

Officer Decision Making

Tuesday, 30th January, 2024
at 12 noon

This meeting is not open to the public

Decision Maker

EXECUTIVE DIRECTOR CORPORATE
SERVICES & S151 OFFICER

Contacts

Snr Democratic Support Officer

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AGENDA

Agendas and papers are available via the Council's website

1 **COUNCIL TAX BASE: 2024/25** (Pages 1 - 22)

Report of the Medium Term Financial Strategy and Revenue Manager detailing the amount calculated by Southampton City Council as its Council Tax base for the year commencing 1 April 2024.

Monday, 22 January 2024

Director of Legal and Governance

Agenda Item 1

DECISION-MAKER:	EXECUTIVE DIRECTOR CORPORATE SERVICES & S151 OFFICER		
SUBJECT:	COUNCIL TAX BASE 2024/25		
DATE OF DECISION:	30 JANUARY 2024		
REPORT OF:	MTFS & Revenue Manager		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Corporate Services & S151 Officer	
	Name:	Mel Creighton	Tel: 023 80833528
	E-mail:	Mel.Creighton@southampton.gov.uk	
Author:	Title:	MTFS & Revenue Manager	
	Name:	Stephanie Skivington	Tel: 023 80832692
	E-mail:	Stephanie.Skivington@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

Not Applicable

BRIEF SUMMARY

The report discusses two areas, the setting of the council tax base for 2024/25 and an estimate of the Collection Fund Council Tax position at the end of the financial year.

1. THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2024/25

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 January each year.

2. COLLECTION FUND SURPLUS/DEFICIT 2023/24

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.

The estimate for council tax must be made and notified to all precepting authorities by 15 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.

RECOMMENDATIONS:

	(i)	It is recommended that the Executive Director Corporate Services & S151 Officer: Approves the amount calculated by Southampton City Council as its Council Tax Base for the year commencing 1 April 2024 as 66,989 equivalent Band D dwellings.
	(ii)	Notes the estimated Collection Fund cumulative council tax deficit for 2023/24 is £1.18M, of which Southampton City Council’s share is £0.99M.

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 2024.
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	No alternative options are relevant to this report.
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DETAIL (Including consultation carried out)

	<u>THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2024/25</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 Corporate Services & S151 Officer, following consultation with the Cabinet Member for Finance & Change, to approve the Council Tax Base for the City Council (Officer Scheme of Delegation 11.6). It is a legal requirement that the tax base is calculated and approved by 31 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 2024/25, 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.	. 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 2024/25 is 98.25%, which is the proportion of charges for that year expected to be collected during the year and in future years. This is a reduction of 0.25% compared with the previous year. The council achieved a lifetime collection rate of 98.5% based on past experience. However, some of this experience predates when council tax support was localised in 2013/14 which has impacted on collection rates and the estimated rate for 2024/25 has been reduced by 0.25% to reflect this.
9.	The calculations in Appendix 1 set out the total level of discounts and exemptions that are expected to be granted in the year and premiums that are expected to be applied in the year in order to come to a total equivalent number of dwellings. This includes the estimated impact of charging a premium on properties that are empty for more than 12 months that has been consulted upon as part of the budget process – responses to the consultation on additional premiums are summarised at appendix 3 (due to a typographical error, the additional premium on empty properties will be introduced in 2024/25, not 2025/26 as indicated in the consultation question). 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 93,637 for 2024/25.
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 82,519.
11.	This figure is then converted into a Band D equivalent figure by applying the ratios shown in Appendix 1. This equates to 68,183. The Collection Rate percentage outlined in Paragraph 8 is then applied to this figure to give the final Council Tax Base of 66,989. This is a reduction of 68 (0.1%) compared with the 2023/24 Council Tax Base, as a result of revising the collection rate.
12.	The Tax Base, once determined, is notified to the Fire and Police authorities to inform their funding calculations for 2024/25.

<u>COUNCIL TAX COLLECTION FUND SURPLUS/DEFICIT 2023/24</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 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 Estimated council tax surplus/deficit 2023/24</u>													
<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">£M</th> </tr> </thead> <tbody> <tr> <td>Net income and expenditure for 2023/24</td> <td style="text-align: right;">0.58</td> </tr> <tr> <td>Contribution towards previous year's estimated deficit</td> <td style="text-align: right;">(0.31)</td> </tr> <tr> <td>Estimated deficit for the year</td> <td style="text-align: right;">0.28</td> </tr> <tr> <td>Deficit brought forward from 2022/23</td> <td style="text-align: right;">0.90</td> </tr> <tr> <td>Estimated deficit carried forward</td> <td style="text-align: right;">1.18</td> </tr> </tbody> </table> <p style="text-align: center;">Numbers in the table are rounded</p>			£M	Net income and expenditure for 2023/24	0.58	Contribution towards previous year's estimated deficit	(0.31)	Estimated deficit for the year	0.28	Deficit brought forward from 2022/23	0.90	Estimated deficit carried forward	1.18
	£M												
Net income and expenditure for 2023/24	0.58												
Contribution towards previous year's estimated deficit	(0.31)												
Estimated deficit for the year	0.28												
Deficit brought forward from 2022/23	0.90												
Estimated deficit carried forward	1.18												
16.	This deficit will be shared between the precepting authorities as shown in Table 2:												
<u>Table 2 Council tax estimated deficit shares 2023/24</u>													
<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">£M</th> </tr> </thead> <tbody> <tr> <td>Southampton City Council</td> <td style="text-align: right;">0.99</td> </tr> <tr> <td>Hampshire and IOW Police & Crime Commissioner</td> <td style="text-align: right;">0.14</td> </tr> <tr> <td>Hampshire and IOW Fire & Rescue Authority</td> <td style="text-align: right;">0.05</td> </tr> <tr> <td>Total estimated deficit to be recouped in 2024/25</td> <td style="text-align: right;">1.18</td> </tr> </tbody> </table>			£M	Southampton City Council	0.99	Hampshire and IOW Police & Crime Commissioner	0.14	Hampshire and IOW Fire & Rescue Authority	0.05	Total estimated deficit to be recouped in 2024/25	1.18		
	£M												
Southampton City Council	0.99												
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Hampshire and IOW Fire & Rescue Authority	0.05												
Total estimated deficit to be recouped in 2024/25	1.18												
17.	The City Council's £0.99M share of the deficit will be taken into account in setting the council tax for 2024/25.												
RESOURCE IMPLICATIONS													
<u>Capital/Revenue</u>													
18.	The revenue implications are contained in the main report and there are no capital implications.												
<u>Property/Other</u>													
19.	None.												
LEGAL IMPLICATIONS													
<u>Statutory power to undertake proposals in the report:</u>													
20.	The Local Authorities (Funds) (England) Regulations 1992.												

