

Report of:	Strategic Director of Finance Governance & Support – James Bromiley Executive Member for Finance & Governance – Councillor Chris Hobson
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Submitted to:	Executive, 20 December 2019
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Subject:	Calculation of Council Tax Base for 2020/2021
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Summary

Proposed decision(s)
<p>That the Executive notes the contents of the report.</p> <p>That the Executive endorses the council tax base for 2020/2021 as 34,319.</p> <p>That the Executive endorses 2,145 and 869 as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2020/2021.</p> <p>That the report is presented to Council on 15 January 2020, and that following approval the Police and Crime Commissioner, the Cleveland Fire Authority and the Parish Councils are notified of the 2020/2021 council tax base.</p>

Report for:	Key decision:	Confidential:	Is the report urgent?
Decision	Yes – over the financial threshold (£150,000) and affects more than two wards	No	No

Contribution to delivery of the 2019-22 Strategic Plan		
Business Imperatives	Physical Regeneration	Social Regeneration
The council tax base calculation contributes to the delivery of the 2019-22 Strategic Plan, and is a component of the Council's budget setting.		

Ward(s) affected
Specific council tax base calculations relate to the areas covering Nunthorpe and Stainton & Thornton parishes.

What is the purpose of this report?

1. To set the council tax base for the financial year 2020/2021 by the statutory deadline of 31 January 2020.

Why does this report require a Member decision?

2. The Council has a legal obligation to calculate a council tax base each financial year. The calculation of the council tax base is a part of the Council's budget strategy which forms part of the Council's Policy Framework, and as such must be agreed by Full Council.

Report Background

3. The starting point for the calculation of the 2020/2021 tax base is the number of dwellings on the Valuation List, provided by the Government's Valuation Office. The figures are also adjusted for exempt dwellings and for dwellings subject to disabled reduction.
4. The number of chargeable dwellings in each band is further adjusted for discounts, exemptions, premiums and council tax support.
5. The resultant figure (line 1 of Appendix A) is the total equivalent number of dwellings which are then converted using ratios (in line 2) into the number of Band D equivalents (line 3), specified in the 1992 Act. For 2020/2021, the equivalent number of Band D properties is calculated at **35,235.3**.
6. The council tax base is finally determined by multiplying the sum of the Band D equivalents by the Authority's estimated collection rate, which has been assumed at 97.4% for 2020/2021. This is the estimate of the percentage of the 2020/2021 Council Tax set which will be collected in total, not the expected in year collection rate in 2020/2021. The rate used is re-considered each year and the rate for 2020/21 is unchanged from that used for 2019/20. The resulting council tax base for 2020/2021 for the whole of Middlesbrough (Appendix A) is **34,319**, rounded to a whole number.
7. The regulations also require a council tax base to be calculated for parishes, and similar calculations have been made for the parishes of Nunthorpe (Appendix B) and Stainton & Thornton (Appendix C). The council tax bases for 2020/2021 are **2,145** and **869** respectively, rounded to whole numbers.
8. The billing authority must notify the major precepting authorities (Cleveland Police and Crime Commissioner and Cleveland Fire Authority) of its council tax base within seven days of making the calculation, or no later than 31st January 2020.

What decision(s) are being asked for?

9. That the Executive notes the contents of the report.
10. That the Executive endorses the council tax base for 2020/2021 as **34,319**.

11. That the Executive endorses **2,145** and **869** as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2020/2021.
12. That the report is presented to Council on 15 January 2020, and that following approval the Police and Crime Commissioner, the Cleveland Fire Authority and the Parish Councils are notified of the 2020/2021 council tax base.

Why is this being recommended?

13. The recommendations are supported by the following reasons: -
- a) The Local Government Finance Act 1992 requires a billing authority to calculate its council tax base for each financial year.
 - b) The method of calculation is specified in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which requires the calculation to be approved before 31st January in the year proceeding the relevant financial year.

Other potential decisions and why these have not been recommended

14. Not applicable to this report, as the Council has no option but to calculate a council tax base as it is a statutory requirement.

Impact(s) of recommended decision(s)

Legal

15. It is a statutory requirement under the Local Government Finance Act 1992 for billing authorities to calculate a council tax base.

Financial

16. A comparison with the 2019/2020 council tax base is summarised in the table below:

	2019/2020	2020/2021	% Increase / (Decrease)
Total Number of Dwellings after Discounts	41,829.4	42,668.5	2.0
Band D Equivalent	34,505.5	35,235.3	2.1
Council Tax Base	33,608	34,319	2.1

17. The table above demonstrates that there is an increase of 839.1 (2.0%) in the actual number of dwellings after discounts for council tax base purposes. This is a result of new house building over the period. The net increase in the council tax base is 711 (2.1%) band D equivalent properties. The growth in the council tax base is estimated to have reduced the need for budget reductions by approximately £1,170,000 in 2020/2021 and on an ongoing basis, based on the 2019/2020 Basic Council Tax.

Policy Framework

18. The calculation of the council tax base is a part of the Council's budget strategy which forms part of the Council's Policy Framework, and as such must be agreed by Full Council.

Equality and Diversity

19. Not applicable to this report.

Risk

20. The report ensures that the Council's meets its statutory duty to calculate a council tax base for each financial year.

Actions to be taken to implement the decision(s)

21. Following consideration and expected approval by Council on 15 January 2020 the Police and Crime Commissioner, the Cleveland Fire Authority and the Parish Councils will be notified of the 2020/2021 council tax base before the statutory deadline of 31 January 2020.

Appendices

- Appendix A – Calculation of the 2020/2021 Council Tax Base for Middlesbrough area (including parishes).
- Appendix B – Calculation of the 2020/2021 Council Tax Base for Nunthorpe Parish Council (included at Appendix A).
- Appendix C – Calculation of the 2020/2021 Council Tax Base for Stainton & Thornton Parish Council (included at Appendix A).

Background papers

No background papers were used in the preparation of this report.

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