

CABINET

DATE	11th December 2024
REPORT OF	Councillor Stephen Harness, Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director – Place and Resources
SUBJECT	Calculation of the Council Tax Base for 2025/26
STATUS	Open
FORWARD PLAN REF NO.	CB 12/24/01

CONTRIBUTION TO THE COUNCIL PLAN / STRATEGIC AIMS

The Council has a statutory duty to set its Council Tax base on an annual basis. The revenue raised from Council Tax is used to finance the Council's priorities and aims.

EXECUTIVE SUMMARY

North East Lincolnshire 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.

This report also outlines the proposed Council Tax Support Scheme (CTSS) for the forthcoming year. The setting of the CTSS plays a key role in calculating the tax base in calculating the likely scheme spend and the impact on the wider financial planning process.

RECOMMENDATIONS

That Cabinet recommends to Full Council that it (Council):

- 1) Supports the proposed changes to the Council Tax Support Scheme for 2025/2026 which maintains the maximum discount of 65% for all working age residents
- 2) Supports the implementation of the Foster Carer discount.
- 3) That subject to recommendation 1 above, Cabinet agrees that the Council Tax Base for the Council and other precepting bodies in 2025/2026 be set at 47,205.5 Band D equivalents (as detailed in Appendix A).

REASONS FOR DECISION

Setting the Council Tax Base is a statutory requirement that forms the basis of the calculation of the Council Tax charge for 2025/2026. The tax base needs to be agreed and notified to major precepting bodies by no later than the end of January 2025.

1. BACKGROUND AND ISSUES

1.1. North East Lincolnshire 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 precepting bodies are:

- Humberside Police and Crime Commissioner
- Humberside Fire Authority
- Parish and Town Councils in North East Lincolnshire

1.2. It also provides details of its tax base to levying bodies to which it must pay a contribution for the cost of services provided in the area. That includes the Environment Agency and the Port Health Authority.

1.3. Section 33 of the Local Government Finance Act 1992 and the Local Authorities (Calculation of Tax Base) Regulations 2012 requires the Council to determine its tax base for Council Tax purposes each year. This is the basis on which the Council Tax is raised. The Council keeps a database of the properties in its area. Properties are recorded in 8 national bands by value (A to H) as determined by the independent 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 for the purposes of calculating what £1 on the Council Tax would raise.

1.4. All precepting bodies have a right to receive the tax base figure for the area or their part of the area no earlier than 1 December and no later than 31 January in advance of the relevant tax year. It is this tax base that they will use to calculate a precept to fund their services, which they will direct the Council to collect on their behalf. The tax base is subject to change as new properties are built or converted and old properties demolished, so the tax base needs to be recalculated each year. Government also requires information on the Council Tax base to determine the Council's share of national grant funding.

- 1.5. North East Lincolnshire Council will use the tax base to calculate a combined Council Tax requirement for 2025/2026 for itself, Humberside Police & Crime Commissioner, Humberside Fire Authority and Parish and Town Councils. The Council Tax collected is pooled in a collection fund and then distributed to North East Lincolnshire Council and the precepting bodies, on the basis of their tax decisions.
- 1.6. The calculation of the tax base is informed by the number of Band D equivalent properties and is adjusted by anticipated collection rates and the cost of applicable discounts made to relevant households. This includes a number of nationally determined discounts and the local Council Tax Support Scheme (CTSS), which was introduced in 2013/14. The current CTSS requires working age households to pay a proportion of their Council Tax bill.

