

CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES

Cabinet - 14 January 2021

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Decision

Also considered by: Council - 23 February 2021

Key Decision: No

Executive Summary: This report sets out details of the calculation of the District's tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council's budget requirement is known. The report also advises Members of the timetable for setting the 2021/22 council tax.

This reports support the Key Aim of: efficient management of the Council's resources.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Roy Parsons, Ext. 7204

Recommendation to Cabinet:

That it be recommended to Council that:

- (a) the report of the Deputy Chief Executive and Chief Officer - Finance & Trading for the calculation of the Council's tax base for the year 2021/22 be approved;
- (b) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2021/22 shall be 50,876.85;
- (c) pursuant to the report of the Deputy Chief Executive and Chief Officer - Finance & Trading and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2021/22 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,426.35
Badgers Mount	328.16
Brasted	775.49
Chevening	1,445.79
Chiddingstone	602.21
Cowden	442.50
Crockenhill	654.75
Dunton Green	1,329.09
Edenbridge	3,730.15
Eynsford	944.94
Farningham	661.54
Fawkham	289.59
Halstead	767.03
Hartley	2,532.03
Hever	618.74
Hextable	1,677.33
Horton Kirby & South Darent	1,276.35
Kemsing	1,825.81
Knockholt	633.11
Leigh	945.82
Otford	1,723.77
Penshurst	826.26
Riverhead	1,246.83
Seal	1,298.29
Sevenoaks Town	9,648.91
Sevenoaks Weald	611.46
Shoreham	686.73
Sundridge	928.01
Swanley	5,640.98
Westerham	2,037.57
West Kingsdown	2,321.26

- (d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

Recommendation to Council: That the various calculations detailed above be approved.

Reason for recommendation: As part of the tax setting process for 2021/22, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

Introduction and Background

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax. The amounts payable in the other bands are expressed as a proportion of the band D figure and these are shown in Appendix A.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Ministry of Housing Communities & Local Government (MHCLG). This is based on the valuation list as at 14 September 2020 and occupancy information at 5 October 2020. The tax base for tax setting purposes is based on information available in December 2020. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2021/22. These factors include:-
 - An allowance for changes in the amount of disabled relief
 - An allowance for changes in the number of exempt properties
 - An estimate of the number of new properties liable to council tax
 - An estimate of the number of properties ceasing to be liable to council tax
 - An allowance for changes in the number of single person discounts
 - An allowance for changes in the level of Council Tax Reduction Scheme payments
 - An allowance for the effect of appeals by taxpayers on the banding of their properties

- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built. However, due to the effect of the COVID-19 pandemic, there has been a significant increase in the amount of Council Tax Reduction Scheme payments to individual taxpayers and this is expected to continue into 2021/22. It is also prudent to reconsider the level of the non-collection allowance and this is addressed in the following paragraphs.

Detailed Tax Base Calculations

- 6 The current year's tax base calculation assumes a 99.4% collection rate, which also allows for some movement in the items mentioned in Paragraphs 4 & 5. Having assessed previous years' collection rates plus the likely effect of the COVID-19 pandemic on current and forthcoming financial years' collection rates, it is considered wise to reduce the assumed collection rate to 98.4% for 2021/22.
- 7 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1 December 2020 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2020/21 appear in column 5.

<u>(1)</u> Parish	<u>(2)</u> Band D Equivalents	<u>(3)</u> Collection Rate Multipliers	<u>(4)</u> Tax base 2021/22	<u>(5)</u> Tax base 2020/21
Ash-cum-Ridley	2,465.80	0.984	2,426.35	2,459.75
Badgers Mount	333.50	0.984	328.16	334.98
Brasted	788.10	0.984	775.49	778.10
Chevening	1,469.30	0.984	1,445.79	1,456.01
Chiddingstone	612.00	0.984	602.21	604.75
Cowden	449.70	0.984	442.50	449.88
Crockenhill	665.40	0.984	654.75	659.12
Dunton Green	1,350.70	0.984	1,329.09	1,321.92
Edenbridge	3,790.80	0.984	3,730.15	3,697.28
Eynsford	960.30	0.984	944.94	948.87
Farningham	672.30	0.984	661.54	666.28
Fawkham	294.30	0.984	289.59	292.04
Halstead	779.50	0.984	767.03	778.40

Hartley	2,573.20	0.984	2,532.03	2,556.57
Hever	628.80	0.984	618.74	620.75
Hextable	1,704.60	0.984	1,677.33	1,698.15
Horton Kirby & South Darent	1,297.10	0.984	1,276.35	1,302.24
Kemsing	1,855.50	0.984	1,825.81	1,853.31
Knockholt	643.40	0.984	633.11	634.27
Leigh	961.20	0.984	945.82	961.50
Otford	1,751.80	0.984	1,723.77	1,720.71
Penshurst	839.70	0.984	826.26	837.74
Riverhead	1,267.10	0.984	1,246.83	1,247.77
Seal	1,319.40	0.984	1,298.29	1,303.53
Sevenoaks Town	9,805.80	0.984	9,648.91	9,690.61
Sevenoaks Weald	621.40	0.984	611.46	617.77
Shoreham	697.90	0.984	686.73	683.97
Sundridge	943.10	0.984	928.01	937.54
Swanley	5,732.70	0.984	5,640.98	5,663.91
Westerham	2,070.70	0.984	2,037.57	2,066.03
West Kingsdown	2,359.00	0.984	2,321.26	2,364.13
TOTALS	51,704.10		50,876.85	51,207.88

- 8 It should be noted that the overall tax base for the District will fall from 51,207.88 for 2020/21 to 50,876.85 for 2021/22. With a few exceptions, reductions are also seen in the Town & Parish tax bases. This will mean that either band D taxes will be higher than they would otherwise have been, or precepts will have to be reduced to achieve the desired band D council tax.
- 9 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

Timetable for Setting the Tax

- 10 The County Council, Police & Crime Commissioner and Fire and Rescue Service have advised me of their budget meeting dates for 2021/22:
- County Council - 11 February 2021
 - Police & Crime Commissioner - 4 February 2021

- Fire & Rescue Service - 23 February 2021 (to be confirmed)

- 11 The council tax for the Sevenoaks area cannot be set before the County, Police and Fire precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in Appendix B.
- 12 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15 January 2021 or the first working day after this, for the year ending 31 March 2021.
- 13 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2021/22.
- 14 As a result of the COVID-19 pandemic, the rules have changed regarding recovery of an estimated deficit on the collection fund in relation to the year 2020/21. In simple terms, rather than the full amount of an estimated deficit being taken into account by the billing and precepting authorities in the year ending 31 March 2022, it will be spread equally over the coming three financial years. This has been designed to reduce the effect on an authority's General Fund. The rules do not apply to an estimated surplus, the full amount of which will be taken into account by the billing and precepting authorities in the year ending 31 March 2022.
- 15 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2020/21. Payment is to be made during 2021/22 on the same dates as precept payments.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement

Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from the billing and major precepting authorities in the following year.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2021/22 council tax.

Appendices

Appendix A - Council tax valuation bands

Appendix B - Key dates in the council tax setting process

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading