

# Southend-on-Sea Borough Council

Report of Executive Director (Finance & Resources)

To

Cabinet

On

13th January 2022

Report prepared by: Joe Chesterton  
Executive Director (Finance & Resources)

Agenda  
Item No.

---

## Council Tax Base and National Non-Domestic Rating Base 2022/23

Policy & Resources Scrutiny Committee  
Cabinet Member: Councillor Ian Gilbert  
*Part 1 Public Agenda Item*

---

### 1. Purpose of Report

- 1.1. To enable a valid Council Tax to be determined, the calculation of the Tax Base at the commencement of the forthcoming financial year needs to be considered and approved. This report shows how the proposed Council Tax Base for 2022/23 has been calculated.
- 1.2. To consider and approve the National Non-Domestic Rates (NNDR1) form that must be submitted to the Department for Levelling Up, Housing and Communities (DLUHC) by 31st January 2022.

### 2. Recommendations

**That Cabinet approve that:**

**In respect of the Council Tax Base;**

**In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003) and Local Government Finance Act 2012 (Calculation of billing authority's council tax base Section 15):**

- 2.1. **The amount calculated by Southend-on-Sea Borough Council as its Council Tax Base for the year 2022/23 shall be 59,086.74;**
- 2.2. **The amount calculated by Southend-on-Sea Borough Council as the Council Tax Base in respect of Leigh-on-Sea Town Council for the year 2022/23 shall be 8,890.46.**

**In respect of the National Non-Domestic Rates Base (NNDR1 Form);**

- 2.3. **The NNDR1 form for 2022/23 (to follow) attached at Appendix C be submitted to DLUHC.**

**3. Background Information**

- 3.1. The Council Tax Base is calculated as the number of band D equivalent properties/dwellings for each local authority or looked at another way it is the amount of money the individual billing authority estimates it can raise for each £1 of council tax set at the Band D level.
- 3.2. The Council is required under the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 and Local Government Finance Act 2012 (Calculation of billing Authority's council tax base Section 15) to determine the Council Tax Base and notify major precepting authorities within the period 1 December to 31 January.
- 3.3. The Council is also required to calculate a tax base for the part of its area falling within the Leigh-on-Sea Town Council's area. The Town Council has been notified of their indicative Council Tax base to allow them to prepare their potential precept and Council Tax and following Cabinet's approval will be formally notified of the Council's decision in respect of their final Tax Base for 2022/23.
- 3.4. As part of Central Government's extensive changes due to financial reform since April 2013, the Council is also required to formally agree the submission of its National Non-Domestic Rates baseline for the forthcoming financial year. Given the importance of how the submitted baseline now impacts on the funding that will flow to the Authority from Government, this baseline requires approval in the same way as setting the Council Tax base.
- 3.5. Setting the Council Tax base is a Council function which usually requires full Council approval during the specified period. However, Section 67 to the Local Government Finance Act 1992 (as amended by section 84 to the Local Government Act 2003) excluded setting the tax base from having to be determined by Full Council. It can therefore be delegated under section 101 of the Local Government Act 1972 to a specific Committee, the Cabinet, or even an individual officer.

- 3.6. It was agreed on 13th December 2012 that Council delegate both the setting of the Council Tax base and the approval of the NNDR1 form to Cabinet. This agreement was reached to enable consideration by Cabinet in a timely fashion to meet the statutory January 31<sup>st</sup> deadline each year. In addition, the Council has delegated the authority to approve the NNDR1 form and the Council Tax Base to the Executive Director (Finance and Resources), in conjunction with the Leader, subject to the delegation only being used where Cabinet is not able to approve the NNDR1 form or the Council Tax Base by the 31<sup>st</sup> January each year. Where this additional delegation is used, the Executive Director (Finance and Resources) will include an explanation in a subsequent report to Council as to why it was not practical for Cabinet to use its delegation.
- 3.7. Details of the tax base calculation and the retained business rates level will be reported to Cabinet and Council as part of the budget setting process.

#### **4. Council Tax Base**

- 4.1. The Regulations require the tax base to be based upon the District Valuer's List as of 30th November each year. This figure is then amended for the estimated activity on the Council Tax base from 1st December to 31st March. An early determination assists the Council and precepting authorities in their financial planning.
- 4.2. Since 1st April 2013, in addition to the forecasting of banding of properties and voids, the Council Tax base must also reflect the discretionary technical reforms of Council Tax (discounts and exemptions) together with the impact of the Local Council Tax Support Scheme because awards of Council Tax Support are classified as discounts and as such will have the direct effect of reducing the overall Council Tax base.
- 4.3. Exemption classes A & C were abolished with effect from 1st April 2013. Class A exemptions covered "vacant dwellings where major repair works or structural alterations are required, underway or recently completed (up to twelve months)" whilst Class C exempt dwellings were "a vacant dwelling (i.e. empty and substantially unfurnished) (up to six months)".
- 4.4. In addition, since 1st April 2013, Local authorities in England have had the choice to apply council tax discounts of between 0% and 50% for second homes, to apply council tax discounts for empty dwellings at any level between 0% and 100% and to apply a premium of up to 50% to properties which had been vacant for more than 2 years.
- 4.5. On 5th January 2016, Cabinet approved to implement further changes to uninhabitable, empty and unfurnished properties, and this came into effect on 1st April 2016, regardless of when any previous discount has been awarded.
- 4.6. Since 1st April 2019, Local Authorities in England have had the choice to apply a premium of up to 100% on properties that had been vacant for more than 2 years.

