

<b>Report to:</b>	<b>EXECUTIVE BOARD</b>
<b>Date:</b>	15 December 2021
<b>Executive Member:</b>	Councillor Oliver Ryan – Executive Member (Finance and Economic Growth)
<b>Reporting Officer:</b>	Ilys Cookson – Assistant Director (Exchequer Services)
<b>Subject:</b>	<b>COUNCIL TAX BASE 2022/2023</b>
<b>Report Summary:</b>	The law requires that the calculation of the Council Tax base for tax setting must be made between 1 December 2021 and 31 January 2022. The calculated Tax Base is used to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each dwelling. Failure to set the Council Tax Base for 2022/23 would prevent the Council from setting its budget for the 2022/23 financial year.
<b>Recommendations:</b>	<p>That Executive Cabinet be recommended to agree that pursuant to the figures set out in the report of the Assistant Director of Exchequer Services, and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012</p> <ol style="list-style-type: none"> <li>1. the amount calculated by Tameside Metropolitan Borough Council as its Council Tax base for the year 2022/2023 shall be 63,306.0</li> <li>2. the amount calculated by Tameside Metropolitan Borough Council as the tax base for the Town Council of Mossley for the year 2022/2023 shall be 3,434.3</li> </ol>
<b>Corporate Plan:</b>	The setting of the Council Tax base underpins each of the Corporate Plan themes as the calculation contributes to Council budget income requirements to fund vital services to all sectors of the community.
<b>Policy Implications:</b>	The law requires that the calculation of the Council Tax base for tax setting must be made between 1 December 2021 and 31 January 2022.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>The Council Tax Base calculation is a key part of the annual budget cycle. The Calculated Tax Base is used to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each dwelling. Failure to set the Council Tax Base for 2022/23 would prevent the Council from setting its budget for the 2022/23 financial year.</p> <p>In December 2020, for the 2021/22 financial year, the tax base for Tameside was based on 63,756.1 band D equivalent properties, with an estimated collection rate of 97% resulting in a Council Tax base of 61,843.4. This was a significant reduction in the tax base when compared to that set in December 2019 for the 2020/21 financial year. The reduction was due to a combination of a 1% reduction in the assumed collection rate, and an increase in exemptions and discounts, all attributed to the impact of Covid-19.</p>

For the 2022/23 tax base, the assumed collection rate is to be retained at 97% reflecting the current 6 year cumulative collection rate. However, there has been a significant increase in the tax base due to new properties in the Tameside area, and a reduction in the level of discounts and exemptions which reduced the tax base in the previous year. For 2022/23 this report is proposing a tax base of 63,306.0 based on 65,263.9 band D equivalent properties and a collection rate of 97%. This is an increase in the tax base for Council Tax setting, and should enable the Council to yield additional income from Council Tax to support the revenue budget.

**Legal Implications:  
(Authorised by the  
Borough Solicitor)**

The legal implications with regard to the requirements of the Local Government Finance Act 1992 which sets the requirements for the setting of council tax and the preparation of annual returns are set out in the main body of the report.

**Risk Management:**

Every effort has been made to ensure information used is as accurate as possible to ensure that the calculation is as accurate as possible.

**Background Information:**

The background papers relating to this report can be inspected by contacting Tracey Watkin



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## **1 INTRODUCTION**

- 1.1 A billing authority is required to calculate the council tax base for its area and notify the figure to the major precepting authorities in the period 1 December to 31 January in the preceding financial year in England.

