

CABINET – 8 FEBRUARY 2022

EXECUTIVE SUMMARY SHEET- PART I

Title of Report:

Appendix F – Proposed Council Tax 2022/2023

Author(s):

Executive Director of Corporate Services

Purpose of Report:

To advise Cabinet of the Council Tax levels for 2022/2023 to enable recommendations to be made to Council subject to the approval of the Revenue Budget 2022/2023.

In summary, Cabinet is recommending to Council a proposal to set a council tax requirement which will require a 2.99% increase to the council tax for 2022/2023 (including an increase of 1% in respect of the ringfenced social care precept).

Description of Decision:

Cabinet is requested to:

- 1) delegate the finalisation of the council tax supplementary information, that will be published on the Council website, to the Executive Director of Corporate Services in consultation with the Leader of the Council.
- 2) recommend to Council the council tax levels for 2022/2023 and additional associated matters in accordance with the statutory requirements, including the detailed information set out in section 3.2 of the report, as follows:
 - a) To note the council tax base applicable to the Council and to the Parish of Hetton Town Council;
 - b) To approve the estimated amount of the Council's aggregate gross revenue expenditure;
 - c) To approve the estimated amount of the Council's aggregate gross revenue income;
 - d) To approve the estimated amount of the Council's council tax requirement;
 - e) To note the precept of the Parish of Hetton Town Council;
 - f) To note the council tax bands applicable to the Council and to the Parish of Hetton Town Council based on the above financial information;
 - g) To note the provisional precept of the Police and Crime Commissioner for Northumbria;
 - h) To note the provisional precept of the Tyne and Wear Fire and Rescue Authority;
 - i) To approve the draft total council tax levels for 2022/2023 applicable to the Council and to the Parish of Hetton Town Council including all relevant precepts; and
 - j) To determine that the Council's relevant basic amount of council tax for 2022/2023 is not excessive in accordance with Section 52ZB of the Local Government Finance Act 1992, which means a 3% increase to the council tax for 2022/2023.

Is the decision consistent with the Budget/Policy Framework? Yes	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision: To comply with legal requirements, in order to determine the council tax requirement and the applicable basic council tax for 2022/2023.	
Alternative options to be considered and recommended to be rejected: There are no alternative options recommended for approval.	
Impacts analysed:	
Equality <input checked="" type="checkbox"/>	Privacy <input checked="" type="checkbox"/> Sustainability <input checked="" type="checkbox"/> Crime and Disorder <input checked="" type="checkbox"/>
Is the Decision consistent with the Council's Co-operative Values?	Yes
Is this a "Key Decision" as defined in the Constitution?	Yes
Is it included in the 28 day Notice of Decisions?	Yes

REVENUE BUDGET AND PROPOSED COUNCIL TAX 2022/2023

Report of the Executive Director of Corporate Services

1. Purpose of Report

- 1.1 To advise Cabinet of the Council Tax levels for 2022/2023 to enable recommendations to be made to Council subject to the approval of the Revenue Budget 2022/2023.
- 1.2 In summary, Cabinet is recommending to Council a proposal to set a council tax requirement which will require a 2.99% increase to the council tax for 2022/2023 (including an increase of 1% in respect of the ringfenced social care precept).

2. Council Tax Levels and Billing

- 2.1 The council tax is calculated using the tax bases for the areas of the City Council and the Parish of Hetton Town Council as confirmed by Council on 26th January 2022. There are a number of factors required to determine the council tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.
- 2.2 In the Local Government Settlement, the Government confirmed the referendum threshold for 2022/2023 to be 3%, being 2% for the core element and an additional 1% for Social Care authorities in respect of the social care precept. The Government's funding assumptions include the expectation that the full 3% increase is applied. The council tax requirement within the 2022/2023 budget requires the full 3% increase.
- 2.3 The total council tax raised for 2022/2023 therefore now includes the cumulative impact of social care precepts of 14%.
- 2.4 The Localism Act 2011 made changes to the Local Government Finance Act 1992 and the Council, as a billing authority, is required to calculate a council tax requirement for the year. It is also required to consider whether the amount of council tax it plans to raise is "excessive" using a set of principles determined under Section 52ZC(1) of the Act for 2022/2023. Any authority proposing an excessive increase in council tax must hold a local referendum and obtain a "yes" vote before implementing the increase.

