

# Council Tax Base for Tax Setting Purposes 2020/2021

<b>Report No:</b>	<b>CAB/WS/19/045</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	26 November 2019
	<b>Council</b>	17 December 2019
<b>Cabinet Member:</b>	Councillor Sarah Broughton Portfolio Holder for Resources and Performance <b>Tel:</b> 07929 305787 <b>Email:</b> <a href="mailto:sarah.broughton@westsuffolk.gov.uk">sarah.broughton@westsuffolk.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Assistant Director (Resources and Performance) <b>Tel:</b> 01638 719245 <b>Email:</b> <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	

**Decisions Plan:** **It is not a Key Decision.**

**The decision made as a result of this report will usually be published within 48 hours. This decision is not subject to call-in, as the decision is being recommended onto Council. This item is included on the Decisions Plan.**

**Wards impacted:** **All wards**



**Recommendation:** It is recommended that, subject to the approval of Council:

- (1) The tax base for 2020/2021, for the whole of West Suffolk is 56,138.14 equivalent Band D dwellings, and for each of the predecessor areas is: Forest Heath 18,879.62 and St Edmundsbury 37,258.52, as detailed in paragraph 4.3 of Report No: CAB/WS/19/045; and**
- (2) The tax base for 2020/2021 for the different parts of its area, as defined by parish or special expense area boundaries, are as shown in Appendix 2 to Report No: CAB/WS/19/045.**



## **1. Background / Context**

- 1.1 The council tax base is the total taxable value at a point in time of all the domestic properties in the council's area. It is a yearly calculation and represents the estimated number of chargeable dwellings after allowing for exemptions and discounts, projected changes in the property base and after applying an estimated collection rate.
- 1.2 The total taxable value referred to above is arrived at by each dwelling being placed in one of eight valuation bands (A – H) by the Valuation Office, with a statutorily set fraction then being applied in order to convert it to a 'band D equivalent' figure. These band D equivalent numbers are then aggregated at a district wide level and are also sub totalled for parishes. This calculation has to be done by the council responsible for sending the bills out and collecting the council tax ('the billing authority'). In two tier areas, district councils fulfil this function.
- 1.3 The council tax base is used in the calculation of council tax. Each authority divides the total council tax income it needs to meet its budget requirement by the tax base of its area to arrive at its band D council tax. The same fractions referred to in the previous paragraph are then used to work out the council tax for properties in each of the other bands.
- 1.4 Orders have been laid allowing West Suffolk to harmonise the council tax of Forest Heath and St Edmundsbury over a period not exceeding 7 years. Because of this, it is necessary to calculate tax base figures for the areas formerly covered by Forest Heath District Council and St Edmundsbury Borough Council (the "predecessor areas").

## **2. Calculation of the tax base for tax setting purposes**

- 2.1 The calculation of the tax base for tax setting purposes consists of three stages:
  - 1) Calculation of the tax base for New Homes Bonus purposes as at 7 October 2019 (MHCLG return – CTB);
  - 2) Analysis of Band D equivalents over each of the parish areas; and
  - 3) Adjustment of the band D equivalents to reflect changes in the tax base as a result of any technical changes, projected changes in the property base and predicted collection rates.

## **3. Tax base for New Homes Bonus purposes**

- 3.1 The tax base return 'CTB' is used by central government for data collection and the calculation of New Homes Bonus (see Appendix 1). This return shows the analysis of properties across the eight bands for the following classifications of liability:



- (a) properties attracting 100% liability;
- (b) properties with an entitlement to a 25% discount;
- (c) properties with an entitlement to a 50% discount;
- (d) properties with an entitlement to a 100% discount;
- (e) exemptions;
- (f) local council tax reduction scheme discounts; and
- (g) disabled relief adjustments.

3.2 The figures used to make the above calculations are derived from the Valuation List as deposited on 9 September 2019, and as amended to reflect any errors or omissions so far detected in reviewing that list.

#### **4. Analysis/Adjustment of Band D Equivalent Properties**

4.1 The Band D properties figures as at 7 October 2019 of 56,987.7, as quoted in line 33 of the CTB form, has been updated as at 31 October 2019 to allow for:

- (a) Any changes to the Local Council Tax Reduction Support Scheme (outlined in Report No: CAB/WS/19/043 on this agenda);
- (b) Any technical changes to discounts and exemptions such as empty properties, second homes etc (outlined in Report No: CAB/WS/19/044 on this agenda); and
- (c) Potential growth in the property base during 2020/2021 taken from an average of the housing delivery numbers for those sites within the local plan and those that have planning permission, adjusted for an assumed level of discounts/exemptions.