	The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
Other Legal Implications:	
21.	None
RISK MANAGEMENT IMPLICATIONS	
22.	<p>There is a risk that each of the components that comprise the tax base – number of dwellings, number of discounts, premiums and exemptions, additional net dwellings, reduction as a result of the Local Council Tax Support Scheme and collection rate may be different to what has been assumed. For example, a 5% increase in Council Tax Support claimants compared to what has been estimated would reduce the tax base by 399 Band D equivalents (after applying the estimated collection rate), (£0.69M based on the current £1,726.47 Band D charge) ; a 1% reduction in the collection rate would reduce the tax base by 679 band D equivalents (£1.17M based on the current Band D charge).</p> <p>Any difference between the actual and estimated tax base for 2024/25 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 2025/26. Any difference between the estimated deficit on the council tax element of the Collection Fund for 2023/24 and the outturn position would also need to be taken into account in setting the council tax for 2025/26. The risk in a deficit arising on the Collection Fund will be considered in assessing the level of risk based reserves held by the council at the time of setting the budget</p>
POLICY FRAMEWORK IMPLICATIONS	
23.	The report has been prepared in accordance with the statutory requirements with respect to the setting of the Council Tax Base for 2024/25 and the estimation of the surplus/deficit on the council tax element of the Collection Fund for 2023/24.

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Council Tax Base 2024/25
2.	Council Tax Estimated Surplus/Deficit 2023/24
3.	Budget Consultation Council Tax Proposals Feedback

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
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.		

Council Tax Base 2024/25

	A Reduced	A	B	C	D	E	F	G	H	Total
Total number of Dwellings on the Valuation List	0	36,525	35,757	23,678	9,715	3,178	1,409	450	34	110,746
Total number of Exempt, Demolished and Disabled Relief Dwellings on the Valuation List	88	(3,236)	(1,620)	(1,583)	(564)	(223)	(56)	(29)	(27)	(7,249)
Number of Chargeable Dwellings	88	33,289	34,137	22,095	9,151	2,955	1,353	421	7	103,497
Less: Estimated discounts, premiums, exemptions and disabled relief	(8)	(4,797)	(2,818)	(1,512)	(533)	(168)	(65)	(17)	(2)	(9,919)
Total equivalent number of dwellings after discounts, premiums, exemptions and disabled relief	80	28,492	31,319	20,584	8,618	2,787	1,289	404	5	93,577
Estimate of Additional Net Dwellings in 2024/25		26	3	28	2					59
Total Number of Properties	80	28,518	31,322	20,612	8,620	2,787	1,289	404	5	93,637
Less: Reduction in tax base as a result of Local Council Tax Support Scheme (LCTSS)	(32)	(6,364)	(3,422)	(990)	(253)	(44)	(11)	(2)	0	(11,118)
Total after LCTSS and other adjustments	48	22,154	27,901	19,622	8,367	2,743	1,278	401	5	82,519
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	27	14,769	21,700	17,442	8,367	3,352	1,846	669	10	68,183
Multiplied by estimated collection rate										98.25%
COUNCIL TAX BASE										66,989

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COLLECTION FUND COUNCIL TAX (SURPLUS)/DEFICIT 2023/24

	Estimate 2023/24 £M	Revised Estimate 2023/24 £M	Variance Adverse / (Favourable) 2023/24 £M
Council Tax			
<u>Income</u>			
Income from Council Tax Payers	(139.40)	(138.70)	0.70
Transfers from the General Fund - Hardship Relief	(0.73)	(0.73)	0.00
	(140.13)	(139.43)	0.70
<u>Contributions towards Previous Years C.Tax (Surplus)/Deficit:</u>			
Southampton City Council	(0.26)	(0.26)	0.00
Hampshire Police	(0.04)	(0.04)	0.00
Hampshire and IOW Fire & Rescue	(0.01)	(0.01)	0.00
	(0.31)	(0.31)	0.00
Total Council Tax Income	(140.44)	(139.73)	0.70
<u>Expenditure</u>			
Precepts:			
Southampton City Council	115.77	115.77	0.00
Hampshire Police	16.86	16.86	0.00
Hampshire and IOW Fire & Rescue	5.39	5.39	0.00
	138.03	138.03	0.00
Bad and Doubtful Debts	2.10	1.98	(0.12)
Total Council Tax Expenditure (incl. precepts)	140.13	140.01	(0.12)
Council Tax Deficit/(Surplus) for the Year	(0.31)	0.28	0.58
Council Tax Deficit/(Surplus) Brought Forward	0.31	0.90	0.59
Council Tax Deficit/(Surplus) Carried Forward	0.00	1.18	1.18
Council Tax (Surplus)/Deficit			
Contribution (to)/ from Southampton City Council		0.99	
Contribution (to)/ from Hampshire and IOW Police		0.14	
Contribution (to)/ from Hampshire and IOW F&RS		0.05	
Council Tax Collection Fund Balance c/f		1.18	

