



Reigate & Banstead
BOROUGH COUNCIL
Banstead | Horley | Redhill | Reigate

SIGNED OFF BY	Interim Head of Finance
AUTHOR	Jane Heppel
TELEPHONE	Tel: 01737 276768
EMAIL	Jane.Heppel@reigate-banstead.gov.uk
TO	Executive
DATE	Thursday, 19 November 2020
EXECUTIVE MEMBER	Deputy Leader and Portfolio Holder for Finance

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Council Tax Base 2021/22
----------------	--------------------------

RECOMMENDATIONS
<p>That Executive approve a Council Tax Base for 2021/22 for the purpose of setting the Collection Fund budget of 61,354.3 Band D equivalents, this being a net increase in the Tax Base on 2020/21 of 0.37% after allowing for growth of 1.56% and an increase in local concessionary tax support as a result of COVID 19.</p>
REASONS FOR RECOMMENDATIONS
<p>The Tax Base has to be determined for the following financial year before 31 January each year and reported to the Ministry of Housing, Communities and Local Government and precepting authorities. This is in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992.</p> <p>The Council's Constitution requires that the Council Tax Base shall be approved by the Full Council</p>

EXECUTIVE SUMMARY

The Council Tax Base is the measure of the relative taxable capacity of each of the three separate tax-raising areas of the Borough: Reigate & Banstead Borough as a whole, the Horley Town Council area and the Salfords & Sidlow Parish Council area. It becomes the basis for Council Tax setting for all precepting authorities including the County and Police and Crime Commissioner.

The number of dwellings in each area which are in the valuation list as at 14th September each year is submitted to MHCLG, and this is then adjusted according to local knowledge to become the Tax Base for council tax setting purposes for the following financial year.

The recommendation is that the Band D equivalent Tax Base be adopted for each area as follows:

Area / Town / Parish	Band D 2020/21	Band D 2021/22	% Change
Borough Council	61,128.8	61,354.3	0.4%
Horley Town Council	10,191.7	10,395.4	2.0%
Salfords and Sidlow Parish Council	1,416.5	1,413.3	(0.2%)

The above recommendation is subject to approval by Full Council.

STATUTORY POWERS

1. Section 67 of *The Local Government Finance Act 1992* (as amended by Section 84 of the *Local Government Act 2003*) requires a local authority to determine its Council Tax Base for the following financial year before 31 January each year.

BACKGROUND

2. The Council Tax Base is
 - a. the total number of dwellings expected to be in occupancy during the financial year,
 - b. at their relevant bandings A-G
 - c. less expected reliefs e.g. single person discounts and disabled reliefs
 - d. add premiums e.g. empty home premium
 - e. less expected Council Tax Support expressed as units of the Band D Council Tax.
3. Individual dwellings are placed in bands by the Valuation Office Agency from A to H according to their relative market value. The Council is notified of those bandings as each property comes into the listing.

4. The council tax charged to occupants of those dwellings is then increased or decreased proportionately according to the following ratios:

Band	Ratio
A	5/9
B	6/9
C	7/9
D	8/9
E	9/9
F	11/9
G	13/9
H	15/9
	18/9

5. The status of council tax billpayers themselves can then mean that the council tax bill is reduced according to their circumstances, and reliefs they may be able to claim, as well as the local council tax support scheme.
6. Reigate and Banstead Borough Council are a Billing Authority as well as a Collecting Authority for council tax.
7. As a Billing Authority they will use the Tax Base to set a Council Tax requirement and then a Band D Council Tax for Reigate and Banstead
8. As a Collecting Authority Reigate and Banstead's Tax Base is then used by other Billing Authorities in one of two ways.
- Major preceptors such as the County Council and Police and Crime Commissioner then include this Tax Base within their Tax Base as a whole to calculate their overall Council Tax Requirement
 - Town and Parish Councils set a precept based on their element of the Reigate and Banstead total Council Tax Base.
9. As a Collecting Authority, Reigate and Banstead will then collect all of the Council Tax for all preceptors from council tax payers and distribute it to the other preceptors according to an agreed timetable during the year.
10. At the end of the financial year Reigate and Banstead will calculate the surplus or deficit on the fund for the year being the difference between the Band D average Tax Base x Band D Council Tax and the amount actually collected in year. The relevant proportion of any surplus or deficit then becomes a call on the General Fund in the following financial year.
11. It is therefore important to set a reasonable estimate for the Council Tax Base to give sound financial planning for all precepting authorities in Reigate and Banstead.