For 2022/2023 the guideline increase for the Council is under 3.0%.

As the Council is proposing a council tax increase for 2022/2023 of 2.99% i.e. below 3.0%, there is no requirement to hold a referendum.

- 2.5 As council tax bills must show year on year increases to one decimal place in accordance with the Government's regulations, the proposed increase of 2.99% for 2022/2023 will appear as 2.0% in respect of the Council and 1.0% in respect of the adult social care precept which must be separately identified.
- 2.6 The Council has the option not to include a council tax leaflet with the council tax demand notices, but to signpost to the Council's website where the supplementary information is made available and to provide a hard copy if requested. This is the proposed approach for 2022/2023, which is in line with previous years.

3. Description of Decision

- 3.1 Cabinet is requested to delegate the finalisation of the council tax supplementary information, that will be published on the Council website, to the Executive Director of Corporate Services in consultation with the Leader of the Council.
- 3.2 Cabinet is requested to recommend to Council the council tax levels for 2022/2023 and additional associated matters in accordance with the statutory requirements, as follows:
- 3.2.1 To approve the proposed council tax requirement for the Council for 2022/2023 for its own purposes is £114,706,404 (excluding Parish precepts) and which represents a 2.99% increase in council tax for 2022/2023. It should be noted that this includes the additional ringfenced social care precept of 1%.
- 3.2.2 To note that at its meeting on 26th January 2022 the Council approved the following amounts for the year 2022/2023 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):
- a) 72,161 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended by Local Authorities (Calculation of Tax Base) (England) Regulations 2012, as its council tax base for the year (Item T).
 - b) 4,052 being the amount calculated by the Council, in accordance with the regulations, as the amount of its council tax base for the year for dwellings in the area of the Parish of Hetton Town Council.
- 3.2.3 To approve the following amounts be calculated by the Council for the year 2022/2023 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:
- a) £764,880,417 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
 - b) £650,115,421 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - c) £114,764,996 being the amount by which the aggregate at 3.2.3 (a) above exceeds the aggregate at 3.2.3 (b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its council tax requirement for the year including Parish precepts (Item R in the formula in Section 31A(4) of the Act).
 - d) £1,590.4020 being the amount at 3.2.3 (c) above (Item R) all divided by Item T (3.2.2 (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year (including Parish precepts).
 - e) £58,592 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.

- f) £1,589.5900 being the amount at 3.2.3 (d) above less the result given by dividing the amount at 3.2.3 (e) above by the Item T (3.2.2 (a) above), calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates.
- g) £1,604.0500 being the amount given by adding to the amount at 3.2.3 (f) above the amount 3.2.3 (e) divided by the amount at 3.2.2 (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its council tax for the year for dwellings in the area of the Parish of Hetton Town Council.
- h) Charges relating to the Council:

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,069.37	1,059.73
B	1,247.59	1,236.34
C	1,425.82	1,412.96
D	1,604.05	1,589.59
E	1,960.51	1,942.84
F	2,316.96	2,296.07
G	2,673.42	2,649.32
H	3,208.10	3,179.18

being the amounts given by multiplying the amounts at 3.2.3 (f) and 3.2.3 (g) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 3.2.4 That it be noted that for 2022/2023, both the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority have supplied their best estimate of their proposed precepts, which have yet to be formally notified.

Consequently, the following amounts represent the provisional precepts for 2022/2023, which may be issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992:

Valuation Band	Police and Crime Commissioner for Northumbria (proposed) £	Tyne and Wear Fire and Rescue Authority (proposed) £
A	102.56	58.23
B	119.65	67.94
C	136.75	77.64
D	153.84	87.35
E	188.03	106.76
F	222.21	126.17
G	256.40	145.58
H	307.68	174.70

- 3.2.5 That Council approve, in accordance with Section 30 (2) of the Local Government Finance Act 1992, the Council has calculated the aggregate of the amounts at 3.2.3 (h) and the estimated precepts at 3.2.4 and estimates the total level of council tax for 2022/2023 to be:

Valuation Band	Hetton Town Council £	All other parts of the Council's area £
A	1,230.16	1,220.52
B	1,435.18	1,423.93
C	1,640.21	1,627.35
D	1,845.24	1,830.78
E	2,255.30	2,237.63
F	2,665.34	2,644.45
G	3,075.40	3,051.30
H	3,690.48	3,661.56

- 3.2.6 To determine that under Section 52ZB of the Local Government Finance Act 1992, the Authority's relevant basic amount of council tax for 2022/2023 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act.

