

# Report to Council

26 January 2021

<b>Subject:</b>	<b>Council Tax Base 2021/2022</b>
<b>Director:</b>	Acting Section 151 Officer – Rebecca Maher
<b>Contact Officer:</b>	Sue Knowles – Head of ICT and Revenues and Benefits sue_knowles@sandwell.gov.uk Ian Dunn – Revenues and Benefits Service Manager ian_dunn@sandwell.gov.uk Carl Jones- Senior Operations Manager Carl_jones@sandwell.gov.uk

## 1 Recommendations

- 1.1 That Council approve the Council Tax Base for 2021/2022 to be set at 74,387.79.
- 1.2 That, subject to 1 above, authorise the Acting Section 151 Officer to adjust the Council Tax Base as required following approval of the 2021-2022 Council Tax Reduction Scheme by Council on 26 January 2021.

## 2 Reasons for Recommendations

- 2.1 To approve the Council Tax Base for 2021/2022.



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



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. For the last four years, Sandwell has been rated the best performing metropolitan borough council in respect of Council Tax in-year collection. This excellent performance maximises income levels for the council. It can therefore be argued that the recommendation in this report has implications for all 10 ambitions.

### 4 Context and Key Issues

- 4.1 The Council Tax Base represents the amount that could be raised by the Council for every £1 of Council Tax that is levied in the Borough.
- 4.2 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 these for the number which will be entitled to be exempt from the tax or attract a percentage discount from the tax, such as single person households as well as any 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 2022 as a result of new builds and demolitions.
- 4.3 The adjusted numbers in each band are then converted to the equivalent number of band D properties.
- 4.4 At the time of presenting this report, Sandwell's 2021/22 Local Council Tax Reduction Scheme has yet to be approved. Details of the Local Council Tax Reduction Scheme are contained within the Local Council Tax Reduction Scheme report to Cabinet on 09 December 2020. It is not anticipated that any changes will be made to the scheme which may adjust the assumptions made in the Council Tax Base calculation. The Council Tax Base for 2021/22 has been calculated as 75,905.91.



- 4.5 On the 4th December 2012 the Council resolved to remove Council Tax exemptions on empty properties during the initial six months and introduced an empty home premium of 150% for homes empty longer than two years. These changes were introduced from 01 April 2013.
- 4.6 Legislation was passed which allows for an empty home premium of 100% from 01 April 2019 for homes empty over 2 years, and from 01 April 2020 onwards a 200% empty home premium for homes empty for over 5 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 2021/22.
- 4.7 The Council Tax Base for 2021/22 has been calculated as 75,905.91
- 4.8 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.
- 4.9 At the end of October 2020 however, the in-year collection rate had decreased by 2.42% compared to the same point last year. This is due to the impact Covid-19 has had on residents' ability to make payment and a decision taken by the council in March 2020 to not move debts through the enforcement stages of recovery. A drop of 2.42% equates to approximately £3m of uncollected Council Tax.
- 4.10 The council has received a hardship fund of £4.5m to help residents who are struggling to meet their Council Tax payments. To date we have awarded over £1.6m of this fund to residents in receipt of a partial Local Council Tax Reduction. We will shortly be proactively contacting residents who are in arrears with their council tax to see if they require assistance through this fund. This will help to improve the in-year collection rate for 2020/21.



4.11 As it is not yet known whether a hardship fund will be made available for 2021/22 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 2021/22 has been reduced by 2% thereby assuming a 98% collection will ultimately be achieved. This reduces the Council Tax Base as follows:

<u>Collection Rate %</u>	<u>Tax Base</u>
98	74,387.79

4.12 The actual levels of Council Tax for 2021/2022 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 None.

## 6 Implications

<b>Resources:</b>	<p>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.</p> <p>The Council Tax Base is the 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 major precepting authorities' band D Council Tax.</p> <p>Under the regulations, the Council Tax Base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.</p>
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	<p>The relevant amounts are calculated as:</p> <ol style="list-style-type: none"> <li>The number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year</li> <li>Adjusted for the number of discounts and reductions for disability that apply to those dwellings</li> <li>Adjusted to take account of expected numbers of newly built and demolished dwellings for the coming year</li> </ol>
<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 1 December and 31 January of the financial year preceding the financial year to which it will apply.
<b>Risk:</b>	The calculation of the Council Tax Base for 2021/22 assumes a 98% collection rate. This is a reduction in the usual 99% assumption due to the impact the pandemic will have on residents' ability to pay during 2021/22.
<b>Equality:</b>	An equality impact assessment is not required.
<b>Health and Wellbeing:</b>	From April 2015 Sandwell's Council Tax has included an amount for the provision of Adult Social Care as recommended by central government. The November 2020 Spending Review confirmed that this will continue into 2021/2022 where there will be the option to include an Adult Social Care provision of up to 3%.
<b>Social Value</b>	Calculation of the Council Tax Base is a key building block in the process of setting the council's budget. Income generated through Council Tax is used to provide critical local services to residents.

## 7. Appendices

None.

## 8. Background Papers

Sandwell CTB (October 2020) Return to the Ministry of Housing, Communities and Local Government.

