

## Report to Overview and Scrutiny Committee



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|-------------------------|---|
| Date of Meeting         | 8 December 2021                         |
| Portfolio               | Portfolio Holder for Corporate Delivery |
| Report Author           | Carolyn Goddard                         |
| Public/Private Document |   |

### Calculation of 2022-23 Council Tax base

#### Executive Summary

1. This report seeks approval from Council on 15th December 2021:
  1. To agree the statutory Council Tax Base calculation for 2022/23, calculated in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 as part of the 2022/23 Estimates process.
  2. For the Local Council Tax Support Scheme to remain unchanged for 2022/23.
  3. To approve the precept payment dates for 2022/23.

#### Recommendation

2. Cabinet are asked to consider, for submission to Council on 15th December 2021:
  - a. The Council Tax base expressed as "Band D equivalent properties", be recommended as 56,232 for 2022/23 (54,637 2021/22) as detailed at Appendix 1.
  - b. The Local Council Tax Support Scheme for 2022/23 remains unchanged.
  - c. 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 15<sup>th</sup> December 2021.

### **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 13th September 2021, adjusted for:
  - changes expected to occur up to 31st March 2023 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 2022/23 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 2022/23.
- 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 2022/23.

## 4.3 Precepting Authority and Payment Dates 2022/23

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 2022/23 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
- 4.3.3 d) GMCA Mayoral (including Fire Services)

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 31<sup>st</sup> December in respect of the following financial year. The final payments schedule is then confirmed by 31<sup>st</sup> 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 2022     | 20th October 2022  |
| 20th May 2022       | 21st November 2022 |
| 20th June 2022      | 20th December 2022 |
| 20th July 2022      | 20th January 2023  |
| 22nd August 2022    | 20th February 2023 |
| 20th September 2022 | 20th March 2023    |

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 752 from 95,207 to 95,959 in the year ending on 13th September 2021. In the previous two years the net change had been increases of 478 (2020) and 743 (2019). 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 2021/22 local scheme which was approved by Council on 16th December 2020. The 2021/22 scheme includes a banded income scheme for working age residents in receipt of Universal Credit.
- 5.4 The overall estimated collection rate is increasing to 97.5%, and reflects the forecasted continuing financial impact of the Covid 19 pandemic on the borough's residents, and the overall economic situation (97% in 2021/22). Prior to the Covid 19 pandemic the collection rate for 2020/21 had been estimated at 98%.
- 5.5 An estimate of the outturn for 2021/22 Council Tax income will be compared to the 2021/22 budgeted baseline amount. Differences between the budget and the projected actual outturn for 2021/22 will be considered as part of setting the 2022/23 Estimates process.

The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 came into force on 1st December 2020. The regulations require the repayment of Collection Fund deficits arising in 2020/21 to be spread over the three financial 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.

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.

| <b>Background Papers</b> | <b>Place of Inspection</b> |
|--------------------------|----------------------------|
|--------------------------|----------------------------|

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## Appendix 1 – Calculation of the Council Tax base for 2022/23

### 1.1 Property Details

| (1)<br>Band         | (2)<br>Valuation * | (3)<br>Properties @ 13 <sup>th</sup> September<br>2021 | (4)<br>Adjusted number of properties, after<br>discounts, exemptions etc. (see 1.2<br>below) | (5)<br>Factor | (6)<br>Band D<br>Equivalent |
|---------------------|--------------------|--|--|---------------|-----------------------------|
| <b>A (Disabled)</b> | £40,000            | 99   | 90   | 5/9           | 50                          |
| <b>A</b>            | £40,000            | 51,193   | 31,540   | 6/9           | 21,027                      |
| <b>B</b>            | £52,000            | 16,860   | 13,543   | 7/9           | 10,533                      |
| <b>C</b>            | £68,000            | 12,707   | 10,996   | 8/9           | 9,774                       |
| <b>D</b>            | £88,000            | 8,036  | 7,646  | 1             | 7,646                       |
| <b>E</b>            | £120,000           | 4,445  | 4,088  | 11/9          | 4,996                       |
| <b>F</b>            | £160,000           | 1,682  | 1,551  | 13/9          | 2,240                       |
| <b>G</b>            | £320,000           | 881  | 793  | 15/9          | 1,322                       |
| <b>H</b>            | over £320,000      | 56   | 43   | 18/9          | 86                          |
| <b>TOTAL</b>        |                    | <b>95,959</b>  | <b>70,290</b>  |               | <b>57,674</b>               |

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

1.2 The total number of properties at 95,959 on 13th September 2021 (column 3) compares to 95,207 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:

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 2022/23. The estimated collection rate used for 2022/23 is 97.5% (2021/22: 97%).

|  |               |
|--|---------------|
| <b>Properties at 13th September 2021</b>   | <b>95,959</b> |
| Forecast for net new growth (after demolitions)  | 598           |
| Forecast for exemptions  | (1,894)       |
| Forecast for adjustments relating to Single Person discounts, Local Council Tax Support, and Empty/other discounts | (24,373)      |
| <b>Net adjusted number of properties to be used in calculation of the Council Tax Base</b>                         | <b>70,290</b> |

1.4 Applying a 97.5% collection rate gives a 2022/23 statutory tax base calculation of 56,232 Band D equivalent properties (57,674 x97.5%).

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.