

Report to Cabinet



Date of Meeting	1 December 2020
Portfolio	Leader of the Council and Cabinet Member for Finance
Report Author	Carolyn Goddard
Public/Private Document	Public

Calculation of 2021-22 Taxbase

Executive Summary

1. To agree the statutory Council Tax Base calculation for 2021/22, calculated in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 as part of the 2021/22 Estimates process.
 - 1.1 For the Local Council Tax Support Scheme to remain unchanged for 2021/22.
 - 1.2 To approve the precept payment dates for 2021/22.

Recommendation

2. Cabinet are asked to consider, for submission to Council on 16 December 2020:
 - a. The Council Tax base expressed as "Band D equivalent properties", be recommended as 54,637 for 2021/22 (55,745 2020/21) as detailed at Appendix 1.
 - b. The Local Council Tax Support Scheme for 2021/22 remains unchanged.
- 2.1 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 authorities. 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 16 December 2020.

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 14 September 2020, adjusted for:

- changes expected to occur up to 31 March 2022 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 4.1.1, the tax base calculation 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 2021/22 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 2021/22.

- 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 Local Council Tax Support Scheme

- 4.2.1 Schedule 1A of the Local Government Finance Act 2012 requires local authorities to annually review their local scheme; with any revisions to the scheme requiring a period of consultation and must be agreed by Council by 31st January each year. There are no requirements to

consult, should the scheme remain unchanged.

4.2.2 It is proposed that the Scheme continues unchanged for 2021/22.

4.3 **Precepting Authority and Payment Dates 2021/22**

4.3.1 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 (GMCA) 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.

4.3.2 For 2021/22 the precepting authorities will continue to be:

- a) Rochdale Borough Council – General Functions
- b) Rochdale Borough Council – Adult Care
- c) GMCA Mayoral Police & Crime Commissioner
- d) GMCA Mayoral (including Fire Services)

4.3.3 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.

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 2021	20th October 2021
20th May 2021	22nd November 2021
21st June 2021	20th December 2021
20th July 2021	20th January 2022
20th August 2021	21st February 2022
20th September 2021	21st March 2022

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 478 from 94,729 to 95,207 in the year ending on 14 September 2020. In the previous two years the net

change had been increases of 743 (2019) and 609 (2018). 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 2020/21 local scheme which was approved by Council on 18 December 2019. The 2020/21 scheme includes a banded income scheme for working age residents in receipt of Universal Credit.
- 5.4 The overall estimated collection rate is reducing to 97% to reflect the forecast on-going financial impact of the Covid 19 pandemic on the borough's residents (98% in 2020/21).
- 5.5 An estimate of the outturn for 2020/21 Council Tax income will be compared to the 2020/21 budgeted baseline amount. Differences between the budget and the projected actual outturn for 2020/21 will be considered as part of setting the 2021/22 Estimates process.

The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 come into force on 1 December 2020. The regulations require the repayment of Collection Fund deficits arising in 2020/21 to be spread over the next three years, 2021/22 to 2023/24, rather than the usual period of a year. Council Tax precept payments will be adjusted to reflect the requirements of the regulations.

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.
- 6.2 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. There are no background papers	
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Appendix 1 – Calculation of the Council Tax base for 2021/22

1.1 Property Details

(1) Band	(2) Valuation *	(3) Properties @ 14 th September 2020	(4) Adjusted number of properties, after discounts, exemptions etc. (see 1.2 below)	(5) Factor	(6) Band D Equivalent
A (Disabled)	£40,000	99	89	5/9	49
A	£40,000	50,985	30,577	6/9	20,385
B	£52,000	16,581	13,276	7/9	10,326
C	£68,000	12,570	10,832	8/9	9,628
D	£88,000	7,944	7,359	1	7,359
E	£120,000	4,428	4,060	11/9	4,962
F	£160,000	1,674	1,552	13/9	2,242
G	£320,000	870	779	15/9	1,298
H	over £320,000	56	39	18/9	78
TOTAL		95,207	68,563		56,327

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

1.2 The total number of properties at 95,207 on 14th September 2020 (column 3) compares to 94,729 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 14th September 2020	95,207
Forecast for net new growth (after demolitions)	599
Forecast for exemptions	(1,800)
Forecast for adjustments relating to Single Person discounts, Local Council Tax Support, and Empty/other discounts	(25,443)
Net adjusted number of properties to be used in calculation of the Council Tax Base	68,563

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 2021/22. The estimated collection rate used for 2021/22 is 97% (2020/21: 98%).

1.4 Applying a 97% collection rate gives a 2021/22 statutory tax base calculation of 54,637 Band D equivalent properties (56,327 x 97%).

1.5 The proposed 2021/22 statutory tax base of 54,637 Band D equivalent properties has reduced by 1,108 properties from the equivalent for 2020/21 of 55,745 properties. Although the overall number of properties liable for Council Tax charges has increased, the impact of the Covid- 19 pandemic has resulted in an estimated increase in the level of Local Council Tax Support discount to be given, and a reduction in the estimated Council Tax collection rate. This has resulted in the reduction of the Council Tax base calculated.

1.6 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.