

Report to Cabinet



Date of Meeting	2 nd December 2019
Portfolio	Leader of the Council and Cabinet Member for Finance
Report Author	Keith Mackenzie
Public/Private Document	Public

2020/21 Council Tax Taxbase

Executive Summary

1. This report seeks approval from Council on 18 December 2019:
 1. To agree the statutory Council Tax Base calculation for 2020/21, calculated in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 as part of the 2020/21 Estimates process.
 2. To approve the precept payment dates for 2020/21.

Recommendation

2. Cabinet are asked to consider, for submission to Council on 11 December 2019:
 - a. The Council Tax base expressed as "Band D equivalent properties", be recommended as 55,745 for 2020/21 (55,176 2019/20) as detailed at Appendix 1.
 - b. The proposed precepts payment schedule detailed in paragraph 4.2.

Reason for Recommendation

- 3.1 Rochdale Borough Council, as a Council Tax billing authority, is required each year to make statutory calculations specified in Section 33 of the Local Government Finance Act 1992 (as amended). The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 require authorities to calculate the Council Tax base (number of taxable properties), expressed as "Band D equivalent properties". Approval of these calculations is required by 31st January in each financial year.
- 3.2 The Local Government Finance Act 1992 prescribes the procedures to be adopted in setting precept payment dates. The Act requires billing authorities

to notify precepting authorities of a proposed payments schedule. This notification must be given before 31st December in respect of the following financial year. The final payments schedule is then confirmed by 31st January.

- 3.3 The calculation of the tax base has to be made by 31st January and notified to the major precepting and levying authorities⁰. Under Section 84 of the Local Government Act 2003 the determination can be delegated to a committee or sub-committee in accordance with Section 101 of the Local Government Act 1972. This report recommends that Cabinet considers this report for submission to Council on 11 December 2019

Key Points for Consideration

4.1 Calculation of the Council Tax Base

- 4.1.1 The calculation of the tax base starts with the number of recorded properties in each tax band (A to H) as at 9 September 2019, adjusted for:
- changes expected to occur up to 31 March 2021 as a result of appeals, demolition and new home construction;
 - estimated number of disabled person's reductions;
 - discounts allowed for single person households, students and empty/exempt properties.
- 4.1.2 Following on from the resulting figure from the application of the process outlined in paragraph 4.1.2, the tax base calculation for 2020/21 also takes account of the additional charges resulting from the local discount scheme in place for empty properties and second homes, along with the impact of the Local Council Tax Support scheme.
- 4.1.3 The calculated number of properties in each band is then multiplied by a factor specified in the regulations to give an "equivalent number of band D properties" and then by an estimate of the likely collection rate for 2020/21 to give the tax base.
- 4.1.4 The Council Tax base is used by the precepting authorities to apportion their net expenditure to their constituent authorities and by Rochdale Borough Council to set the level of Council Tax for 2020/21.
- 4.1.5 The Council's net budgeted spending, including precepts and levies and after taking account of receipts of Business Rate income, is divided by the tax base to produce the Council Tax level for Band D properties, which is the headline tax figure.

4.2 Precepting Authority and Payment Dates 2020/21

- 4.2.1 From 2018/19 elected Combined Authority Mayors were able to raise additional resources through a precept (or additional charge) on local Council Tax bills. The Greater Manchester Combined Authority sets a precept with two separately identified elements for the mayor's general

functions, including the precept previously made for GM Fire & Rescue Authority, and for Police & Crime Commissioner functions.

4.2.2 For 2020/21 the precepting authorities will continue to be:

- a) Rochdale Borough Council – General Functions
- b) Rochdale Borough Council – Adult Care
- c) Greater Manchester Combined Authority – Police & Crime Commissioner
- d) Greater Manchester Combined Authority – General Functions, including Fire Services

4.2.3 The Local Government Finance Act 1992 prescribes the procedures to be adopted in setting precept payment dates. The Act requires billing authorities to notify precepting authorities of a proposed payments schedule. This notification must be given before 31st December in respect of the following financial year. The final payments schedule is then confirmed by 31st January.