(i.e. the proposed council tax increase for 2022/2023 means that the Council does not need to hold a referendum on its proposed council tax. The provisions set out in Section 52ZC of the Local Government Finance Act 1992 require all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic council tax each year if they exceed the Government's guidelines which are set out annually.)

4. Equality

- 4.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.

- 4.2 An equality analysis has been completed with regard to this proposal (Annex 1). All council tax payers will be affected by the increase, however, those on lower incomes are likely to experience a greater impact on their ability to pay. The impact on some low income groups will be reduced by the Council Tax Support Scheme. The proposed increase in council tax has wider benefits in that it will raise money to provide vital local services, including within adult social care.

5. Privacy

There are no implications.

6. Sustainability

There are no implications.

7. Crime and Disorder

- 7.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce crime and disorder in exercising any of its functions.

- 7.2 There are no implications.

8. Suggested Reason for Decision

To comply with all legal requirements including changes to the Local Government Act 1992 as required by the Localism Act 2011, in order to determine the council tax requirement and the applicable basic council tax for 2022/2023.

9. Alternative options to be considered and recommended to be rejected

There are no alternative options recommended for approval.

EQUALITY ANALYSIS**Name of Policy/Decision/Project/Activity:**

Proposed Council Tax Increase

Date: 20/01/2022

Version Number: v1

Equality Analysis completed by:

Name/Job title: Paul Dixon (Chief Accountant)

Responsible Officer or Group:

Name/Job title: Jon Ritchie (Executive Director of Corporate Services)

Is the Activity:

New/Proposed () Changing/Being Reviewed () Other (x)

1. Purpose and Scope

Purpose

In this section outline briefly:

- what the policy, decision or activity is and what the intended outcomes/benefits are (linked to the Corporate Outcomes Framework)
- over what period of time the outcomes will be achieved
- why it needs to be implemented or revised
- what populations are affected by the proposal
- who is expected to benefit and how, i.e. young people, older people, carers, BME groups, ward areas/communities, etc
- whether there are any overlaps with regional, sub-regional, national priorities.

Council Tax raises circa 15% of total council income, inclusive of the social care levy. It goes towards providing a wide range of services to the people of Sunderland and 2016/17 was the first time there had been an increase since the 2010/2011 financial year. Increases since have been within the Government's referendum limits. The current (2021/2022) Band D Council Tax in Sunderland in respect of the Council is £1,543. The Council Tax paid to Sunderland City Council is the lowest in both Tyne and Wear (Band D average £1,731) and the wider North East region (Band D average £1,730).

The proposed 2.99% increase, inclusive of the social care precept, is allowable without contravening the Government's imposed referendum limit. The increase will add 59p a week for households in Sunderland who are in a Band A property (the majority of properties within Sunderland are in Band A). It will raise circa £3.3m that will be used to provide vital local services, including adults and children's social care.

All council tax payers will be affected by the increase; however, those on lower incomes are likely to experience a greater impact on their ability to pay. This could disproportionately affect the young, disabled people and low income pensioners. To mitigate this impact, the Council operates a Council Tax Support Scheme and the eligibility criteria remains unchanged so enabling some of those affected to claim financial support. Whilst pensioners' entitlement to Council Tax Support is protected through legislation, Sunderland's localised scheme entitles claimants of working age to receive up to a maximum of 91.5 % reduction in respect of their Council Tax liability depending on their circumstances. None of the protected groups are restricted from claiming Council Tax Support. Their eligibility is determined by their financial and personal circumstances. The current caseload is 32,136 of which 12,301 are pensioners and 19,835 are working age claimants. The impact of the proposed increase equates to an increase of 7p per week for those working age claimants who are in receipt of maximum Council Tax Support in a Band D property, or 5p per week for households in Sunderland who are of working age and in receipt of maximum Council Tax Support in a Band A property. As the support scheme works on a percentage of Council Tax, it is recognised that there will still be an impact even for those receiving support.