KEY INFORMATION

Key Assumptions and Calculations

12. The September Tax Base is adjusted for:
 - Estimates relating to the number and speed at which dwellings will be added to the list;
 - Estimates of the number of taxpayers likely to receive Local Council Tax Support
 - Estimates of the collectability of council tax due during the year
13. It has been an exceptionally difficult year to make these estimates in the light of the COVID-19 situation which has placed pressure on Local Council Tax Support and made estimating housing completions more difficult than usual.
14. The estimates are built up as follows:
15. The assumptions making up the forecasts are:
 - a. That all housing sites which are currently under construction and expected to complete in 2021/22 will deliver new houses in a standard distribution across the period October 2020 to March 2022
 - b. That all housing sites which are currently under construction and expected to complete in 2022/23 will deliver new houses in a standard distribution across the period April 2021 to October 2022
 - c. That the economic impact of COVID will continue to be felt into 2021/22 and that the levels of local concessionary tax support for those of working age will increase to January 2021 and recover slowly to pre COVID January 2020 levels by January 2022
 - d. That local concessionary tax support for pensioners will be stable across the period
 - e. The collectability and non-payment will be at the historic low levels of only 0.3% of the Tax base.

Table 1 – DETAILED TAX BASE FORECAST	Borough	Horley	Salfords and Sidlow
Tax Base as at 14 th Sept	65,238.3	11,077.8	1,497.6
Local Concessionary Tax Support	(4,655.8)	(961.0)	(80.0)
Growth in terms of new houses	956.5	309.9	
Gross Tax Base	61,538.9	10,426.7	1,417.6
Non-Collection allowance	(184.6)	(31.3)	(4.3)
Tax Base for Budgeting	61,354.3	10,313.3	1,413.3

16. This compares to the previous year as follows:

Table 2 – COMPARISON WITH PRIOR YEAR TAX BASE	2020/21	2021/22	Difference
Tax Base as at 14 th Sept	65,126.2	65,238.3	112.1
Local Concessionary Tax Support	(3,813.5)	(4,655.8)	(842.3)
Growth in terms of new houses	-	956.5	956.5
Gross Tax Base	61,312.7	61,538.9	226.2
Non-Collection allowance	(183.9)	(184.6)	(0.7)
Tax Base for Budgeting	61,128.8	61,354.3	225.5

OPTIONS

17. The methodology for setting the Council Tax Base must be robust and estimates must be based on reasonable assumptions. These are explained in the Key Information section.

LEGAL IMPLICATIONS

18. The calculation of the Tax Base must be in accordance with Regulation 4 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

FINANCIAL IMPLICATIONS

19. At current Council Tax levels, a Band D has the following impact (at 2020/21 prices)

- £2,014.49 Change in the amount paid by the average Band D taxpayer
- £232.46 Change in the amount received by Reigate and Banstead Council

EQUALITIES IMPLICATIONS

20. There are no specific equalities implications arising from this report.

COMMUNICATION IMPLICATIONS

21. There are no specific communications implications arising from this report.

RISK MANAGEMENT CONSIDERATIONS

22. There are no specific risk management implications arising from this report.

OTHER IMPLICATIONS

23. There are no other implications arising from this report.

CONSULTATION

24. There is no consultation requirement associated with the recommendations in this report.

POLICY FRAMEWORK

25. The corporate plan includes the priority 'be a financially self-sustaining Council'.

BACKGROUND PAPERS

None.