4.3 The proposed payments schedule, is in line with the one operating in the current year, which was agreed by all Greater Manchester Authorities:

20th April 2020	20th October 2020
20th May 2020	20th November 2020
22nd June 2020	21st December 2020
20th July 2020	20th January 2021
20th August 2020	22nd February 2021
21st September 2020	22nd March 2021

4.4 **Alternatives Considered**

No alternative is available, as the Council has a statutory requirement to calculate and approve a Council Tax base each financial year.

Costs and Budget Summary

5.1 The detailed calculation of the tax base is set out in Appendix 1.

5.2 The total number of properties has increased by 743 from 93,986 to 94,729 in the year ending on 9 September 2019. In the previous two years the net change had been increases of 609 (2018) and 398 (2017). There continues to be a level of new build across the Borough, and whilst some of this is offset by demolitions, this further increase shows a continuing growth in the overall property numbers.

5.3 The Local Council Tax Support scheme forecast provided in the tax base is based on the proposed 2020/21 local scheme to be approved by Council on 11 December 2019.

- 5.4 The overall estimated collection rate is increasing to 98.0% to reflect the improvements made in the last few years (97.5% in 2019/20).

Risk and Policy Implications

- 6.1 It is necessary to comply with Section 33 of the Local Government Finance Act 1992 (as amended); The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012; Section 84 of the Local Government Act 2003 and Section 101 of the Local Government Act 1972, to ensure that there is no risk of the authority acting ultra vires in relation to its Council Tax arrangements.

It is necessary to comply with Section 33 of the Local Government Finance Act 1992 (as amended) and The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, to ensure the Council Tax Base is correctly calculated.

Consultation

7. This report is part of the budget setting process and consultation is undertaken with stakeholder groups, staff and service users as appropriate throughout the budget process.

Background Papers	Place of Inspection
8. None	

For Further Information Contact:

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Appendix 1 – Calculation of the Council Tax base for 2020/21

1.1 Property Details

(1) Band	(2) Valuation *	(3) Properties @ 9 th September 2019	(4) Adjusted number of properties, after discounts, exemptions etc. (see 1.2 below)	(5) Factor	(6) Band D Equivalent
A (Disabled)	£40,000	100	89	5/9	49
A	£40,000	51,035	31,544	6/9	21,029
B	£52,000	16,279	13,129	7/9	10,211
C	£68,000	12,439	10,751	8/9	9,556
D	£88,000	7,862	7,465	1	7,465
E	£120,000	4,422	4,066	11/9	4,970
F	£160,000	1,670	1,556	13/9	2,248
G	£320,000	867	771	15/9	1,285
H	over £320,000	55	35	18/9	70
TOTAL		94,729	69,406		56,883

* Valuations based on property values as at 1st April 1991.

- 1.2 The total number of properties at 94,729 on 9th September 2019 (column 3) compares to 93,986 last year, reflecting that new house building developments within the Borough were greater than demolitions during the year, resulting in a net growth in the overall number of properties. Adjustments are made to reflect the forecast level of discounts and exemptions given to Council Tax payers:

Properties at 9th September 2019	94,729
Forecast for net new growth (after demolitions)	657
Forecast for exemptions	(1,796)
Forecast for adjustments relating to Single Person discounts, Local Council Tax Support, and Empty/other discounts	(24,184)
Net adjusted number of properties to be used in calculation of the Council Tax Base	69,406

- 1.3 To calculate the statutory tax base, the number of Band D equivalent properties (column 6) is multiplied by the estimated eventual collection rate for income raised relating to 2020/21. The estimated collection rate used for 2020/21 is 98% (2019/20: 97.5%).
- 1.4 Applying a 98% collection rate gives a 2020/21 statutory tax base calculation of 55,745 Band D equivalent properties (56,883 x 98%).
- 1.5 Variations in the outturn tax base due to the under/over achievement of the collection rate, or differences between the assumptions and actuals in calculating the number of Band D equivalent properties, will result in a surplus or deficit on the Collection Fund. This is shared between Rochdale Borough Council and the precepting bodies.