COUNCIL TAX SETTING COMMITTEE
14 JANUARY 2021

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL TAX BASE 2021/2022

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

NEW COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES

1. EXECUTIVE SUMMARY

1.1 To set the Council Tax Base for 2021/2022 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (the Regulations)

2. RECOMMENDATIONS

2.1 That the Committee is recommended to set a non-collection rate of 1% for 2021/2022.

2.2 That the Committee is recommended to set the Council Tax Base for 2021/2022 at 49,396.9 and that the individual sums shown in Appendix A for each Parish be agreed

3. REASONS FOR RECOMMENDATIONS

3.1 To fulfil the statutory requirement to set a Council Tax Base for the District and to enable Major and Local Precepting Authorities to set their levels of Council Tax for 2021/2022.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. None as this is a prescribed statutory process.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 Both the County Council and the Police & Crime Commissioner for Hertfordshire have been consulted on the proposal that there be no changes to the Council Tax Reduction Scheme for 2021/2022. There has been no formal response from either at the time of preparing this report. However, as there are no changes proposed, it will have no effect on the Tax Base.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

7.1 The Regulations require that a formal resolution be made to determine the Tax Base. The Regulations also require that this calculation is made between 1 December and 31 January. It cannot wait until the 'tax-setting' meeting in February because the result must be notified to the County Council, Police & Crime Commissioner for Hertfordshire and Local Councils by 31 January in each year. Each District Council is therefore required to present the calculation of the Tax Base for tax-setting at a Meeting during December or January.

8. RELEVANT CONSIDERATIONS

Council Tax Reduction Scheme

8.1 The amount of Council Tax Reduction awarded directly affects the Tax Base by reducing it by the equivalent number of Band D properties proportionate to the amount of expenditure. This is now established within the Council Tax Base.

The Calculation

8.2 Appendix B gives an illustrative example of the Council Tax Base calculation for Letchworth Garden City. This is replicated amongst all areas of the District to give a final total of 49,396.9, which is seen at Appendix A.

8.3 This is a decrease in the Council Tax Base of 582.7 compared with 2020/2021 or 1.17%.

8.4 This reduction is significantly due to the increase in Council Tax Reduction, which has increased by £927.5K or 13.3%. This is equates to a reduction of 350.7 in the tax base due to the increases in Council Tax Reduction.

8.5 In previous years an allowance has been made for properties expected to come into the list before the end of the financial year to which the tax base refers. This caused no problems until the last couple of years when property completions have been considerably less than expected.

This has caused problems particularly in parished areas where tax bases have had to be reduced because all of the property completions have not been forthcoming. Consequently, for this year and the foreseeable future it is suggested that potential property completions are ignored in the tax base calculation.

Non-Collection Rate

8.6 In setting its Council Tax Base, the Council has always had to decide on its expected level of non-collection. Since 1995/1996, the Council has assumed a non-collection rate of 1%.

8.7 It should be borne in mind when considering the non-collection rate that there are a number of factors, other than eventually non-collected payments, which will impact on the collection rate and these are as follows:

(i) The level of successful appeals against banding valuations

(ii) The impact of new properties coming into tax which may not be valued until the following year

(iii) The number of disablement applications, Discounts and Exemptions

(iv) The value of Council Tax Reduction Scheme awards

8.8 Any surplus (or deficit) on the Council Tax Collection Fund is split between the Major Precepting Authorities (the County Council, Hertfordshire Police and this Council) in proportion to the relative level of precept on the fund (approximately 76.6%,10.7%,12.7% County/Police/District in 2020/2021). The surplus can only be used to reduce (or increase in the case of a deficit) Council Tax bills in 2021/2022; but whereas the District proportion of the surplus reduces bills only in North Hertfordshire, the County and Police proportions are dissipated across the whole of Hertfordshire. The actual impact on bills will, therefore, depend not only upon the collection performance of this Council but of that of all other Hertfordshire authorities as well.

8.9 The collection performance in 2020/2021 is slightly lower than that of 2019/2020 (74.6% compared with 75.6% at the end of November 2019). Considering the collection problems associated with the COVID-19 pandemic, this represents a considerable achievement in maintaining collection rates at such a high level. Although the comparative collection rate is down by 1%, the value of instalments extended into February and March is 4.39% of the total collectable debit compared with 0.4% at the same time in 2019. This is a reflection on the assistance that has been given to customers in extending their instalments beyond the standard ten instalments ending in January each year.

8.10 In setting the non-collection figure, Members should be mindful that this is based on the ultimate expected collection rate and not the in-year collection rate. Ultimate collection rates remain high. Each previous financial year is now over 99.0% and for every year before 2017/2018 has now reached over 99.5%.

8.11 Analysis of the Council's collection performance shows that actual collection can expect to reach 99.5% within three to four years and 99.9% within ten years. On that basis, Officers are recommending that, even with the unusual circumstances this year, the non-collection rate should remain at 1% for 2021/2022.

9. LEGAL IMPLICATIONS

9.1 The terms of reference of this Committee are to set the Council Tax Base for the Council in accordance with the Regulations. In accordance with the Local Government Finance Act 1992 and related Statutory Instruments, the Authority is required to determine its Council Tax Base by no later than 31st January in the preceding financial year.

9.2 The formula to be used for the calculation of the Council Tax Base is set out in the Local Authority (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The content and timing of the supply of information from and to the Major Precepting Authorities and the Billing Authority is regulated by the Local Authority (Calculation of Council Tax Base) (Supply of Information) Regulations 1992.

10. FINANCIAL IMPLICATIONS

10.1 The Council Tax Base agreed will be used to determine the actual level of Council Tax levied by the Council at its meeting in February 2021.

10.2 Based on the current Band D Council Tax of £235.13, the Council Tax Base of 49,396.9 will result in projected income from Council Tax of £11,614,693, compared to £11,751,703 in 2020/2021, a reduction of £137,010. The Medium-Term Financial Strategy and draft budget however assumes that there will be an increase in the Council Tax rate in 2021/2022, which will increase the projected income from Council Tax.

11. RISK IMPLICATIONS

11.1 As explained at 8.9, any shortfall in the Collection Fund would have to be made up by the Major Precepting Authorities in proportion to the level of Precept, either directly or through increased Council Taxes in subsequent years.

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no direct equality implications arising from this report. Ensuring that the Council has sufficient income to deliver the services that residents rely on whilst keeping Council Tax Levels at an appropriate level is important. Those services may include those that have a protected characteristic so maintaining may be especially important in unprecedented times.

13. SOCIAL VALUE IMPLICATIONS

13.1 The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1. There are no Human Resource implications in this report

15. APPENDICES

15.1 Appendix A – Council Tax Base by Parish 2021/2022

15.2 Appendix B – Example of Council Tax Base calculation for Letchworth Garden City

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17. BACKGROUND PAPERS

17.1. None