

ITEM NO. 14

REPORT TO THE COUNCIL MEETING OF 13 DECEMBER 2021

Meeting: Council
Date: 13 December 2021
Subject: Council Tax Base 2022/23
Report of: Carolyn Bland, Finance Services Manager
Portfolio Holder: Councillor J Hallam
Status: Decision
Relevant Ward(s): All

1 Purpose Report

1.1 To set the Council Tax base for the Council Tax in 2022/23.

1.2 In association with fixing the Council Tax base, to recommend to the Council the non-collection allowance (in percentage terms) to be made in 2022/23.

2 Recommendations:

2.1 It is recommended that:-

(i) the calculation of the Council Tax base for the year 2022/23 be approved;

(ii) in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012 SI 2012/2914, the amount calculated by Harborough District Council as its Council Tax base for the year 2022/23 shall be 37,389.35 and

(iii) the Council Tax base for individual Parishes for 2022/23 be calculated in accordance with the same principles as the Council's overall Council Tax Base as detailed in Appendix A.

3 Summary of Reasons for the Recommendations

3.1 To set the Council's tax base for 2022/23.

4 Impact on Communities

- 4.1 The tax base for each Parish Council and Parish Meeting affects the amount of Council Tax for each chargeable property

5 Key Facts

Fixing the Council Tax Base

- 5.1 The Local Government Finance Act 1992, as amended, requires the Council to fix the Council Tax base for 2022/23 between 1 December 2021 and 31 January 2022.
- 5.2 The calculation has been prepared in accordance with the Regulations 'Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI: 2012/2914)' which came into force on 30 November 2012, to enable local authorities to calculate the tax base for the financial year 2022/23.
- 5.3 The Council Tax Base is defined as the number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its council tax, and when central government calculates allocations of formula grant.
- 5.4 It is calculated by adding together the "relevant amounts" (the number of dwellings) for each valuation band, then multiplying the result by the Council's estimate of its collection rate for the year.
- 5.5 There is an overall increase in the council tax base for 2022/23, although some individual parishes tax base have decreased.
- 5.6 **Appendix A** shows the actual number of Band D equivalent properties on the Council Tax database as at the 30 November 2021 for each Parish and Special Expense area. These properties are adjusted for the following known facts:
- Addition of Empty Homes Premium
 - Removal of Second Homes Discount
 - Numbers of properties expected to be completed by March 2022.
- 5.7 The 2022/23 tax base calculation also takes into account changes to the current Class C and Class A council tax exemptions.
- 5.8 The tax base figures for 2022/23 are based on the number of dwellings within each band to be notified by the Listing Officer by 1 December 2021, hence the earliest date the Council can fix the tax base is 1 December 2021. District Councils must notify the tax base for their district to the County Council, the Police Authority and the Fire Authority by 31 January 2022. A tax base must be produced, not only for the District as a whole, but also for each parish and the unparished area of Market Harborough. Parishes will be informed of their

Council Tax base in accordance with Regulation 4 of the Local Authorities (Calculation of Council Tax Base) (Supply of Information) Regulations 1992.

- 5.9 The annual tax base is also used by Parish Councils and Parish Meetings to calculate their parish precepts. For 2022/23 the setting of the tax base in December allows Parish meetings to set their precepts in January and to notify the Council in time for formulating the Council Tax resolution in February.

Deductions from the Tax Base for Irrecoverables

- 5.12 The regulations require that the Council estimates its collection rate for the financial year. This is the Council's estimate of the total amount in respect of its Council Tax for the year payable into its Collection Fund and transferable between its General and Collection Fund, and which it estimates will ultimately be paid or transferred. In previous years the Council has made a 1% allowance for "irrecoverable" debt.

- 5.13 Over the past 3-years the Collection Rate has been:

- 2020/21; 97.6%
- 2019/20; 98.4%.
- 2018/19; 98.6%.

- 5.14 When setting the 2021/22 council tax base, due to the Coronavirus Pandemic the irrecoverable rates were increased to 2%. It is considered prudent that the Council recognised a more pessimistic irrecoverable rate than has been applied in the past.

The Budget Principles report, agreed at Cabinet on 1 November 2021 noted the following:

"Budget Principle (11)

Council Tax Base:

Subject to modelling, an irrecoverable rate of 2% is applied when the Council Tax Base is calculated prior to budget setting. "

- 5.16 Although the consequence of agreeing a higher irrecoverable rate is that the Council Tax Requirement is proportionally lower, and any resulting budget gap would have to be financed from reserves; this is a rightfully prudent approach as it allows the Council to mitigate the risk:

- of under achievement in housing growth if development is lower than expected,
- the potential for slower economic recovery due to the Covid-19 pandemic,
- but conversely will allow the Council to financially benefit more quickly if both housing development and the local economy respond recover quicker than anticipated.

5.17 Considering the above, it is proposed that the Council again adopts an irrecoverable rate of 2% for the 2022/23 Council Tax Base. The adjusted figures for each Parish and Special Expense area are set out in **Appendix A**. The respective Council Tax base for each Parish and Special Expense area is used as a basis for charging Special Expenses and Parish Precepts to the Council Tax payers of the appropriate parts of the District.

6 Legal Issues

6.1 The Council must set a tax base by 31 January of each year, based on data at 1 December of each year. This tax base must be notified to each major preceptor by 31 January.

7 Resource Issues

7.1 The Council's tax base impacts the amount of Council Tax.

8 Equality Implications

8.1 None arising directly out of this report.

9 Impact on the Organisation

9.1 None arising directly out of this report

10 Community Safety Implications

10.1 None arising directly out of this report

11. Carbon Management Implications

11.1 None arising directly out of this report

12. Risk Management Implications

12.1 None arising directly out of this report

13 Consultation

13.1 Not applicable, this is a statutory calculation.

14 Options Considered

14.1 Not applicable

15 Background Papers

15.1 Not applicable

Previous report(s):

Information Issued Under Sensitive Issue Procedure: No

Ward Members Notified: Not applicable

Appendices: A. Council Tax Base