

**Meeting:** Council

**Date:** 3 December 2020

**Wards Affected:** All Wards

**Report Title:** Council Tax Base 2021/22

**Is the decision a key decision?** Yes

**When does the decision need to be implemented?**

**Executive Lead Contact Details:** Councillor Darren Cowell, Cabinet Member for Finance, [Darren.Cowell@torbay.gov.uk](mailto:Darren.Cowell@torbay.gov.uk)

**Supporting Officer Contact Details:** Martin Phillips, Chief Finance Officer, 01803 207285, [Martin.Phillips@torbay.gov.uk](mailto:Martin.Phillips@torbay.gov.uk)

---

## **1. Purpose of Report**

- 1.1 The Council is required to determine its Tax Base for Council Tax purposes for 2021/22 during the period 1 December 2020 to 31 January 2021 and the level of Council Tax subsequently set must use this base figure. A Tax Base calculation is provided in Appendix 1 for an appropriate decision to be made.
- 1.2 The Council, as a billing authority, is required to calculate a separate Tax Base for the Brixham Town Council area. A Tax Base calculation for the area is provided in Appendix 2 for an appropriate decision to be made.

## **2. Reason for Proposal and its benefits**

- 2.1 The calculation of the Council Tax Base for both Torbay and Brixham Town Council is a statutory requirement in the budget setting process.

For more detailed information on this proposal please refer to the supporting information.

---

## **3. Recommendation(s) / Proposed Decision**

- 3.1 **To increase the Council Tax (Long Term) Empty Homes Premium for those properties that have been empty for more than 10 years from 200% to 300% from 1<sup>st</sup> April 2021.**
- 3.2 **That the calculation of the Torbay Council Tax Base for the year 2021/22 be approved as shown in Appendix 1.**
- 3.3 **That the calculation of the Brixham Town Council Tax Base for the year 2021/22 be approved as shown in Appendix 2.**

- 3.4 That, in accordance with the Local Authorities (Calculation of Tax base) (England) Regulations 2012, the amount calculated by Torbay Council as its Council Tax base for the year 2021/22 should be 45,464.53. (Dependant on approval of 3.2).**
- 3.5 That, in accordance with the Local Authorities (Calculation of Tax base) (England) Regulations 2012, the amount calculated by Torbay Council as the Council Tax base for Brixham Town Council for the year 2021/22 should be 6,115.06. (Dependant on approval of 3.3).**
- 3.6 That, in consultation with Cabinet Member for Finance and the Interim Chief Executive, the Chief Finance Officer by authorised to change the taxbase if there are any significant changes in collection fund forecasts linked to collection rates or local government finance settlement or central government legislation before the end of January 2021.**

## **Appendices**

Appendix 1	The calculation of Torbay Council Tax Base 2021/22
Appendix 2	The calculation of Brixham Town Council Tax Base 2021/22

## Supporting Information

### 1. Position

#### Taxbase

- 1.1 The Council is required by the 31<sup>st</sup> January to establish a base figure for the purpose of setting the level of Council Tax each year – the “Tax Base”. The calculation of this figure is prescribed by the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.
- 1.2 The Regulations require this calculation to be made between 1<sup>st</sup> December 2020 and 31<sup>st</sup> January 2021 and for this figure to be notified to precepting authorities by the 31<sup>st</sup> January 2021. For the year commencing 1<sup>st</sup> April 2021 these will be the major precepting authorities of Police and Crime Commissioner for Devon and Cornwall, Devon and Somerset Fire and Rescue Authority and as a local precepting authority, Brixham Town Council.
- 1.3 Torbay Council, together with Police and Crime Commissioner for Devon and Cornwall, Devon and Somerset Fire and Rescue Authority and Brixham Town Council are required to use the tax base calculated by Torbay Council, as the billing authority, to determine their basic amounts of Council Tax for 2021/22.
- 1.4 The calculation of the tax base is prescribed by statute. It reflects the aggregate of the “relevant amounts” for each valuation band (including the impact from Council Tax Support Scheme) multiplied by the anticipated collection rate for the year. The calculation for the Council’s tax base is shown in Appendix 1 and the calculation for Brixham Town Council is shown in Appendix 2.
- 1.5 The calculation of the relevant amount begins with the actual number of dwellings on the “relevant date”. For 2021/22 this is the 30<sup>th</sup> November 2020 and this is the date that must be used. This number is adjusted to make allowance for estimated variations to the list in the course of the year and for the impact of allowed discounts to certain classes of dwellings.
- 1.6 The impact of the Council Tax Support Scheme including the impact of the exceptional hardship scheme, which is linked to claimants, is converted to an equivalent number of dwellings per band by dividing the estimated cost per band of the reductions divided by the estimated Council Tax for that band.
- 1.7 As a result of the economic impact of COVID-19 the number of claims for Council Tax Support have increased and this increase is reflected in the tax base calculation which lowers the tax base and therefore reduces the total income from council tax for the Council and the precepting bodies.
- 1.8 These are then converted into Band “D” equivalents to produce the “relevant” amounts prescribed by the Regulations.
- 1.9 The billing authority then estimates its Council Tax Collection Rate, which is the percentage of 2021/22 Council Tax demands which it predicts will be paid into the Collection Fund during 2021/22. The in year Collection rate estimated for 2021/22

is 95.0% and this is reflected in the Tax Base calculation. Any tax collected in excess of 95.0% for the billing year 2021/22 and prior years will be reflected in the annual Collection Fund surplus.

- 1.10 The Partnership's draft budget proposals included an estimated 2% reduction in the collection rate for Council tax in 2021/22 due to the ongoing economic impact of COVID-19. The recent news of a vaccine may however help the economic recovery. The taxbase includes a 1% reduction in the collection rate in 2021/22 and the council will also allocate a contingency in its 2021/22 budget equal to a 1% of collection. If required this contingency can be used to fund any collection fund deficit lower than a 95% in year collection rate.
- 1.11 The calculated Council's tax base for 2021/22 of 45,464.53 compares with the 2019/20 tax base of 46,274.88, a 1.8% decrease. This decrease reflects the reduced collection rate and the level and value of claims under the Council Tax Support Scheme.
- 1.12 For the calculation of the council tax due to Brixham Town Council a Tax Base must be determined by Torbay Council, as the billing authority. The tax base for Brixham Town Council is and the calculation is shown in Appendix 2.
- 1.13 The calculated Brixham Town Council's tax base for 2021/22 of 6,115.06 compares with the 2019/20 tax base of 6,261.12 a 2.3% decrease.

## **2 Technical Adjustments**

- 2.1 Within the taxbase calculation there are a number of exemptions and discounts for certain categories of dwellings. Some of these are set by central government and some the Council has discretion over. Separate to the Council Tax Support Scheme there is 1 change within the 2021/22 calculation compared to the 2020/21 calculation.
- 2.2 The 'Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018' permits Councils to increase the Council Tax (Long Term) Empty Homes Premium for those properties that have been empty for a period of time. The Act permits increases in the premium to 200% from April 2020 and 300% from April 2021 subject to the parameters in the Act linked to the period the property has been empty – the higher premium rates can apply if empty for more than 5 and 10 years. Therefore the recommendation is for to increase the Council Tax (Long Term) Empty Homes Premium in line with the legislation for those properties that have been empty for more than 10 years from 200% to 300% from 1st April 2021.

“For financial years beginning on or after 1 April 2021 the “relevant maximum” is—

(a) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is less than 5 years, 100;

(b) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is at least 5 years but less than 10 years, 200;

(c) in respect of any dwelling where the period mentioned in subsection (8) ending on the relevant day is at least 10 years, 300

Note: a 300% increase is on the usual band council tax value, so a council tax demand of £1,000 would be £4,000 after applying a 300% premium.

### **3. Possibilities and Options**

- 3.1 The taxbase has to be set by end of January 2021. The Council meeting on 3 December is the only Council meeting scheduled for this period therefore the taxbase is being presented for approval at that meeting. However directly linked to the ongoing impact of COVID-19 there could be significant changes relating to the collection fund from changes in government legislation or guidance or from the local government finance settlement (expected late December 2020) or changes in forecast collection rates in 2021/22 by end of January. Any changes will be included in the final budget proposals presented to Council in February 2021.
- 3.2 As a result of the above it is recommended that, in consultation with Cabinet Member for Finance and the Interim Chief Executive, the Chief Finance Officer be authorised to change the taxbase if there are any significant changes in collection fund forecasts linked to collection rates or local government finance settlement or central government legislation or guidance before the end of January 2021.

### **4. Fair Decision Making**

- 4.1 Not applicable

### **5. Public Services (Social Value) Act 2012**

- 5.1 Not applicable

### **6. Risks**

- 6.1 If taxbase not approved by end of January 2021 then the Council is unable to set a budget and this will impact on other precepting bodies.