## **2 THE CALCULATION**

- 2.1 The Local Government Finance Act 1992 requires a billing authority to calculate the basic amount of its council tax by calculating its budget requirement less any grants divided by its tax base.
- 2.2 The tax base is calculated by multiplying its best estimate of the number of Band D equivalent properties by its estimate of the collection rate for that year. The first stage of the calculation is to calculate the tax base as it currently is.
- 2.3 The Council is required to provide details of its current tax base in an annual return (the 'CTB1) to the Department for Levelling Up, Housing and Communities (DLUHC) which is completed in October of each year. For the 2021 return, specified that the number of properties on the valuation list as at 04 October 2021 should be used. The valuation list is compiled and maintained by the independent Valuation Office Agency and is used as the basis of the calculation for the tax base for Council Tax setting.
- 2.4 The CTB1 return deducts all the various reliefs that are currently awarded, which result in the full council tax charge being reduced. This means that we calculate the current numbers of exempt properties, those subject to disabled relief and all properties which are subject to a single person discount.
- 2.5 Currently properties which remain empty for more than 2 years are required to pay an additional 50% Council Tax, and this is reflected in the calculation of the tax base.
- 2.6 The Executive Cabinet considered a proposal in February 2019 to increase the charges for properties that are empty for more than 2 years in accordance with new legislation contained in Section 11B of the Local Government Finance Act 1992 amended by Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. The increase in charge for Council Tax will be determined by the length of time that the property has remained empty. This was agreed by Executive Cabinet, and took effect from 1 April 2019.
- 2.7 Awards under the Council Tax Support Scheme are a Council Tax discount and therefore affect the tax base. The tax base calculation includes an allowance for the number of awards under the Council Tax Support Scheme and converts this cost into an equivalent reduction in the number of band D properties.
- 2.8 The October 2021 tax base calculation includes a reduction of 1,466 band D equivalent properties due to the Council Tax Support (CTS) scheme, this is significantly lower than previous years and is due to the Council Tax Discretionary Scheme introduced to support Council Tax payers during the Covid-19 pandemic. There is also an increase in new properties since October 2020 of 467 which was higher than the October 2020 forecast of 254. For the period October 2020 to March 2021, the forecast number of new properties in Tameside is 487.
- 2.9 All reliefs, discounts, exemptions and Council Tax Support are included in the Council Tax Base return (the 'CTB1) to DLUHC in October of each year. A copy of the CTB 1 for October 2021 is included at Appendix 1.

- 2.10 To calculate the forecast tax base for the 2022/23 financial year, further adjustments are made to the figures in the CTB1 to reflect additions to the tax base due to new build and unbanded properties.
- 2.11 An adjustment is made to the tax base for forecast new buildings. These are properties, which are currently under construction, but not yet in the valuation list. The estimated new build properties for the next 18 months are reduced in comparison to previous years, which may possibly be attributed to the COVID pandemic and the construction industry being affected by lockdown. An estimate is made of the likely Council Tax band they will be classified in, and the date they are likely to be occupied and therefore subject to council tax.
- 2.12 A further adjustment is made for un-banded properties. These are new properties, which have been completed but have not yet been included in the valuation list. Again an estimate of the likely valuation band is made. All of the adjustments are totalled and added to the current tax base in order to give the best estimate for the forthcoming financial year.
- 2.13 A final adjustment to the tax base is made in respect of the assumed cumulative collection rate. The cumulative collection rate reflects the level of Council Tax income that is forecast to be collected over the medium term (a 5-6 year period) and this is different to the in-year collection rate. Prior to 2020 (and the 2021/22 Tax Base) the cumulative collection rate had been set at 98% reflecting historical performance on collection.
- 2.14 During 2020, as a result of the COVID-19 pandemic, there was a significant reduction in the in-year collection rate for Council Tax, and the six year cumulative collection rate reduced to 97%. The assumed collection rate for the Council Tax Base was reduced to 97% for the 2021/22 Council Tax Base. The economic impacts of COVID-19 mean that these reduced collection rates are expected to continue into 2022/23 and will have an impact on the medium term collection rate. For 2022/23 the assumed collection rate is therefore unchanged from last year at 97%.

### **3 THE TAX BASE CALCULATIONS**

- 3.1 **Appendix 1** is a copy of the CTB1 return for Tameside as submitted to DHLUC in October 2021. **Appendix 2** is a CTB1 equivalent for the Mossley parish area (this is not required to be submitted to DHLUC).
- 3.2 **Appendix 3** provides a summary of the calculation of the tax base for Tameside for the 2022/23 financial year. **Appendix 4** provides a summary of the calculation of the tax base for Mossley for the 2022/23 financial year.

### **4 RESOURCE IMPLICATIONS**

- 4.1 The Calculated Tax Base is used to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each band D equivalent dwelling.

### **5 SUMMARY**

- 5.1 The calculation of the authority tax base for Council Tax setting purposes gives an estimated Band D equivalent of 65,263.9 properties. There are no Ministry of Defence properties in Tameside. An estimated collection rate of 97% gives a Council Tax base of 63,306.0.
- 5.2 The calculation of the Mossley Parish tax base for Council Tax setting purposes gives an estimated Band D equivalent of 3,540.5 properties. There are no Ministry of Defence

properties in Mossley. An estimated collection rate of 97% gives a Council Tax base of 3,434.3.

## **6 RECOMMENDATIONS**

6.1 As stated at the front of this report.