

Report to:	EXECUTIVE CABINET
Date:	27 January 2021
Executive Member:	Councillor Oliver Ryan – Executive Member (Finance and Economic Growth)
Reporting Officer:	Ilys Cookson – Assistant Director (Exchequer Services)
Subject:	COUNCIL TAX BASE 2021/2022
Report Summary:	The law requires that the calculation of the Council Tax base for tax setting must be made between 1 December 2020 and 31 January 2021. 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 2021/22 would prevent the Council from setting its budget for the 2021/22 financial year.
Recommendations:	<p>It is recommended 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"> 1. the amount calculated by Tameside Metropolitan Borough Council as its Council Tax base for the year 2021/2022 shall be 61,843.4 2. the amount calculated by Tameside Metropolitan Borough Council as the tax base for the Town Council of Mossley for the year 2021/2022 shall be 3,338.3
Corporate Plan:	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.
Policy Implications:	The law requires that the calculation of the Council Tax base for tax setting must be made between 1 December 2020 and 31 January 2021.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<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 2021/22 would prevent the Council from setting its budget for the 2021/22 financial year.</p> <p>In December 2019, for the 2020/21 financial year, the tax base for Tameside was based on 64,599.9 band D equivalent properties, with an estimated collection rate of 98% resulting in a Council Tax base of 63,307.9. The Council's Medium Term Financial Plan has previously assumed that the Council Tax base will increase each year by approximately 250 band D equivalent properties as result of new build properties in the area. For 2021/22 this report is proposing a tax base of 61,843.4 based on 63,756.1 band D equivalent properties and a collection rate of 97%. This is a</p>

significant reduction in the tax base for Council Tax setting and will significantly reduce the amount of Council Tax income available to fund the revenue budget in 2021/22.

This significant reduction in the tax base for 2021/22 is due to a combination of additional exemptions and reductions, and the change to the assumed medium term collection rate.

The total number of band D equivalent properties after exemptions and discounts has been reduced by an increase in exemptions due to probate, and a significant increase in the number of Council Tax Support claimants. Both these changes are considered to be due to the impacts of COVID-19. The increase in exemptions due to probate is hopefully only temporary, but if Council Tax support figures increase further during 2021/22 then there is a risk that the amount of Council Tax income available to the Council will be further reduced.

The assumed collection rate has been reduced from 98% to 97% due to collection performance during 2020 being significantly reduced as a result of the impact of the COVID-19 pandemic on the economy and employment. It is assumed that the impacts will continue to be felt into 2021/22. If medium term collection rates are impacted even further then there is a risk that the levels of Council Tax collected will reduce, resulting in future deficits on the collection fund.

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

The Local Government Finance Act 1992 requires a billing authority to calculate the Council Tax base for tax setting between the 1 December 2019 and 31 January 2020.

The 1992 Act sets out the process for calculating the council tax base which is 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 the Report Writer, Tracey Watkin by:



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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 Ministry of Housing, Communities and Local Government (MHCLG) which is completed in October of each year. For the 2020 return, MHCLG specified that the number of properties on the valuation list as at 14 September 2020 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. Between October 2019 and October 2020 there has been a 7% increase in exempt properties, largely due to a significant increase in 'Class F' exemptions, where a property is unoccupied awaiting probate.
- 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 2020 tax base calculation includes a reduction of 12,925 band D equivalent properties due to the Council Tax Support (CTS) scheme, which is equivalent to Council Tax foregone of £16.542m in 2020/21. This is a significant increase in the number of CTS claimants compared to October 2019 when the equivalent figures were a reduction of 11,695 properties and Council Tax forgone of £14.320m in 2019/20. This increase is attributed to the impact of the COVID-19 pandemic on the economy and employment, and there is a risk that this may increase further during 2021.
- 2.9 All reliefs, discounts, exemptions and Council Tax Support are included in the Council Tax Base return (the 'CTB1') to MHCLG in October of each year. A copy of the CTB 1 for October 2020 is included at Appendix 3.

- 2.10 To calculate the forecast tax base for the 2021/22 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. In previous years, the cumulative collection rate has been set at 98% reflecting historical performance on collection.
- 2.14 During 2020, as a result of the COVID-19 pandemic, there has been a significant reduction in the in-year collection rate for Council Tax. The economic impacts of COVID-19 mean that these reduced collection rates are expected to continue into 2021/22 and will have an impact on the medium term collection rate. In 2021/2022 the assumed collection rate is therefore forecast to be 97%.