- 4.7. Since 1st April 2020, Local Authorities in England have had the choice to apply a premium of up to 200% on properties that had been vacant for more than 5 years.
- 4.8. Since 1st April 2021, Local Authorities in England have had the choice to apply a premium of up to 300% on properties that had been vacant for more than 10 years
- 4.9. This report seeks approval to endorse the following current locally defined **discounts and premium charges for the 2022/23 financial year.**
- Properties used as Second Homes (furnished but not an individual's main residence) will continue to receive a **0% discount.**
  - Properties that are undergoing major repair works or structural alteration will continue to receive a **0% discount**
  - Properties that are unoccupied and unfurnished will continue to receive a **100% discount for a period of one calendar month** (and can only be re-awarded following the property being occupied for a continuous six-week period)
  - All properties that have been vacant for a continuous period of two years (period of less than six-weeks are disregarded for this purpose) will continue to be subject to a **100% premium charge.**
  - All properties that have been vacant for a continuous period of five years, but less than ten years (period of less than six-weeks are disregarded for this purpose) will continue to be subject to a **200% premium charge.**
  - All properties that have been vacant for a continuous period of ten years or greater (period of less than six-weeks are disregarded for this purpose) will continue to be subject to a **300% premium charge.**
- 4.10. The Local Council Tax Support Scheme for 2022/23 was approved by Council on 9th December 2021 with no changes from the 2021/22 scheme.
- 4.11. Southend-on-Sea Borough Council introduced additional financial support for care leavers between the ages of 18 and 21 from 1<sup>st</sup> April 2020. In adopting this scheme, the Council recognised that young people's transition out of care and into adulthood can be extremely difficult. Managing money for the first time, without the support from family, potentially puts care leavers at real risk of falling into debt. The council supports those leaving its care by reducing their net liability for council tax after application of any other national reliefs to zero until the charge payers 21st birthday. In exceptional cases the support will be extended to the charge payers 25th birthday. The cost of introducing this scheme in 2021/22 (in terms of a reduction of band 'D' equivalent in the tax base) to date is £30,000 (£15,000 per annum). These arrangements will remain unchanged for 2022/23.

## Impact of COVID-19 and Mutant Strains

- 4.12. The pandemic has had a significant impact on the health of populations and economies right across the world. Individual National Governments have continued to respond by providing varying levels of support to businesses and individuals in a myriad of different ways. Financial support at a reduced level continues to be targeted to assist both businesses and local residents with their respective tax liabilities where specific eligibility criteria is met.
- 4.13. During this financial year, the Council, funded from Government support have been able to provide a £150.00 reduction to all Council taxpayers in receipt of Local Council Tax Support. In 2021/22 to date **£1.5m of direct financial support** has been provided via this scheme.
- 4.14. In addition to the direct Government support passported to eligible households, the Council continues to support residents with the financial challenges of the pandemic through an increased award of Local Council Tax Support. An additional 750 households have been entitled to this support, with an **extra £1.3M** paid out as part of this scheme within this financial year so far. Compensation for this additional level of support to eligible households has been funded by the Government.
- 4.15. Businesses within the borough have been able to access a variety of business grants and support mechanisms. These arrangements have been offered to a wide range of businesses to provide direct financial support to assist with running costs during the pandemic. Additionally, those most affected by lockdown in the retail, leisure and hospitality sectors have been able to benefit from a **100% business rates discount from 1<sup>st</sup> April 2021 until 30<sup>th</sup> June 2021** followed by a **66% discount from 1<sup>st</sup> July 2021 until 31<sup>st</sup> March 2022**. In 2021/22 **£12.1M of business rate relief has been provided** via discounts applied to date.
- 4.16. At the time of writing this report the world was still trying to get to grips with understanding the potential impact and severity of a new Covid-19 mutant strain – Omicron. Central Government has recently announced additional targeted support for eligible businesses. Along with almost every aspect of our normal daily lives – the pandemic continues to have a major impact on the Council's financial planning and tax base setting calculations. The direct impact of the pandemic on Southend-on-Sea's tax base for 2021/22 resulted in a reduction for the first time in its history. The following sections of this report work through the assumptions and calculation of the proposed Council Tax Base for 2022/23.

## Calculation of the Council Tax Base

- 4.17. The calculation of the Council Tax Base commences with reference to the number of properties in each band of the valuation list, as it stands, at 30th November each year (the relevant day).

