128.34</b>	<b>127.91</b>	<b>(0.42)</b>	
<b>Council Tax Deficit/(Surplus) for the Year</b>	<b>(2.60)</b>	<b>(3.83)</b>	<b>(1.23)</b>	
Council Tax Deficit/(Surplus) Brought Forward	3.13	1.18	(1.95)	
<b>Council Tax Deficit/(Surplus) Carried Forward</b>	<b>0.53</b>	<b>(2.65)</b>	<b>(3.18)</b>	
<b>Council Tax (Surplus)/Deficit</b>				
Contribution (to)/ from Southampton City Council		(2.25)		
Contribution (to)/ from Hampshire Police		(0.31)		
Contribution (to)/ from Hampshire and IOW F&RS		(0.10)		
Council Tax Collection Fund Balance c/f		(2.65)		
<b>Council Tax Deficit Spreading</b>				
	<b>SCC</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
2021/22	0.22	0.03	0.01	0.26
2022/23	0.22	0.03	0.01	0.26
2023/24	0.22	0.03	0.01	0.26
	<b>0.67</b>	<b>0.09</b>	<b>0.03</b>	<b>0.79</b>

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