

# Council Tax Base for Tax Setting Purposes 2021 to 2022

<b>Report number:</b>	<b>CAB/WS/20/069</b>	
<b>Report to and date(s):</b>	<b>Cabinet</b>	10 November 2020
	<b>Council</b>	15 December 2020
<b>Cabinet member:</b>	Councillor Sarah Broughton Portfolio Holder for Resources and Performance Telephone: 07929 305787 Email: <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) Telephone: 01638 719245 Email: <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	

**Decisions Plan:** 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 2021 to 2022, for the whole of West Suffolk is 55,339.97 equivalent Band D dwellings, and for each of the predecessor areas is: Forest Heath 18,572.56 and St Edmundsbury 36,767.41, as detailed in paragraph 2.6 of Report Number CAB/WS/20/069.**

- 2. The tax base for 2021 to 2022 for the different parts of its area, as defined by parish or special expense area boundaries, are as shown in Appendix 3 of Report Number CAB/WS/20/069.**
  
- 3. The Assistant Director (Resources and Performance) is given delegated responsibility to make changes to the tax base figures as a result of any Government announcements pertaining to local council tax support as detailed in paragraph 2.5 of Report Number CAB/WS/20/069.**

## **1. Context to this report**

- 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 also necessary to calculate tax base figures for the areas formerly covered by Forest Heath District Council and St Edmundsbury Borough Council (the 'predecessor areas').
- 1.5 The calculation of the tax base for council tax setting purposes consists of three stages:
  1. Calculation of the tax base for central government purposes as at 5 October 2020 (MHCLG return – CTB).
  2. Calculation of the tax base for council tax setting purposes by adjusting the band D equivalents to reflect changes in the tax base as a result of any technical/Local Council Tax Support scheme changes, projected changes in the property base and predicted collection rates.
  3. Analysis of band D equivalents over each of the parish areas in order to determine individual parish council tax bases.

## 2. **Proposals within this report**

### **Calculation of the tax base for central government purposes**

2.1 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 valuation bands for the following classifications of liability:

- properties attracting 100 per cent liability
- properties attracting a premium, such as second homes
- properties with an entitlement to a discount of 25, 50 or 100 per cent, such as disabled relief
- properties that are exempt, such as those occupied by United States air force personnel
- local council tax reduction scheme discounts
- 

2.2 The figures used to make the above calculations are derived from the Valuation List as deposited on 14 September 2020, and as amended to reflect any errors or omissions so far detected in reviewing that list. They are based on the data held on the council tax system at a set point in time – 5 October 2020.

2.3 The taxbase for this purpose, which is calculated at a West Suffolk level, is 57,333.8.

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

2.4 The band D properties figure as at 5 October 2020 of 57,333.8, as quoted in line 33 of the CTB form, has been updated as at 31 October 2020 to allow for:

1. Any changes to the Local Council Tax Support (LCTS) scheme (outlined in Report Number CAB/WS/20/67, November 2020 on this agenda).
2. Any technical changes to discounts and exemptions such as empty properties, second homes etc (outlined in Report Number CAB/WS/20/068, November 2020 on this agenda).
3. Potential growth in the property base during 2021 to 2022 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. An allowance for losses in collection, which assumes that the overall collection rate for 2021 to 2022 will be 98%, with the exception of LCTS recipients where the collection rate is assumed to be 85%.
5. The forecast impact of COVID 19 on LCTS scheme numbers (see paragraph 2.5 below).

2.5 Working age claimants of LCTS have increased by 15 per cent (as at September 2020) since March 2020 and are projected to increase further

and at a faster pace, given the planned changes to the current government job retention support (furlough) scheme, throughout the remaining 6 months of the current financial year. For the tax base calculation, it is assumed there will be a 60 per cent increase on March 2020 levels for the period 2021 to 2022. This increase in LCTS follows a national trend and representations have been made to central government for support. At this stage it has been assumed that no support will be given, and the tax base has been calculated on that basis. However, if the government does announce some support, it may be necessary to revisit and amend the tax base calculation accordingly. The statutory deadline for determining the tax base is January 2021, and it is proposed that if any government announcements are made prior to that date, then the Assistant Director (Resources and Performance) is given delegated responsibility to make any consequent changes to the tax base figures.

- 2.6 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>2020 to 2021</b>	<b>2021 to 2022</b>	<b>Decrease</b>
<b>Former Forest Heath area</b>	18,879.62	<b>18,572.56</b>	-307.06
<b>Former St Edmundsbury area</b>	37,258.52	<b>36,767.41</b>	-491.11
<b>West Suffolk</b>	56,138.14	<b>55,339.97</b>	-798.17

- 2.7 The table at Appendix 2 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. It also shows the spread of the tax base across the bands totalling the tax base for central government purposes (CTB) and the tax base for council tax setting purposes after all of the adjustments have been made.

#### **Individual town and parish council tax bases and precept payment arrangements**

- 2.8 The tax base figure for West Suffolk outlined in paragraph 2.5, is analysed further across individual town and parish councils to form their tax base figures for the purpose of budget setting and determining the parish band D tax levels in each of those areas. Town and parish tax base figures are set out in Appendix 3.
- 2.9 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 2021 to 2022, will be determined by the Assistant Director (Resources and Performance) (Chief Financial Officer).

- 2.10 The payments schedule for all parish and town councils in West Suffolk will be full payment of the precepts by 30 April 2021.

### **3. Alternative options that have been considered**

- 3.1 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.

### **4. Consultation and engagement undertaken**

- 4.1 The tax base figures provided within Appendix 3 of this report have been communicated to town and parish councils so that they can start to factor these into their budget setting process.

### **5. Risks associated with the proposals**

- 5.1 The council's ability to collect council tax income in the current economic climate has been factored into the tax base by applying two separate collection rates in the calculation as detailed in paragraph 2.4.

### **6. Implications arising from the proposals**

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

### **7. Appendices referenced in this report**

- 7.1 Appendix 1 – West Suffolk CTB return made to MHCLG as at 5 October 2020
- 7.2 Appendix 2 – Distribution of West Suffolk properties and tax base across valuation bands
- 7.3 Appendix 3 – 2021 to 2022 council tax base for each town and parish council area within West Suffolk

### **8. Background documents associated with this report**

- 8.1 None