Council Tax Support Scheme 2024/2025

- 1.7 The current cost of the Council Tax support discount is £11.5 million of which 55% or £6.4 million is mandatory and relates to pensioners (as at 01/10/24). The current discretionary element of the scheme relates to the working age population entitled to CTS including those who are disabled, this relates to 45% of the caseload and currently costs £5.1 million. The effect of the discount is a reduction to the Council Tax base and therefore the amount of Council Tax the area can raise. The cost of the scheme falls upon the Council and its major precepting bodies (the Police and Crime Commissioner and the Fire Authority).
- 1.8 Following proposals during 2024 changes to the current method of calculating the level of Council Tax Support in place have been agreed. The intention of this change is to make the scheme more customer centred and user friendly.
- 1.9 Firstly, the intention is to streamline the application process and linking in more closely with Universal Credit (UC) information and changes, making it a simpler process for the applicant.
- 1.10 Secondly, rather than having to report any and all changes to income levels, each household will be put into an 'income tier', changes within the tier will need to be reported only when the level of income exceeds the upper or lower thresholds.
- 1.11 Each income band will attract a specified level of support towards the Council Tax liability, but this will still be capped at the Council Tax band B level and include the £2 weekly minimum award threshold.
- 1.12 As these changes will lead to less customer contact, a robust sample claims checking process will need to be implemented to ensure that entitlement

remains correct and fraud does not enter the system (or is minimal).

1.13 A copy of the briefing paper can be found at Appendix B, option 2 is being put forward for consideration.

1.14 When the adjusted modelling exercise for the scheme was implemented the revised process will generate a change to the costs of the scheme delivery reducing the anticipated annual cost by £131k.

Empty Properties

1.15 In accordance with Government flexibilities, North East Lincolnshire continues to implement all additional premiums for empty properties within the area. Premiums are an additional 100% charge for properties empty over 12 months, 200% for properties empty over 5 years and an additional 300% charge for properties empty over 10 years. In November 2024 there were 349 properties which have the additional empty property premium attached to their account, this accounts overall for £0.8M of Council Tax billing. This is the additional billing in place as at 01/11/24, this figure is taken at a point in time and the volume and value change as properties go on and off the additional premium.

1.16 Continued review of all empty properties within the area has been completed. This is to ensure that all appropriate properties have the additional Council Tax long empty homes premium attached and to ensure information held by the Council is robust.

Foster Carer Discount

1.17 North East Lincolnshire Council and corporate parent partners are committed to supporting foster parents. We recognise the dedication of Foster families through a proposed Council Tax relief.

1.18 Mainstream Foster carers who meet the eligibility criteria can claim 100% Council Tax relief. Short Break Foster Carers who meet the eligibility criteria can claim 25% Council Tax relief.

1.19 Provision of the above discounts would impact approximately 100 households and will reduce the potential Council Tax income by approximately £143k. The Foster Carers discount was approved by Cabinet on 21 August 2024 for implementation from April 2025.

Single Person Discount

1.20 As outlined in the 2024 Taxbase report a complete review of all recipients of the Single Person Discount has been undertaken during the current financial year. This has involved all residents who receive the discount confirming the reduction is still appropriate to their circumstances. For Council Tax support customers a desk based review was completed using information held within the Local Taxation and Benefits Service.

1.21 Once the review is complete we anticipate that approximately £500k worth of single person discounts will be removed covering over 2,000 households.,

2. RISKS AND OPPORTUNITIES

2.1. To determine the tax base for Council Tax purposes for the Council and those which precept on it, the CTB1 tax base is adjusted to take account of projected changes in the valuation list and likely levels of discounts and exemptions for 2025/26.

2.2. . Known and projected growth in the number of properties is also factored in.

2.3. The size of the tax base takes account of all the discounts and exemptions available, both mandatory and discretionary, based upon estimated take up. There is a range of national discounts and exemptions available including certain types of unoccupied property; certain types of occupants such as students; and a discount for properties with only one occupant.

2.4. Whilst the Council has no scope to amend national discounts and exemptions, financial stewardship and achieving fairness to all taxpayers requires it to ensure those claiming discounts are fully eligible. The single person discount represents the single biggest cost. There are currently 25,673 (as at 18/11/2024) properties claiming single person discount, which reduces their Council Tax charge by 25%.

