

# Report to Cabinet

**15 December 2021**

<b>Subject:</b>	Council Tax Base 2022/2023
<b>Cabinet Member:</b>	Councillor Maria Crompton - Cabinet Member for Finance and Resources
<b>Director:</b>	Simone Hines – Director of Finance
<b>Key Decision:</b>	Yes
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## 1 Recommendations

**That approval be given to:**

- 1.1 Recommend to Council that they approve the Council Tax Base for 2022/2023 to be set at 74,858.45
- 1.2 Authorise the Section 151 Officer to adjust the Council Tax Base as required following approval of the 2022-2023 Council Tax Reduction Scheme by Council on 18 January 2022.

## 2 Reasons for Recommendations

- 2.1 The Council Tax Base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. It is used to determine the annual amount of collectable Council Tax.



2.2 The regulations set out the methodology to be used by authorities when calculating their Council Tax Base. They further dictate that the Council Tax Base should be set between 1 December and 31 January prior to the financial year to which it refers.

### 3 How does this deliver objectives of the Corporate Plan?

	<p>A strong and inclusive economy</p>	<p>Collection of Council Tax is important as it gives the council money to spend and invest locally</p>
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### 4 Context and Key Issues

- 4.1 The Council Tax Base is an assessment by each billing authority of the number of chargeable dwellings, converted to Band D equivalents (the average band), allowing for discounts, exemptions, non-collection and new properties. This information is used when setting the Council’s budget.
- 4.2 In four of the last five years, Sandwell has been rated the best performing metropolitan borough council in respect of Council Tax in-year collection.
- 4.3 This excellent performance maximises income levels for the council. It can therefore be argued that the recommendations in this report has implications for all 10 corporate ambitions.
- 4.4 In order to calculate the Council Tax Base, it is necessary to take the actual number of properties in each Council Tax band on the valuation list and then make adjustments to the Local Council Tax Reduction Scheme. In addition, assumptions need to be made for changes in the number of properties in each band between now and 31 March 2023 as a result of new builds and demolitions.
- 4.5 The adjusted numbers in each band are then converted to the equivalent number of Band D properties.



- 4.6 At the time of presenting this report, Sandwell's Local Council Tax Reduction Scheme has yet to be formally approved. Details of the Local Council Tax Reduction Scheme are contained within the Local Council Tax Reduction Scheme report to Cabinet on 15<sup>th</sup> December 2021. It is not anticipated that any changes will be made to the scheme which may adjust the assumptions made in the Council Tax Base collection. The Council Tax Base for 2022/23 has been calculated as 74,858.45
- 4.7 On 4<sup>th</sup> December 2012 the Council resolved to remove Council Tax exemptions on empty properties during the initial six months and introduced an empty homes premium of 150% for homes empty
- 4.8 Legislation was passed which allows for an empty home premium of 100% from 01 April 2019 for homes empty over 2 years, from 01 April 2020 onwards a 200% empty home premium for homes empty for over 5 years and from 01 April 2021 onwards a 300% empty homes premium for homes empty over 10 years. The additional Council Tax that will be collected next year as a result of these premiums has been taken into account when setting the Council Tax base for 2022/23.
- 4.9 The Council Tax Base for 2022/23 has been calculated as 74,858.45
- 4.10 The Council Tax Base must be reduced to reflect any anticipated losses on collection. In recent years this has meant a reduction of 1% as experience has shown that a 99% collection rate is ultimately achievable.
- 4.11 At the end of October 2021 the in-year collection rate had increased slightly by 0.10% compared to the same point last year. Compared to the same period prior to the on-set of the pandemic however the collection rate has decreased by 2.32%. A drop of 2.32% equates to approximately £3m of uncollected Council Tax.



4.12 The Council has received a hardship fund of £3.5m to help residents who are struggling to meet their Council Tax payments. To date we have awarded £1.2m of this fund to residents in receipt of a partial Local Council Tax Reduction and we will continue to spend the fund before the end of March 2022. This will help improve the in-year collection rate for 2021/22.

4.14 As its not yet know whether a hardship fund will be made available for 2022/23 and it is clear that many residents will move into the new financial year with previous-year Council Tax debt, the Council Tax Base for 2022/23 has been reduced by 2% thereby assuming a 98.5% collection will ultimately be achieved. This reduces the Council Tax Base as follows:

<u>Collection Rate %</u>	<u>Tax Base</u>
98.5	74,858.45

4.15 The actual levels of Council Tax for 2022/2023 will be dependent upon final decisions yet to be taken on both Sandwell budgets and those of the precepting bodies, together with consideration of any surplus or deficit on the Collection Fund.

## 5 Alternative Options

5.1 Not applicable.

## 6 Implications

<b>Resources:</b>	The calculation of Council Tax Base is based on the number of domestic properties in the valuation list in Sandwell. Statistical information indicates that the number of domestic properties in Sandwell is now starting to increase again after the pandemic.
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<b>Legal and Governance:</b>	The Council Tax Base must be calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 and be determined between 01 December and 31 January of the financial year preceding the financial year to which it will apply.
<b>Risk:</b>	If Council Tax is not collected the Council's income could be affected and services provided by the Council may need to be cut.

## 7. Appendices

None

## 8. Background Papers

None

