

## REPORT

**Subject: COUNCIL TAX BASE 2021/22 AND ASSOCIATED MATTERS**

**Directorate: Resources**

**Meeting: Individual Cabinet Member Decision**

**Date: 9<sup>th</sup> December 2020**

**Divisions/Wards Affected: County Wide**

### 1. PURPOSE:

To agree the Council Tax base figure for submission to Welsh Government, together with the collection rate to be applied for 2021/22 and to make other necessary related statutory decisions.

### 2. RECOMMENDATIONS:

- 2.1 That in accord with the Local Authorities (Calculation of Tax Base) (Wales) Regulations 1995, the amount calculated by the Council as its Tax Base for 2021/22 shall be notified as **46,711.94** and the Collection Rate set at **99.0%**.
- 2.2 That no Special Resolution declaring Drainage Rates as Special Expenses be made.
- 2.3 That any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a Community Council shall not be treated as a special expense for the purpose of Section 35 of the Local Govt. Finance Act 1992.
- 2.4 That Council Tax setting continues to be a function of full Council.

### 3. KEY ISSUES:

#### 3.1 Council Tax Base

For each financial year, the Council shall set its Council Tax, taking account of its own total net budget requirement and amounts receivable for redistributed Non Domestic Rates, Revenue Support Grant and any other additional grants. It will also take account of any precepts it receives from other authorities and the value of the Council Tax Base. In simple terms, the net spending not met by grant is divided by the Tax Base to give the amount of Council Tax for a dwelling in Band D. The budget requirement, grant calculations and precepts will be addressed in the Council Tax Setting report.

It was agreed by Council in January 2005 that the, largely technical, matter of the Council Tax Base Resolution and tax setting should be dealt with by Executive decision. Legally, the tax setting decision could also be decided by the Executive, but has always been referred to full Council given its wide interest and importance. It is therefore recommended that this continue to be put for decision by full Council.

The ratified council tax base information must be passed to Welsh Government (WG) by 4<sup>th</sup> January 2021 with reference to dwellings in the Valuation List as at 31<sup>st</sup> October 2020 and taking into account anticipated changes likely to occur during 2021/22. Provisional information has been provided to WG, if any changes to policy are considered which affect the tax base, revised information will need to be submitted. Significant differences may require WG to make adjustments to the RSG entitlements via an amending report. The prescribed period during which Councils would notify major precepting authorities of the council tax base figure is normally 1<sup>st</sup> November to 31<sup>st</sup> December.

### **3.2 Collection Rate**

It should be recognised that council tax is being perceived as an increasing burden on taxpayers with more arrangements outside the statutory scheme being sought, thereby increasing the time over which the debt is paid.

Between 2004/5 and 2007/8 the anticipated in-year collection rate was static at 96%; this was increased to 96.5% for 2008/9 and 2009/10 and to 97% for 2010/11. From 2011/12, despite ongoing economic difficulties, the collection rate was increased to 98%, reflecting results achieved in subsequent years from sustained recovery action. In 2016/17, the collection rate was increased further to 98.5%. For 2017/18, it was considered reasonable to increase the collection rate to 99.0% and the council has held this rate for each subsequent financial year. The Covid 19 pandemic is having an impact on the in year collection rate for 2020/21. However, after careful consideration a decision has been made to retain a 99% collection rate for 2021/22, as overall the long term collection rate continues to exceed the target set. The forecast in-year collection rate has also narrowed and is within tolerances for the current year.

The Council Tax Reduction Scheme (CTRS) was introduced by the Welsh Government on 1<sup>st</sup> April 2013, replacing what was the Council Tax Benefit Scheme. On inception the Welsh Government fully funded the scheme, pending a full review. This review was concluded in the summer of 2014, with the Welsh Government announcing its intention to continue to fund the scheme for another 2 years - 2015/16 and 2016/17. The scheme has since been extended further for the financial year 2017/18 through to 2020/21. Whilst we await final confirmation of the scheme for 2021/22 it is expected that full entitlements will be maintained for next year.

The Covid 19 pandemic has put significant pressure on the CTRS budget for 2020/21. The Welsh Government are currently providing funding through the Covid Hardship Fund, although the budget is expected to overspend this year. We await confirmation of further Welsh Government funding for 2021/22, should this pressure continue.

Funding from Welsh Government forms part of the annual revenue budget settlement and is expected to remain at current levels for next year. As part of its annual budget setting, the Council can determine how much budget to allocate to this Scheme taking account of levels of take up and any additional costs arising from any increases in council tax. From a household perspective, they will not be required to make any contributions.

### **3.3 Special Items and Expenses (Section 34)**

Certain items of expenditure, and precepts made upon the Council by Community Councils are applicable only to certain parts of the area and special rules exist to deal with these items. These rules apply to all of the Town and Community Council precepts in respect of each of their respective areas. They also apply to Drainage

Rates which are charged only in certain parts of the East and South of the County area. The Council has always considered that the general body of taxpayers should be treated equally in this respect and such expenditure should be defrayed over the whole area rather than charged as an additional item on those who happen to be in a particular catchment area. If this view continues to prevail then no special resolution declaring these to be special expenses will be necessary.

Finally, expenses incurred by an authority in performing in part of its area a function performed elsewhere by a Community Council (concurrent functions) must be treated as a special expense unless a negative resolution is in force.

The effect of the above result is a recommendation leading to drainage rates and concurrent functions being charged equally across the County.

#### **4. EQUALITY AND FUTURE GENERATIONS EVALUATION**

There are no implications for sustainability, safeguarding and corporate parenting.

The Council Tax base itself is mainly calculated from information about the numbers of properties within the County, adjusted to an equivalent band D figure for things such as discounts, exemptions and reliefs, and is therefore based on fact and provided for information.

Annually Council consider council tax setting as part of the wider budget proposals in March. At this time these proposals are subject to an overall WFG assessment.

Our Sustainability Community Officer has confirmed that under these circumstances there is no requirement to complete a Future Generations Evaluation.

#### **5. OPTIONS APPRAISAL**

Not applicable. This is a statutory report

#### **6. EVALUATION CRITERIA**

Not applicable.

#### **7. REASONS:**

7.1 To agree the council tax base figure and the collection rate for the forthcoming financial year as required by legislation.

7.2 To determine whether a special resolution should be made declaring Drainage Rates a special expense.

7.3 To determine whether any expenses incurred in part only of the area should be treated as special expenditure in accordance with the relevant legislation.

7.4 To confirm that the important matter of tax setting should continue to be a function of full council rather than be devolved for executive decision

#### **8. RESOURCE IMPLICATIONS:**

Overall the Council Tax base calculated for 2021/22 has risen by 0.82% compared to 2020/21. This increase takes into account the anticipated changes in dwellings. The estimated income derived from this (£280k) will be included as part of the draft budget proposals which are to be considered by Cabinet on 20<sup>th</sup> January 2021.

**9. CONSULTEES:**

Cabinet  
Senior Leadership Team  
Chief Officer for Resources  
Head of Legal

**10. BACKGROUND PAPERS:**

None

**11. AUTHORS:**

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