2.5. Failure to set the Council Tax base would result in the Council being unable to meet the statutory requirement to notify precepting authorities of the Council Tax base by 31 January 2025. It may also delay the calculation of the Council Tax charge and the billing and collection processes for 2025/2026.

3. OTHER OPTIONS CONSIDERED

As a material change to the LCTSS is being proposed, a public consultation has been undertaken. The alternative option is to remain with the existing

scheme, in which case the advantages outlined to residents of the new scheme would not be realised.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

Setting of the tax base is a legislative requirement to which the Council has to adhere. Communications will be with Fire, Police and precepting authorities within set timescales.

5. FINANCIAL CONSIDERATIONS

5.1. The Council must calculate the tax base each year in accordance with The Local Government Finance Act 1992 and The Local Authorities (Calculation of Tax Base) Regulations 2012.

5.2. Judgement has been applied in estimating the Council Tax collection rate. For 2025/2026 it is considered prudent to assume a 98.2% collection rate, based on current collection rates and future trends in line with the Council's policy framework and application of discounts.

5.3. The overall level of anticipated collection remains the same as 2024/25. However this will be kept under review due to national issues around cost of living.

5.4. The increase in the tax base to 47,205.5 from the 2024/25 position of 46,801.2 equates to an additional 404.3 Band D equivalent properties. This delivers an extra £0.75m at the current North East Lincolnshire Council average band D level of tax. This is built into the Council's medium-term financial plan on an ongoing basis.

5.5. The actual amount collected in any year may differ from the estimate so that a surplus or deficit can arise on the Collection Fund. This surplus or deficit is shared between the Council and the major precepting authorities and is applied in the following year as required by legislation.

5.6. If collection rates fall below that assumed, there is a risk that a deficit may arise on the fund, which would need to be made up in a subsequent year.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

All financial decisions taken by the Council impact upon the Children and Young

People. For this reason, the Council must take its commitments to the Corporate Parenting Pledge into account in the establishment of its financial plans. Care leavers that are not in employment are fully exempt from Council Tax until they become 25 years old.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

All financial decisions taken by the Council impact upon the environment. For this reason, the Council must take climate change and environmental issues into account in the establishment of its financial plans.

8. CONSULTATION WITH SCRUTINY

As the tax base report is approved by Full Council, there is no requirement for consultation with scrutiny.

9. FINANCIAL IMPLICATIONS

Income from Council Tax provides around half the Council's net funding. Decisions in relation to the Council Tax base impact upon the total funding available to the Council. Failure to agree the Council Tax base would mean the Council is unable to set a legal budget.

10. LEGAL IMPLICATIONS

In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 the Council Tax base for the authority must be agreed and notified to major precepting bodies before the 31 January 2025.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct human resource implications arising from the report.

12. WARD IMPLICATIONS

Information relates to all wards.