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Budget 2024/25 Consultation

Summary of feedback on council tax proposals



- Southampton City Council undertook public consultation on to seek views on the new budget proposals for 2024/25. This included asking for feedback on the following proposals:
 - Council tax premiums for second home owners and homes that have been empty for more than a year
 - Increases in rent and landlord controlled heating costs in council owned homes.
- This consultation took place between **23 November 2023 and 17 January 2024.**
- The aim of this consultation was to
 - Communicate clearly to residents and stakeholders the budget proposals for 2024/25;
 - Ensure any resident, business or stakeholder who wished to comment on the proposals had the opportunity to do so, enabling them to raise any impacts the proposals may have, and;
 - Allow participants to propose alternative suggestions for consideration which they feel could achieve the objectives in a different way.
- This report summarises the aims, principles, methodology and results of the public consultation; it provides a summary of the consultation responses both for the consideration of decision makers and any interested individuals and stakeholders
- It is important to be mindful that a consultation is not a vote – it is an opportunity for stakeholders to express their views, concerns and alternatives to a proposal; equally, responses from the consultation should be considered in full before any final decisions are made
- This report outlines in detail the representations made during the consultation period so that decision makers can consider what has been said alongside other information



Southampton City Council is committed to consultations of the highest standard, which are meaningful and comply with the *Gunning Principles* (considered to be the legal standard for consultations):

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1. Proposals are still at a formative stage (a final decision has not yet been made)
2. There is sufficient information put forward in the proposals to allow ‘intelligent consideration’
3. There is adequate time for consideration and response
4. Conscientious consideration must be given to the consultation responses before a decision is made



New Conversations 2.0
LGA guide to engagement



Rules: The Gunning Principles

They were coined by Stephen Sedley QC in a court case in 1985 relating to a school closure consultation (R v London Borough of Brent ex parte Gunning). Prior to this, very little consideration had been given to the laws of consultation. Sedley defined that a consultation is only legitimate when these four principles are met:

1. **proposals are still at a formative stage**
A final decision has not yet been made, or predetermined, by the decision makers
2. **there is sufficient information to give ‘intelligent consideration’**
The information provided must relate to the consultation and must be available, accessible, and easily interpretable for consultees to provide an informed response
3. **there is adequate time for consideration and response**
There must be sufficient opportunity for consultees to participate in the consultation. There is no set timeframe for consultation,¹ despite the widely accepted twelve-week consultation period, as the length of time given for consultee to respond can vary depending on the subject and extent of impact of the consultation
4. **‘conscientious consideration’ must be given to the consultation responses before a decision is made**
Decision-makers should be able to provide evidence that they took consultation responses into account

These principles were reinforced in 2001 in the ‘Coughlan Case (R v North and East Devon Health Authority ex parte Coughlan²), which involved a health authority closure and confirmed that they applied to all consultations, and then in a Supreme Court case in 2014 (R ex parte Moseley v LB Haringey³), which endorsed the legal standing of the four principles. Since then, the Gunning Principles have formed a strong legal foundation from which the legitimacy of public consultations is assessed, and are frequently referred to as a legal basis for judicial review decisions.⁴

¹ In some local authorities, their local voluntary Compact agreement with the third sector may specify the length of time they are required to consult for. However, in many cases, the Compact is either inactive or has been cancelled so the consultation timeframe is open to debate

² BAILII, [England and Wales Court of Appeal \(Civil Decision\) Decisions](#), Accessed: 13 December 2016.

³ BAILII, [United Kingdom Supreme Court](#), Accessed: 13 December 2016

⁴ The information used to produce this document has been taken from the Law of Consultation training course provided by The Consultation Institute



- The agreed approach for this consultation was to use an online questionnaire as the main route for feedback; questionnaires enable an appropriate amount of explanatory and supporting information to be included in a structured way, helping to ensure respondents are aware of the background and detail of the proposals.
- Respondents could also write letters or emails to provide feedback on the proposals: emails or letters from stakeholders that contained consultation feedback were collated and analysed as a part of the overall consultation.
- The consultation was promoted in the following ways:
 - Press release;
 - Council e-bulletins;
 - Social media channels;
 - Southampton City Council website.
- All questionnaire results have been analysed and presented in graphs within this report. Respondents were also given opportunities throughout the questionnaire to provide written feedback on the proposals. All written responses and questionnaire comments have been read and then assigned to categories based upon sentiment or theme.

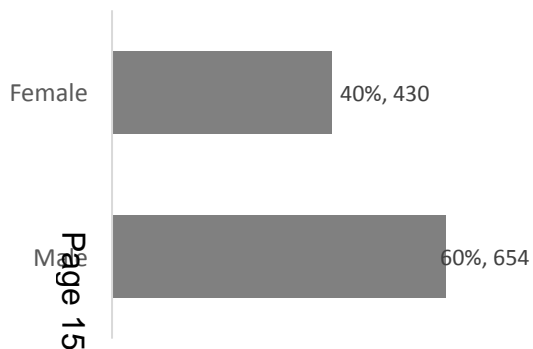


Who are the respondents?