4.18. Adjustments are then made for: -

- (a) Known alterations not shown on the valuation list on the relevant day.
- (b) Properties exempt from council tax on the relevant day.
- (c) Any reductions in banding awarded in respect of disabled persons as of the relevant day.
- (d) Any status discounts granted as they stand on the relevant day.
- (e) Any estimated changes likely to occur to the base information during the period from the relevant day to 31<sup>st</sup> March each year.
- (f) Impacts of the Local Council Tax Support Scheme (LCTS).

4.19. Once these adjustments are made to each band, a calculation is then made to express all bands as a Band D equivalent. The sum of Band D equivalent properties is then reduced by the Authority's anticipated allowance for changes in voids, discounts and exemptions and an allowance for changes in the provision for bad and doubtful debts (which is linked to the anticipated in year collection rate and collection of arrears). The result is the Council Tax Base for tax setting purposes.

4.20. The same exercise is carried out in respect of the area covered by Leigh-on-Sea Town Council. The Government previously consulted on the possibility of providing a separate Council Tax Base for Town and Parish Councils due to changes in Council Tax support. The Government decided not to follow this option and therefore the same allowance must be applied to both calculations.

4.21. The Council Tax base for 2022/23 is therefore: -

	Southend-on-Sea	Leigh-on-Sea
Council Tax Base 2021/22	58,630.49	8,762.69
Council Tax Base 2022/23	<b>59,086.74</b>	<b>8,890.46</b>
Increase in Tax Base - 2021/22 to 2022/23	456.25	127.77
% Increase in Tax Base - 2021/22 to 2022/23	<b>0.78%</b>	<b>1.46%</b>

This increase in the tax base is positive but it is still significantly lower than what was included as part of the Authority's medium term financial planning assumptions, prior to COVID-19. It was originally estimated to increase by 1% in both 2021/22 and 2022/23 financial years. The Council Tax base therefore remains lower than previously predicted, with Council Tax Reduction levels remaining significantly higher than that experienced prior to the pandemic.

4.22. The detailed calculation of the Tax Base for 2022/23 is set out in **Appendices A and B**.

## 5. National Non-Domestic Rating Base (NNDR1 Form)

- 5.1. Under the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 2012) from 1<sup>st</sup> April 2013 a proportion of non- domestic rates will be retained locally rather than paid into the central pool.
- 5.2. The NNDR1 form (**Appendix C – received on 21<sup>st</sup> December 2021**) sets the anticipated amount of non-domestic rates that will be collected in the coming year and will therefore determine the respective shares between Central Government and Southend-On-Sea Council. There will be a retrospective cash adjustment by Government in the following financial year based on the actual final position for the financial year in question.
- 5.3. The NNDR1 form is in a defined format set by Government and changes from year to year. At the time of writing this report the initial form had only just been received. Depending on the completion of the form prior to the meeting it may be the case, that the Executive Director (Finance and Resources) will have to use his delegated authority to ensure that it is returned by the statutory deadline, and report back to Cabinet/Council subsequently. However, the intention is that the form will be completed in sufficient time to allow it to be submitted to the Cabinet meeting scheduled for 13<sup>th</sup> January 2022.

## 6. Corporate Implications

### 6.1. Contribution to the Southend 2050 Road Map

The approval of the Council Tax Base and NNDR1 will enable a budget to be set for the forthcoming financial year and a Council Tax level to be set in line with statutory requirements. It is therefore a key enabler and an essential part of the financial planning process that directly supports all our Southend 2050 ambitions, outcomes and priorities.

### 6.2. Financial Implications

The financial implications of the approved Council Tax Base and NNDR1 will be included in the budget and council tax report for 2022/23 to be considered by Council on 24th February 2022.

These figures will be reflected in the budget proposals for 2022/23 and reflected appropriately in the Council's Medium Term Financial Strategy to 2026/27.

### 6.3. Legal Implications

There is a statutory duty to approve the Council Tax Base and NNDR1 for 2022/23 and to notify precepting authorities and the Government by 31<sup>st</sup> January 2022.

6.4. People Implications

None.

6.5. Property Implications

None.

6.6. Consultation

None.

6.7. Equalities Impact Assessment

None.

6.8. Risk Assessment

Assuming this report is approved, there is no risk that the Council will not meet its statutory duty to approve the Council Tax Base for 2022/23 and notify precepting authorities by 31<sup>st</sup> January 2022. In addition, it will also enable the statutory deadline of 31<sup>st</sup> January 2022 to be achieved for the submission of the NNDR1.

6.9. Value for Money

Under the Government's financial reforms for funding Local Government, the Council Tax Base and Non-Domestic baseline are critical elements in determining the level of Council Tax and funding for the Authority.

6.10. Community Safety Implications

None.

6.11. Environmental Impact

None.

**7. Background Papers**

- Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended by the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003)
- Local Government Finance Act 2012 (Calculation of billing authority's council tax base Section 15)
- Valuation List for the Billing Authority area
- CTB1 Return for 2021/22
- Local Council Tax Support Scheme approval for 2022/23

## **8. Appendices**

Appendix A - Council Tax base calculation – Southend-On-Sea Council

Appendix B - Council Tax base calculation – Leigh-on-Sea Town Council

Appendix C - NNDR1 Form (To follow)