13. BACKGROUND PAPERS

Local Government Finance Act 2012

<http://www.legislation.gov.uk/ukpga/1992/14/contents>

Local Authorities (Calculation of Council Tax Base) regulations 2012

<http://www.legislation.gov.uk/uksi/2012/2914/contents/made>

14. CONTACT OFFICER(S)

14.1 Sharon Wroot, Executive Director – Place and Resources

14.2 Cindy Laherty, Local Taxation & Benefits Shared Service

**Councillor Stephen Harness,
Portfolio Holder for Finance, Resources and Assets**

Town/Parish	Gross Band D		Net Band D Equivalent Assuming 98.2% Collection 2025/2026 and Council Tax Reduction Scheme Changes applicable to spreadsheet		Net Band D Equivalent 2024/2025	Assumed Collection rate
	Equivalent 2025/2026	Loss on Collection				
Ashby cum Fenby	135.2	2.43		132.8	127.9	98.2
Aylesby	64.7	1.16		63.5	63.6	
Barnoldby le Beck	231.7	4.17		227.5	208.5	
Beelsby	55.4	1.00		54.4	52.7	
Bradley	80.0	1.44		78.6	78.3	
Brigsley	177.6	3.20		174.4	173.3	
East Ravendale	38.8	0.70		38.1	37.4	
Great Coates	497.8	8.96		488.9	486.3	
Habrough	207.9	3.74		204.1	205.2	
Hatcliffe	53.9	0.97		53.0	53.0	
Hawerby cum Beesby	12.7	0.23		12.5	11.3	
Healing	1266.8	22.80		1244.0	1213.2	
Humberston	2779.1	50.02		2729.1	2703.3	
Immingham	2676.9	48.18		2628.7	2608.9	
Irby upon Humber	60.9	1.10		59.8	58.9	
Laceby	1161.5	20.91		1140.6	1121.6	
New Waltham	2119.4	38.15		2081.3	2048.8	
Stallingborough	450.1	8.10		442.0	444.2	
Waltham	2337.5	42.07		2295.4	2263.8	
West Ravendale	9.0	0.16		8.8	7.0	
Wold Newton	29.9	0.54		29.4	29.2	
Cleethorpes	9876.0	177.77		9698.3	9666.7	
Grimsby	23747.8	427.46		23320.4	23138.1	
TOTAL	48070.7	865.27		47205.5	46801.2	

Local Council Tax Support Scheme

Briefing paper of scheme proposals for implementation April 2025

Council Tax Update

This financial year we have issued Council Tax bills totalling £109m.

There are numerous discounts and exemptions available to residents depending upon their circumstances which form part of the legislation, or which have been agreed locally. These can be found on the links below.

[Money off your Council Tax bill | NELC \(nelincs.gov.uk\)](https://nelincs.gov.uk)

Council Tax Support is a local discount for those households on low pay or in receipt of other benefits.

The current cost of the council tax support scheme is £11.5m, this is broken down as follows;

Pensioners – 5,462 cases totalling £6.4m

Working Age – 6,534 cases totalling £5.1m

This briefing only relates to the level of support provided to working age households.

Council Tax Support – Background and Detail

Council tax support (CTS) has been in place since 2013. It is classed as a “discount” rather than a “benefit”. Councils were given the ability to design their local schemes including discretion on the level of support their schemes provide.

The Council Tax Benefit Scheme for Pensioners is outside of the control of the council and is not subject to local discretion. The options below only relate to working age households.

Financial assistance is currently only available to residents who meet the threshold for entitlement to council tax support. The criteria retain close links with the Housing Benefit national scheme in terms of how entitlement is calculated. The scheme is based on the ‘applicable amounts’ the government says the household needs, any income over this amount reduces proportionately via a tapering scale.

The current scheme in place operates on the same lines as the previous Council Tax Benefit Scheme (pre-2013), this means that any and all changes, regardless of value must be reported and the claim must be updated.

Since 2013 the criteria of the scheme has not changed materially, but the level of support provided to applicants has. The original expected contribution from working age residents in 2013 was 8.5% of the overall liability (with a 91.5% support contribution). This has changed by increments since then and we currently provide a maximum of 65% support.

How do we Calculate Support Now

In order to calculate the level of support a household is entitled to, we use the Government's 'applicable amount' this is the amount of money each household needs to live on, based on household makeup. We then apply a 20% taper to any excess income which reduces the value of the support provided, but every change, no matter how small, must be reported and can affect the amount of support residents are entitled to. In North East Lincolnshire we provide a maximum of 65% support.

New Scheme Proposals

The intention of this change is to make the scheme more customer centred and user friendly.

Firstly, the intention is to streamline the application process and linking in more closely with Universal Credit (UC) information and changes, making it a simpler process for the applicant. We intend to take a UC application as a CTS application without additional requirements for the resident to complete further forms.