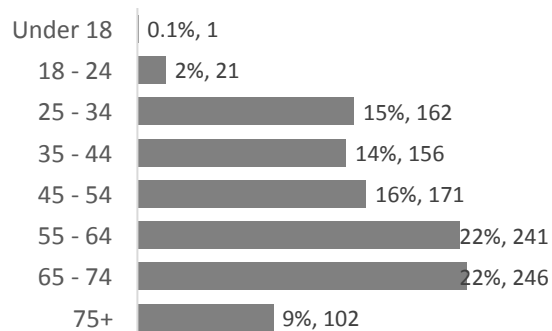
Total responses

1220 questionnaire responses
1 email response
1221 responses in total

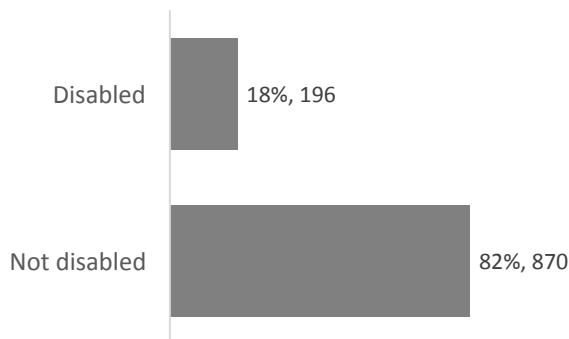
Sex



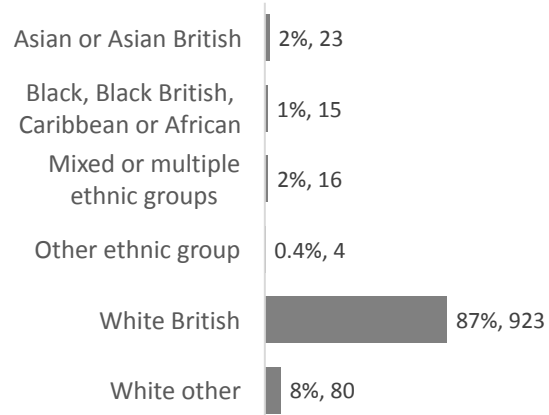
Age



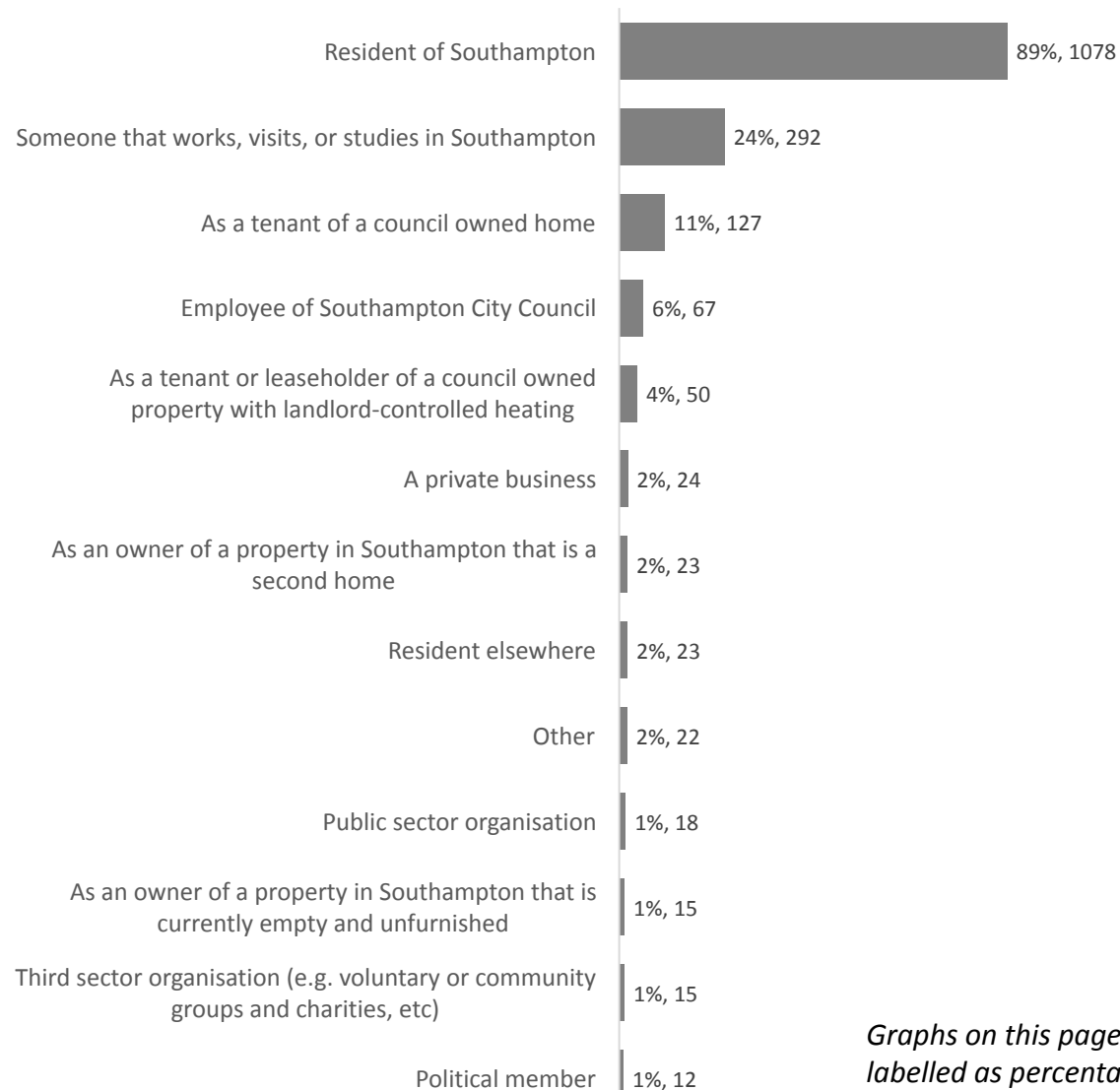
Disability



Ethnicity



Interest in the survey



Graphs on this page are labelled as percentage, count.

Responses & analysis

Proposed council tax premiums



Proposed council tax premiums for second home owners and homes that have been empty for more than a year

We are proposing to:

- Introduce a council tax premium in 2025/26 of 100% for people with **second homes**. This means doubling the council tax that they will have to pay. As of 27 September 2023, there are 906 properties currently registered as being potentially second homes.*
- Introduce a council tax premium in 2024/25 of 100% for people with **properties that have remained empty** for 12 months or more. Currently we charge a premium of 100% where a property is empty and unfurnished for a period of 2 years of more.**

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The aim of these proposals is to:

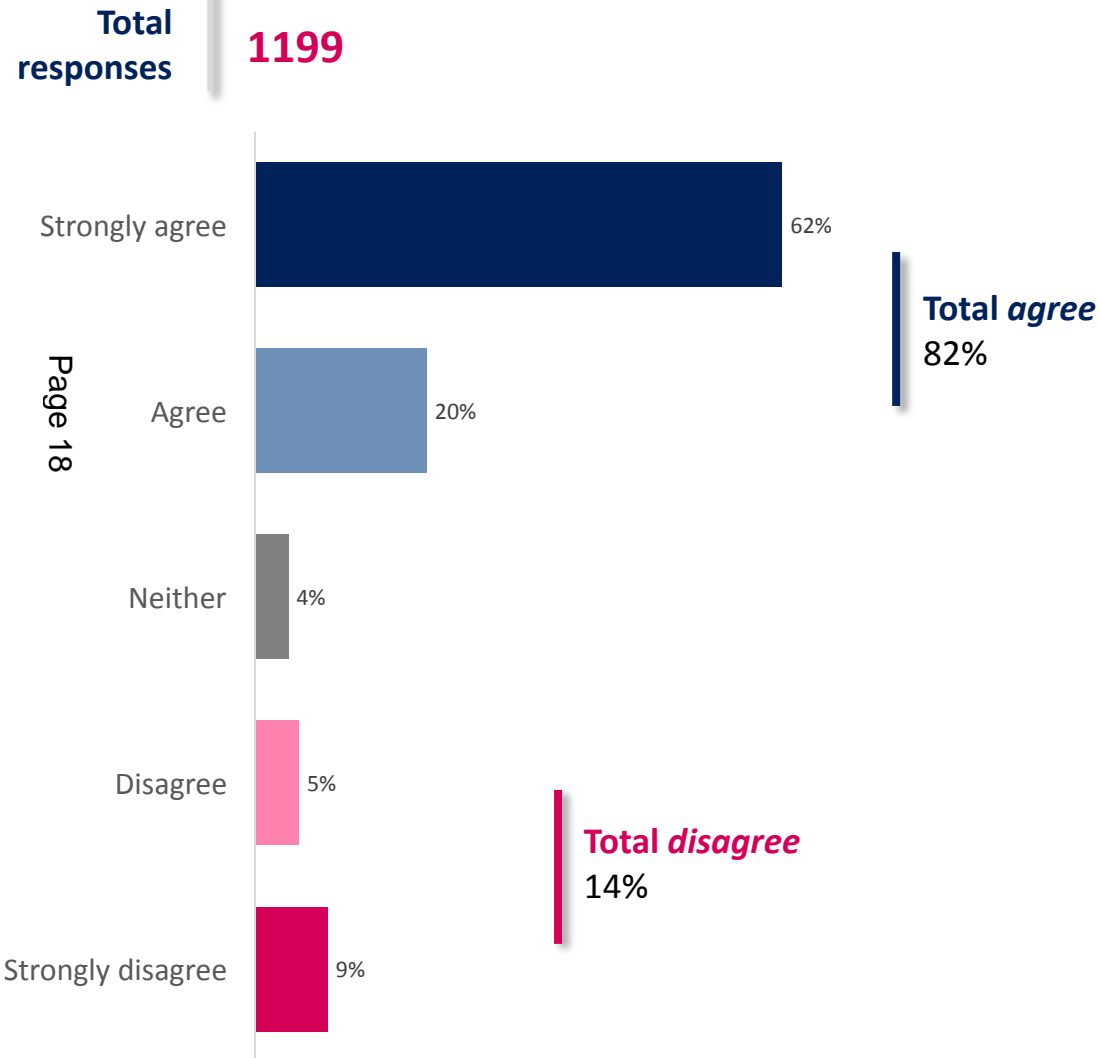
- Incentivise the occupation of empty properties
- Discourage, or generate additional income from, second home ownership in order to ensure the supply of homes to meet local housing needs

We estimate this would generate approximately £350,000 in 2024/25, rising to over £1million in future years.

*due to a typographical error the dates were incorrectly listed as 2024/25 in the questionnaire. The proposal would be implemented from 2025/26.

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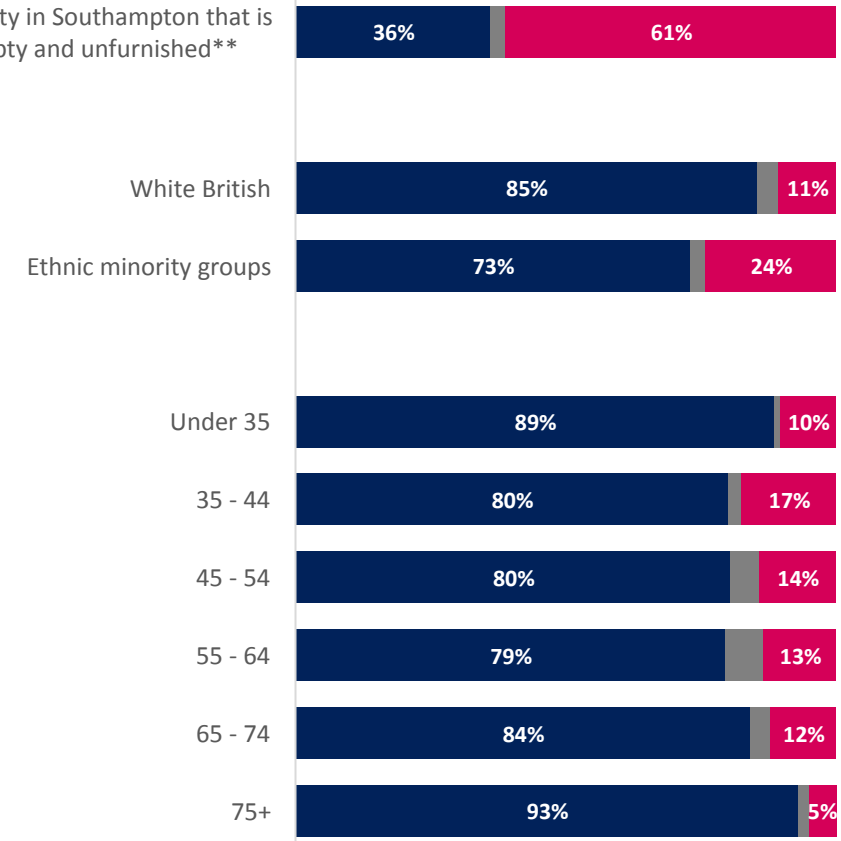
To what extent do you agree or disagree with the proposals to introduce a council tax premium of 100% for people with second homes?