The proposed increase has wider benefits in that it avoids further budget and service reductions and allows investment into key priority areas, including within adult social care as a result of the adult social care precept increase.

Intelligence and Analysis

Please describe:

- What sources of information have been used to inform this assessment/analysis (this should include but is not limited to consultations, resident/service user feedback and statistical data and intelligence)
- **What the information is telling you** – this should be broken down by each of the protected characteristics or other identified groups which could be disadvantaged. Each of the aims of the equality act should be considered in relation to each of the protected characteristics.

Statistics show that Sunderland City Council's Council Tax is low assessed against all comparators. It will remain comparatively low even after this increase.

The budget consultation undertaken showed that, of those that responded, 52% supported an increase in council tax of 3%.

Gaps in intelligence and information

Having analysed the information available to you:

- are there any gaps in intelligence or areas where understanding needs to be improved? Please describe what these are and what actions you intend to take to obtain/improve the information. These actions should be covered in the action plan.
- are there any groups who should be expected to benefit who do not? Please describe why not and whether you will amend the decision to change this outcome. This should also be covered in the action plan.

The data cannot be broken down to determine whether levels of support vary within different equality characteristics. However, no concerns were raised in relation to any one group in the open text questions within the budget consultation.

Additional Impacts

The policy or action may also have an impact on other groups or individuals which are not covered by statutory requirements. Please outline any additional individuals or groups which have not already been covered. This could include socio-economic groups, voluntary and community sector, carers or specific communities which face additional challenges (such as former coal mining areas or areas of high deprivation)

People on low incomes, as reflected in 'purpose' above.

2. Analysis of impact on people

In this section you must **review the intelligence described above and summarise the intended and potential impact of the policy, decision or activity** on the people of Sunderland. This includes specific consideration of the impact on individuals, groups with protected characteristics and communities of interest within the city. Please briefly outline any positive, neutral or negative impacts on the specific groups below. Please note that any negative impacts should have a corresponding action in the action plan in the page below.

In this assessment it is important to remember the **Council is required to give due regard to:**

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Each of these aims must be summarised in turn in relation to the groups outlined below.

Characteristic	List of Impacts		
	Positive	Neutral	Negative
Age	Benefits will be seen in the ability to protect the adult and children's social care budget and children's budget.	There is no significant impact, relative to other groups. Pensioners will continue to receive support through the Council Tax Support scheme.	
Disability	Benefits will be seen in the ability to protect the adult and children's social care budget.	There is no significant impact relative to other groups. Disabled people will continue to receive support through the Council Tax Support scheme.	
Gender/Sex		There is no significant impact relative to other groups. Whilst women may be statistically lower earners, there is no evidence of a greater impact from any council tax rise.	
Marriage & Civil Partnership		There is no significant impact relative to other groups.	
Pregnancy and		There is no significant impact relative to	

maternity		other groups.	
Race/Ethnicity		There is no significant impact relative to other groups.	
Religion/belief		There is no significant impact relative to other groups.	
Sexual Orientation		There is no significant impact relative to other groups.	
Gender identity		There is no significant impact relative to other groups.	
Low income groups			People on low income who are applicable will continue to receive support through the Council Tax Support scheme which will significantly mitigate any financial impact. In a minority of cases, there will potentially be some impact albeit, at a small value.

3. Response to Analysis, Action Plan and Monitoring

In this section please outline what actions you propose to take to minimise the negative, and maximise the positive, impacts that have been identified through the analysis. By considering and implementing these actions the policy or action can be refined to make sure that the greatest benefits are achieved for the people of Sunderland. The performance monitoring process should also be set out to explain how ongoing progress is going to be followed to make sure that the aims are met.

From the analysis four broad approaches can be taken, (No major change; continue with the policy/action despite negative implications; adjust the policy/decision/action; or stop the policy/action). Please indicate, using the list below, which is proposed.

- No Major Change (x)
- Continue Despite Negative Implications ()
- Adjust the Policy/Decision/Project/Activity ()
- Stop ()

Action Plan

ACTION	WHO	WHEN	MONITORING ARRANGEMENTS
Monitor the impact through payment and arrears statistics	Sharon Holden (Revenues Manager)	Quarterly	As part of routine Council Tax performance monitoring