Secondly, rather than having to report any and all changes to income levels, each household will be put into an 'income tier', changes within the tier will not need to be reported only when the level of income exceeds the tier threshold.

Each income band will attract a specified level of support towards the council tax liability, but this will still be capped at the Council Tax band B level and include the £2 weekly minimum award threshold.

As these changes will lead to less customer contact, a robust sample claims checking process will need to be implemented to ensure that entitlement remains correct and fraud does not enter the system (or is minimal).

Benefits of the Revised Scheme

- Easier application process
- Removes the need for UC customers to apply separately to the authority
- Fewer changes in circumstances
- Reduced workload within the Benefits team
- Reduced need to issue numerous council tax bills with minimal changes
- The scheme is clearer for users (and staff) to understand

Consultation Feedback

The summarised consultation exercise completed during summer 2024 can be found at Appendix A Whilst the number of responses was low, there was consistent agreement with the proposals as they had been put forward.

Scheme Modelling

Over the past several months work has been going on to model the new proposals against our existing caseloads.

An initial modelling exercise has been completed against information presented in previous briefings, this forms option 1. Further modelling has been completed to bring the adjusted option 2 proposal closer to a cost neutral position.

Options for the revised scheme

Option 1

In previous briefing papers the income and support bands have been presented as below.

Council tax reduction award level		Single	Couples	Family with one child	Family with two or more children
		Income per week	Income per week	Income per week	Income per week
65%	Band 1	£0 to £133	£0 to £184	£0 to £242	£0 to £299
45%	Band 2	£133.01 to £177	£184.01 to £229	£242.01 to £288	£299.01 to £344
25%	Band 3	£177.01 to £232	£229.01 to £288	£288.01 to £333	£344.01 to £390
12%	Band 4	£232.01 to £292	£288.01 to £344	£333.01 to £390	£390.01 to £436
0%	Band 5	£292.01 and over	£344.01 and over	£390.01 and over	£436.01 and over

When the modelling exercise for the scheme was processed the bands above generated a change to the costs of the scheme delivery. This reduced the anticipated annual cost by £566k.

Single – reduction of £317k annually

Couple - reduction of £78k annually

Family + 1 child - reduction of £27k annually

Family + 2 children - reduction of £152k annually

Option 2

Once this initial modelling had been completed based on previously provided figures, adjustments were made to the parameters of the scheme to bring the position closer to cost neutral. As had been outlined in previous briefing papers these changes were not about reducing the level of support provided to applicants but making the scheme more customer focused.

Given the volume of accounts involved the position outlined in option 2 of the proposal is as close as we feel we are reasonably able to get to.

When the adjusted modelling exercise for the scheme was processed the bands above generated a change to the costs of the scheme delivery. This reduced the anticipated annual cost by £131k.

Single – reduction of £23k annually

Couple - reduction of £32k annually

Family + 1 child - reduction of +£9k annually

Family + 2 children - reduction of £95k annually

These changes were due to the adjustments outlined on the income and percentage support bands as outlined below.

Council tax reduction award level		Single	Couples	Family with one child	Family with two or more children
		Income per week	Income per week	Income per week	Income per week
65%	Band 1	£0 to £125	£0 to £175	£0 to £225	£0 to £275
50%	Band 2	£125.01 to £175	£175.01 to £225	£225.01 to £275	£275.01 to £325
35%	Band 3	£175.01 to £225	£225.01 to £275	£275.01 to £325	£325.01 to £375
20%	Band 4	£225.01 to £275	£275.01 to £325	£325.01 to £375	£375.01 to £425
0%	Band 5	£275.01 and over	£325.01 and over	£375.01 and over	£425.01 and over

Customer Impact - Case Studies

A number of case studies have been prepared in Appendix B These show the current level of support provided and what would be in place under either of the options outlined.

Recommendations

The options outlined above offer differing levels of support for council tax support customers and cost reduction for the authority.

A decision is requested as to which scheme should be implemented from April 25.