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Notable breakdowns:

As an owner of a property in Southampton that is a second home / empty and unfurnished**



■ Agree total ■ Neither ■ Disagree total

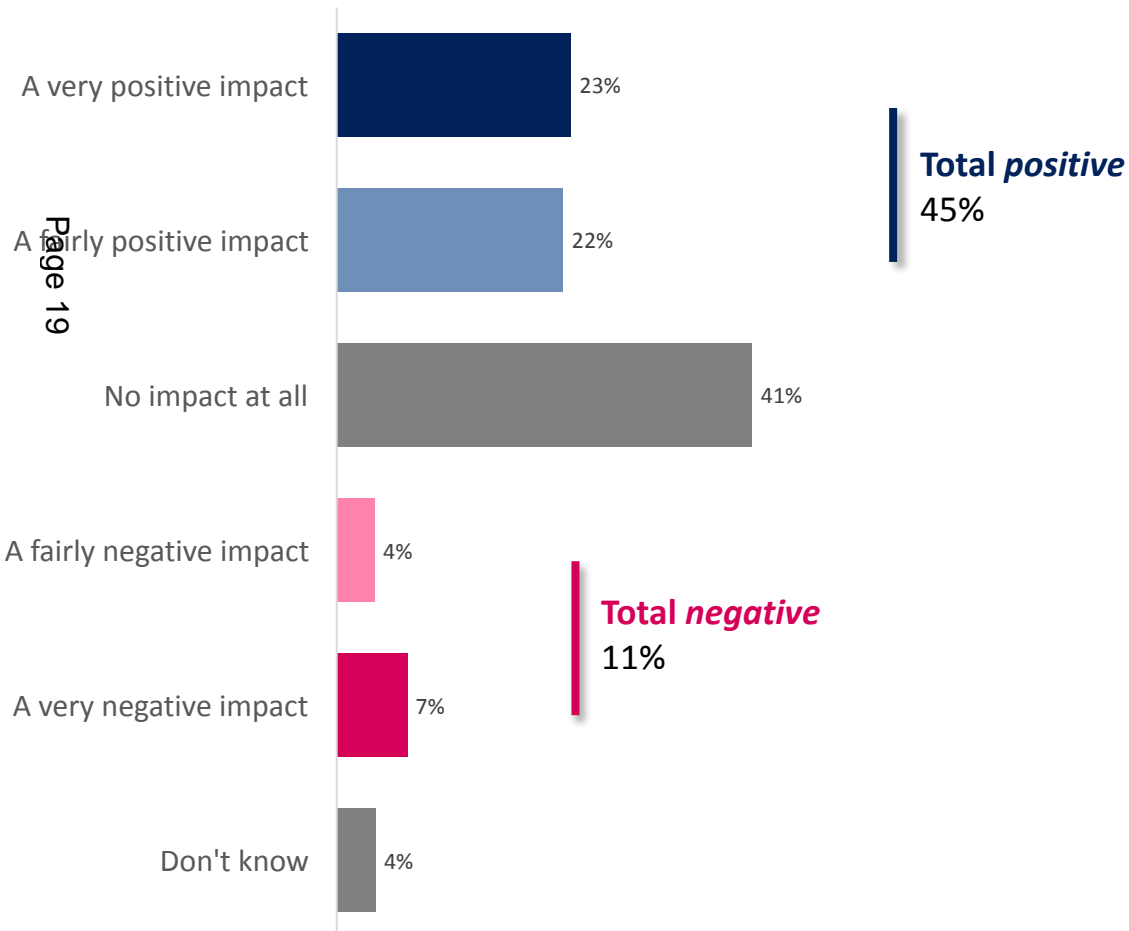
*Small sample size – less than 100

**Small sample size – less than 50



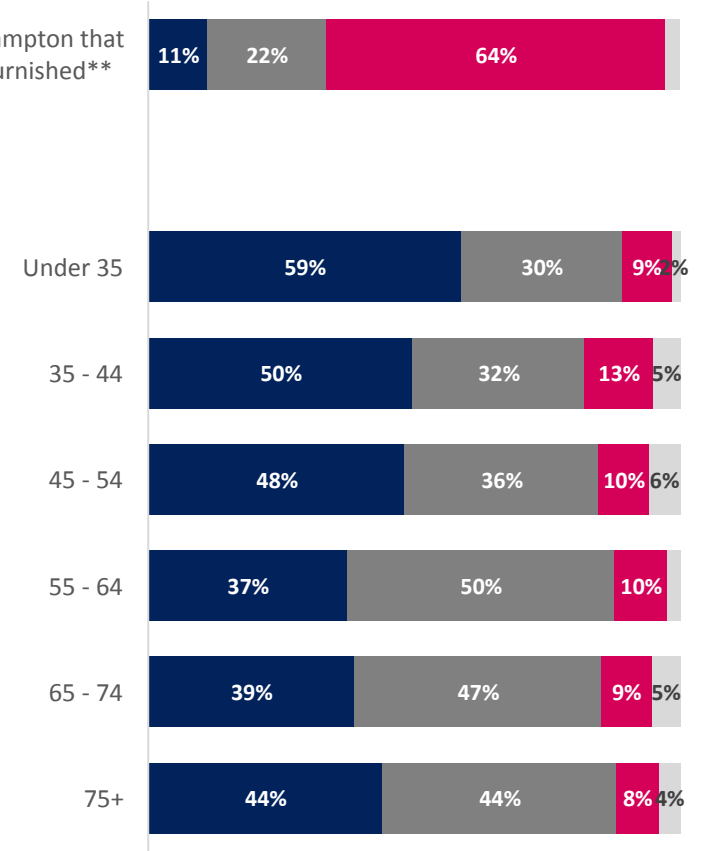
What impact do you feel the proposals to introduce a council tax premium of 100% for people with second homes may have on you or your family, your business or the wider community?