4.2 After updating the Band D properties figures as detailed above, an allowance is then made for losses on collection, which assumes that the overall collection rate for 2020/2021 will be 98%. In addition to this collection rate, a further adjustment has been made to allow for the collectability of the council tax arising from the Local Council Tax Reduction Support scheme, which has been assessed at 85%.

4.3 The resulting tax base figures for council tax collection purposes, expressed in terms of the number of Band D Equivalent properties, have been calculated as shown in the following table:

	<b>2019/2020</b>	<b>2020/2021</b>	<b>Increase</b>
<b>Forest Heath</b>	18,313.11	<b>18,879.62</b>	566.51
<b>St Edmundsbury</b>	36,743.00	<b>37,258.52</b>	515.52
<b>West Suffolk</b>	55,056.11	<b>56,138.14</b>	1,082.03

4.4 The table below shows the actual number of dwellings in each tax band based on the current valuations which are discounted to 1 April 1991 and the percentage in each band. There has been no national revaluation since that date.



Band	Tax Band values as at 01/04/1991 (£)	Actual Number of dwellings (Note 1)	Actual Number of dwellings as a percentage	Number of Chargeable dwellings (Note 2)	Relevant Proportion	Relevant Amount (Note 3)
@ (Note 4)				12.4	5/9	6.9
A	Up to 40,000	12,164	15.3%	7,417.0	6/9	4,944.6
B	40,001 to 52,000	27,981	35.1%	21,520.1	7/9	16,737.8
C	52,001 to 68,000	16,068	20.2%	13,040.6	8/9	11,591.7
D	68,001 to 88,000	11,720	14.7%	9,418.7	9/9	9,418.7
E	88,001 to 120,000	6,770	8.5%	5,667.1	11/9	6,926.5
F	120,001 to 160,000	2,816	3.5%	2,518.8	13/9	3,638.3
G	160,001 to 320,000	2,005	2.5%	1,867.9	15/9	3,113.2
H	Over 320,000	187	0.2%	154.2	18/9	308.3
<b>Total</b>		<b>79,711</b>	<b>100.0%</b>	<b>61,616.8</b>		<b>56,686.0</b>
Contributions in lieu of exempt MOD properties (line 32 of CTB return)						301.7
Tax base after allowance for council tax support (line 33 of CTB return)						<b>56,987.7</b>
<b>Actual tax base after applying technical changes, an allowance for potential growth and collection rate</b>						<b>56,138.14</b>

Note 1: This is the total number of dwellings on the Valuation List before making any adjustments (line 1 of the CTB returns at Appendix 1).

Note 2: This is the number of chargeable dwellings after adjusting for discounts, exemptions and local council tax support but before applying the relevant proportion (ratio to band D) (line 29 of the CTB returns at Appendix 1).

Note 3: This is the total number of band D equivalent dwellings after applying the relevant proportions (line 31 of the CTB returns at Appendix 1).

Note 4: Disabled reduction results in charging the property at one band lower (1/9th) than its actual band. The "@" figure relates to band A properties which are eligible for a disabled reduction (1/9th below a band A charge).

## 5. Precept Payment Arrangements for 2020/2021

- 5.1 In line with the delegated authority to administer the Council's financial affairs as outlined in the Constitution, the arrangements for the scheduling of the precept payments for 2020/2021, will be determined by the Assistant Director (Resources and Performance) (Chief Financial Officer).
- 5.2 The payments schedule for all parish and town councils in West Suffolk will be full payment of the precepts by 30 April 2020.



## **6. Alternative Options**

- 6.1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992 set out the requirements for the calculation of the council tax base for tax setting purposes. Therefore, there are no alternative options.

## **7. Consultation and engagement**

- 7.1 The tax base figures provided within Appendix 2 of this report have been communicated to town and parish councils so that they can start to factor these into their budget setting process.

## **8. Risks**

- 8.1 The Council's ability to collect council tax income in the current economic climate has been factored into the taxbase by applying two separate collection rates in the calculation as detailed in paragraph 4.2.

## **9. Implications arising from the proposal**

- 9.1 All implications arising from the proposals are covered within the report and its associated appendices.

## **10. Appendices**

**Appendix 1** – West Suffolk CTB return made to MHCLG on 10 October 2019

**Appendix 2** – 2020/2021 Council tax base for each town and parish council area within West Suffolk

## **11. Background documents**

None