3 THE TAX BASE CALCULATIONS

- 3.1 **Appendix 1** provides a summary of the calculation of the tax base for Tameside for the 2021/22 financial year. **Appendix 2** provides a summary of the calculation of the tax base for Mossley for the 2021/22 financial year.
- 3.2 **Appendix 3** is a copy of the CTB1 return for Tameside as submitted to MHCLG in October 2020. **Appendix 4** is a CTB1 equivalent for the Mossley parish area (this is not required to be submitted to MHCLG).

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 63,756.1 properties. There are no Ministry of Defence properties in Tameside. An estimated collection rate of 97% gives a Council Tax base of 61,843.4.
- 5.2 The calculation of the Mossley Parish tax base for Council Tax setting purposes gives an estimated Band D equivalent of 3,441.5 properties. There are no Ministry of Defence properties in Mossley. An estimated collection rate of 97% gives a Council Tax base of 3,338.3.

6 RECOMMENDATIONS

6.1 As stated at the front of this report.

APPENDIX 3

Copy of the Council Tax Base return (CTB1) to MHCLG in October 2020

CTB(October 2020) form for Tameside

Completed forms should be received by MHCLG by Friday 16 October 2020

Dwellings shown on the Valuation List for the authority on Monday 14 September 2020	Band A entitled to disabled relief reduction COLUMN 1	Band A COLUMN 2	Band B COLUMN 3	Band C COLUMN 4	Band D COLUMN 5	Band E COLUMN 6	Band F COLUMN 7	Band G COLUMN 8	Band H COLUMN 9	TOTAL COLUMN 10
Part 1										
1. Total number of dwellings on the Valuation List		52,586	19,099	19,676	6,891	3,798	924	425	42	103,441.0
2. Number of dwellings on valuation list exempt on 5 October 2020 (Class B & D to W exemptions)		1,140	297	260	67	51	6	3	1	1,825.0
3. Number of demolished dwellings and dwellings outside area of authority on 5 October 2020 (please see notes)		0	0	0	0	0	0	0	0	0.0
4. Number of chargeable dwellings on 5 October 2020 (treating demolished dwellings etc as exempt) (lines 1-2-3)		51,446	18,802	19,416	6,824	3,747	918	422	41	101,616.0
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 5 October 2020		93	76	114	44	47	14	10	21	419.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	93	76	114	44	47	14	10	21		419.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6 or in the case of column 1, line 6)	93	51,429	18,840	19,346	6,827	3,714	914	433	20	101,616.0
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 5 October 2020	26	24,565	6,374	5,147	1,277	528	123	61	1	38,102.0
9. Number of dwellings in line 7 entitled to a 25% discount on 5 October 2020 due to all but one resident being disregarded for council tax purposes	0	465	198	211	80	44	12	8	0	1,018.0
10. Number of dwellings in line 7 entitled to a 50% discount on 5 October 2020 due to all residents being disregarded for council tax purposes	0	29	13	17	23	14	7	27	2	132.0

11. Number of dwellings in line 7 classed as second homes on 5 October 2020 (b/fwd from Flex Empty tab)		63	34	24	9	4	3	2	0	139.0
12. Number of dwellings in line 7 classed as empty and receiving a zero% discount on 5 October 2020 (b/fwd from Flex Empty tab)		726	258	150	44	23	4	4	1	1,210.0
13. Number of dwellings in line 7 classed as empty and receiving a discount on 5 October 2020 and not shown in line 12 (b/fwd from Flex Empty tab)		0	0	0	0	0	0	0	0	0.0
14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 5 October 2020 (b/fwd from Flex Empty tab)		204	36	28	8	4	6	3	0	289.0
15. Total number of dwellings in line 7 classed as empty on 5 October 2020 (lines 12, 13 & 14).		930	294	178	52	27	10	7	1	1,499.0
16. Number of dwellings that are classed as empty on 5 October 2020 and have been for more than 6 months. NB These properties should have already been included in line 15 above.		612	178	119	40	17	9	6	1	982.0
16a. The number of dwellings included in line 16 above which are empty on 5 October 2020 because of the flooding that occurred between 1 December 2015 and 31 March 2016 and are only empty because of the flooding.		0	0	0	0	0	0	0	0	0.0
16b. The number of dwellings included in line 16 above which are empty on 5 October 2020 because of the flooding that occurred between November 2019 and February 2020 and are only empty because of the flooding.		0	0	0	0	0	0	0	0	0.0
17. Number of dwellings that are classed as empty on 5 October 2020 and have been for more than 6 months and are eligible to be treated under empty homes discount class D (formerly Class A exemptions). NB These properties should have already been included in line 15 above. Do NOT include any dwellings included in line 16a above.		0	0	0	0	0	0	0	0	0.0
18. Number of dwellings that are classed as empty and have been empty for more than 6 months excluding those that are subject to empty homes discount class D or empty due to flooding (Line 16 - line 16a - line 16b - line 17) (equivalent to Line 18 in previous forms).		612	178	119	40	17	9	6	1	982.0