Total responses **1203**



Notable breakdowns:

As an owner of a property in Southampton that is a second home / empty and unfurnished**

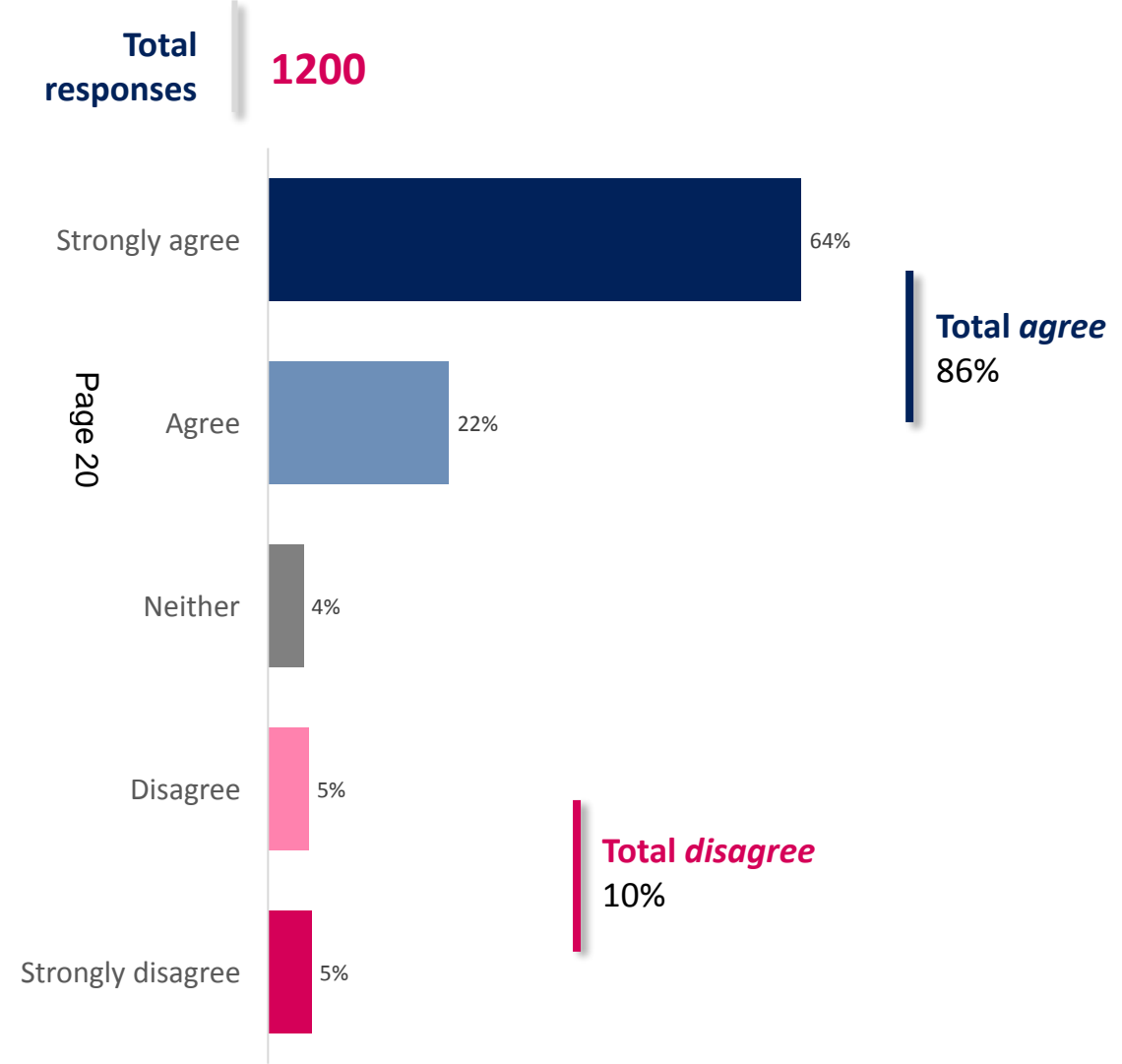


■ Positive total ■ No impact ■ Negative impact ■ Don't know

*Small sample size – less than 100

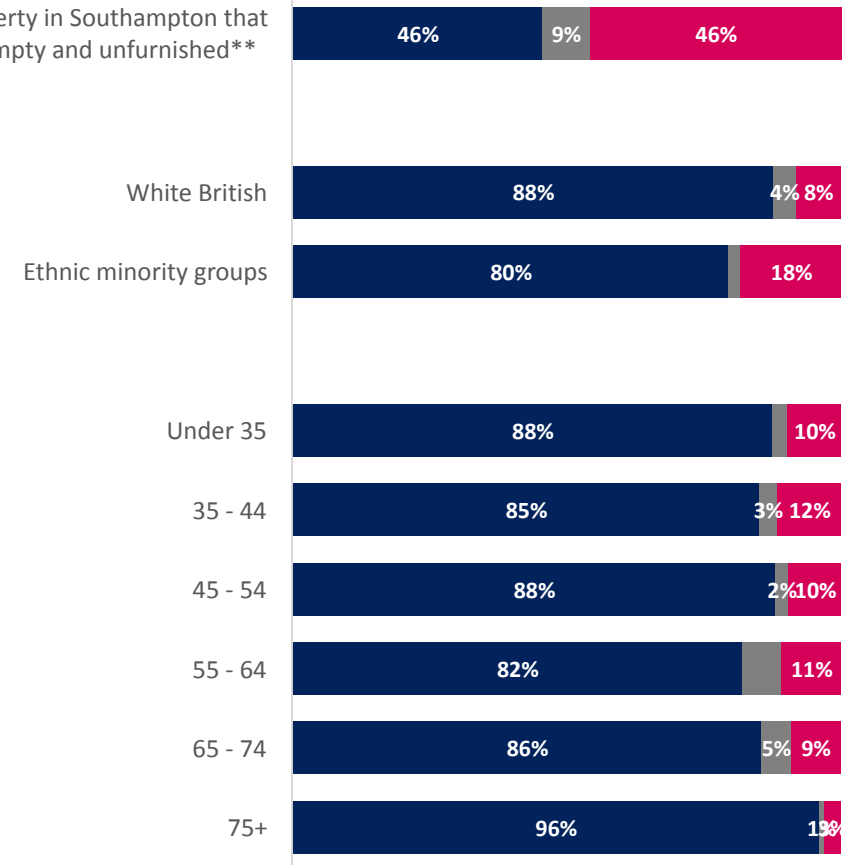
**Small sample size – less than 50

To what extent do you agree or disagree with the proposals to introduce a council tax premium of 100% for people with properties that have remained empty for 12 months or more?



