

Report of:	Ian Wright - Director of Finance Councillor Chris Hobson - Executive Member for Finance & Governance
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Submitted to:	Executive - 22 December 2020
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Subject:	Calculation of Council Tax Base for 2021/2022
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Summary

Proposed decision(s)

That the Executive notes the contents of the report.

That the Executive endorses the council tax base for 2021/2022 as **34,484**.

That the Executive endorses **2,157** and **1,088** as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2021/2022.

That the report is presented to Council on 13 January 2021, and that following approval the Police and Crime Commissioner, the Cleveland Fire Authority and the Parish Councils are notified of the 2021/2022 council tax base.

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 2021-24 Strategic Plan

People	Place	Business
The council tax base calculation contributes to the delivery of the 2021-24 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 2021/2022 by the statutory deadline of 31 January 2021.

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 2021/2022 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 2021/2022, the equivalent number of Band D properties is calculated at **35,697.9**.
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 96.6% for 2021/2022. This is the estimate of the percentage of the 2021/2022 Council Tax set which will be collected in total, not the expected in year collection rate in 2021/2022. The rate used is re-considered each year and the rate of 96.6% used for 2021/2022 is a reduction from the 97.4% that was used for 2020/2021, to reflect reduced assumed collection rates resulting from the effects of Covid-19. The resulting council tax base for 2021/2022 for the whole of Middlesbrough (Appendix A) is **34,484**, rounded to a whole number.
7. Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of 4,313 Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of approximately 14.3%. The cumulative effect is approximately £7.6 million and reduces the need to make further annual savings within Council services by this amount.
8. 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 2021/2022 are **2,157** and **1,088** respectively, rounded to whole numbers.
9. 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 2021.

What decision(s) are being asked for?

10. That the Executive notes the contents of the report.
11. That the Executive endorses the council tax base for 2021/2022 as **34,484**.
12. That the Executive endorses **2,157** and **1,088** as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2021/2022.
13. That the report is presented to Council on 13 January 2021, and that following approval the Police and Crime Commissioner, the Cleveland Fire Authority and the Parish Councils are notified of the 2021/2022 council tax base.

Why is this being recommended?

14. 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

15. 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

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

Financial

17. A comparison with the 2020/2021 council tax base is summarised in the table below:

	2020/2021	2021/2022	% Increase / (Decrease)
Total Number of Dwellings after Discounts	42,668.5	43,236.5	1.3
Band D Equivalent	35,235.3	35,697.9	1.3
Council Tax Base	34,319	34,484	0.5

18. The table above demonstrates that there is an increase of 568 (1.3%) 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 165 (0.5%) band D equivalent properties after taking into account the reduced assumed collection rate for 2021/2022. The growth in the council tax base is estimated to have reduced the need for budget reductions by approximately £283,000 in 2021/2022 and on an ongoing basis, based on the 2020/2021 Basic Council Tax.

Policy Framework

19. 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

20. Not applicable to this report.

Risk

21. 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)

22. Following consideration and expected approval by Council on 13 January 2021 the Police and Crime Commissioner, the Cleveland Fire Authority and the Parish Councils will be notified of the 2021/2022 council tax base before the statutory deadline of 31 January 2021.

Appendices

- Appendix A – Calculation of the 2021/2022 Council Tax Base for Middlesbrough area (including parishes).
- Appendix B – Calculation of the 2021/2022 Council Tax Base for Nunthorpe Parish Council (included at Appendix A).
- Appendix C – Calculation of the 2021/2022 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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