APPENDIX 4

October 2020 Council Tax Base actuals for Mossley (CTB1 equivalent)

CTB(October 2019) form for Tameside

Completed forms should be received by MHCLG by Friday 11 October 2019

Dwellings shown on the Valuation List for the authority on Monday 9 September 2019	Band A entitled to disabled relief reduction COLUMN 1	Band A COLUMN 2	Band B COLUMN 3	Band C COLUMN 4	Band D COLUMN 5	Band E COLUMN 6	Band F COLUMN 7	Band G COLUMN 8	Band H COLUMN 9	TOTAL COLUMN 10
Part 1										
1. Total number of dwellings on the Valuation List		2,796	894	1,017	419	183	53	14	1	5,377.0
2. Number of dwellings on valuation list exempt on 7 October 2019 (Class B & D to W exemptions)		52	9	13	2	0	0	0	0	76.0
3. Number of demolished dwellings and dwellings outside area of authority on 7 October 2019 (please see notes)		0	0	0	0	0	0	0	0	0.0
4. Number of chargeable dwellings on 7 October 2019 (treating demolished dwellings etc as exempt) (lines 1-2-3)		2,744	885	1,004	417	183	53	14	1	5,301.0
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 7 October 2019		4	2	6	3	0	0	0	1	16.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	4	2	6	3	0	0	0	1		16.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6 or in the case of column 1, line 6)	4	2,742	889	1,001	414	183	53	15	0	5,301.0
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 7 October 2019	1	1,358	307	276	64	20	2	3	0	2,031.0
9. Number of dwellings in line 7 entitled to a 25% discount on 7 October 2019 due to all but one resident being disregarded for council tax purposes	0	21	15	7	7	2	0	0	0	52.0
10. Number of dwellings in line 7 entitled to a 50% discount on 7 October 2019 due to all residents being disregarded for council tax purposes	0	0	2	1	0	0	0	1	0	4.0

11. Number of dwellings in line 7 classed as second homes on 7 October 2019 (b/fwd from Flex Empty tab)		5	4	0	1	0	0	0	0	10.0
12. Number of dwellings in line 7 classed as empty and receiving a zero% discount on 7 October 2019 (b/fwd from Flex Empty tab)		46	14	8	2	0	0	0	0	70.0
13. Number of dwellings in line 7 classed as empty and receiving a discount on 7 October 2019 and not shown in line 12 (b/fwd from Flex Empty tab)		0	0	0	0	0	0	0	0	0.0
14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 7 October 2019 (b/fwd from Flex Empty tab)		8	3	2	0	0	0	2	0	15.0
15. Total number of dwellings in line 7 classed as empty on 7 October 2019 (lines 12, 13 & 14).		54	17	10	2	0	0	2	0	85.0
16. Number of dwellings that are classed as empty on 7 October 2019 and have been for more than 6 months. NB These properties should have already been included in line 15 above.		32	8	6	2	0	0	2	0	50.0
16a. The number of dwellings included in line 16 above which are empty on 7 October 2019 because of the flooding that occurred between 1 December 2013 and 31 March 2014 and are only empty because of the flooding.		0	0	0	0	0	0	0	0	0.0
16b. The number of dwellings included in line 16 above which are empty on 7 October 2019 because of the flooding that occurred between 1 December 2015 and 31 March 2016 and are only empty because of the flooding.		0	0	0	0	0	0	0	0	0.0
17. Number of dwellings that are classed as empty on 7 October 2019 and have been for more than 6 months and fall to be treated under empty homes discount class D (formerly Class A exemptions). NB These properties should have already been included in line 15 above. Do NOT include any dwellings included in line 16a and 16b above.		0	0	0	0	0	0	0	0	0.0
18 Line 16 - line 16a - line 16b - line 17. This is the equivalent of line 18 on the CTB(October 2018) and will be used in the calculation of the New Homes Bonus.		32	8	6	2	0	0	2	0	50.0