Notable breakdowns:

As an owner of a property in Southampton that is a second home / empty and unfurnished**



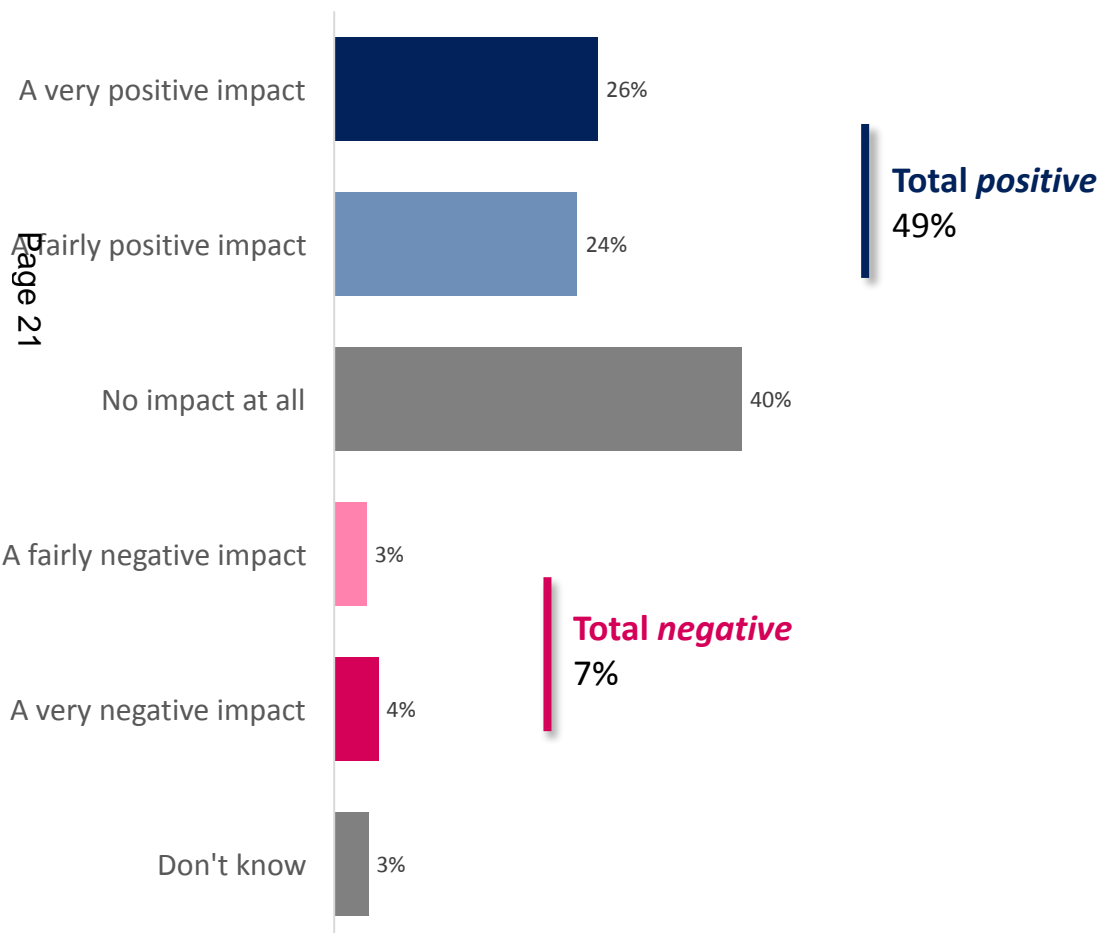
■ Agree total ■ Neither ■ Disagree total

*Small sample size – less than 100
 **Small sample size – less than 50



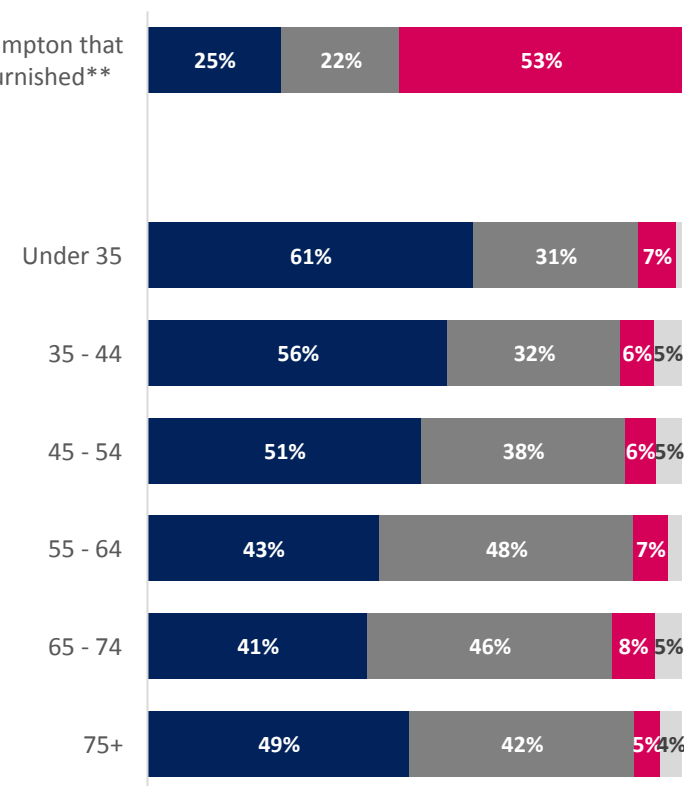
What impact do you feel the proposals to introduce a council tax premium of 100% for people with properties that have remained empty for 12 months or more may have on you or your family, your business or the wider community?

Total responses **1202**



Notable breakdowns:

As an owner of a property in Southampton that is a second home / empty and unfurnished**



■ Positive total ■ No impact ■ Negative impact ■ Don't know

*Small sample size – less than 100

**Small sample size – less than 50

Within the questionnaire, respondents were given the opportunity to provide their own free text comments. Any email or letter responses were also analysed alongside free-text responses in the questionnaire.

The following graphs show the total number of respondents by each theme of comment.

These graphs are in respondent count, rather than percentage.

Comments, impacts, suggests or alternatives:

