

Signed off by	Interim Head of Finance
Author	Pat Main, Interim Head of Finance Simon Rosser, Head of Revenues, Benefits and Fraud
Telephone	Tel: 01737 276063 /276478
Email	pat.main@reigate-banstead.gov.uk simon.rosser@reigate-banstead.gov.uk
To	Council
Date	Thursday, 2 December 2021
Executive Member	Deputy Leader & Portfolio Holder for Finance and Governance

Key Decision Required	Y
Wards Affected	(All Wards);

Subject	Council Tax Base 2022/23
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Recommendations	
(i)	That Council approve a Council Tax Base for 2022/23 for the purpose of setting the Collection Fund budget of 62,274.70 Band D equivalents, this being a net increase in the Tax Base on 2021/22 of 1.50%; and
(ii)	That Council delegate authority to the Chief Financial Officer in consultation with the Deputy Leader & Portfolio Holder for Finance to make further adjustments to the final tax base where necessary to reflect any changes in the underlying assumptions and report the outcome to Executive in January.
Reasons for Recommendations	
The Tax Base has to be determined for the following financial year before 31 January each year and reported to the Department for Levelling Up, Housing & Communities and precepting authorities. This is in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992.	

The Council's Constitution requires that the Council Tax Base is approved by the Full Council

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 Council and Police & Crime Commissioner.

The number of dwellings in each area which are in the valuation list as at 14 September each year is submitted to Department for Levelling Up, Housing & Communities (DLHC). 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 2021/22	Band D 2022/23	% Change
Reigate & Banstead Borough Council	61,128.8	62,274.70	+1.50%
Horley Town Council	10,191.7	10,766.20	+3.57%
Salfords and Sidlow Parish Council	1,416.5	1,434.10	+1.47%

Council has authority to approve the recommendations.

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 at their relevant bandings A-G;
 - b. less expected reliefs e.g. single person discounts and disabled reliefs;
 - c. add premiums e.g. empty home premium; and
 - d. 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 is added to 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	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	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 the reliefs they may be able to claim, as well as eligibility for the Local Council Tax Support Scheme.
6. Reigate and Banstead Borough Council is both a Billing Authority and a Collecting Authority for council tax.
7. As a Billing Authority it uses the Tax Base to set a Council Tax requirement and the level of Band D Council Tax for this borough.
8. As a Collecting Authority the Tax Base is used to support other authorities in one of two ways:
- Major preceptors such as the County Council and Police & Crime Commissioner include this Tax Base within their Tax Base as a whole to calculate their overall Council Tax Requirement; and
 - Town and Parish Councils set a precept based on their element of the total Council Tax Base.
9. As a Collecting Authority, Reigate and Banstead collects council tax for all preceptors and distributes these funds to them according to an agreed timetable during the year.
10. At the end of the financial year Reigate and Banstead calculates the surplus or deficit on the Council Tax Collection 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 for the precepting authorities in the following financial year.
11. It is therefore important to set a reasonable estimate for the Council Tax Base to support sound financial planning for the precepting authorities.

Key Information

Assumptions and Calculations

12. The 14 September Tax Base has been 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; and
 - Estimates of the collectability of council tax due during the year.
13. The assumptions supporting 2022/23 tax base forecasts are:
- 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 2021 to March 2022;
 - 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 2023;
 - That the economic impacts of COVID-19 will continue to be felt into 2022/23 although levels of local council tax support for those of working age will recover slowly. Current cases are gradually dropping, although we have yet to see the full effect of the ending of furlough, and other factors which may see a rise in claims;
 - That Local Council Tax Support for pensioners will be stable across the period; and
 - The collectability and non-payment adjustment will be at 0.3% of the tax base.

Table 1 – DETAILED TAX BASE FORECAST	Borough	Horley	Salfords and Sidlow
Tax Base as at 14 September 2021	65,955.0	11,184.4	1,492.5
Local Council Tax Support	(4,012.30)	(740.8)	(54.1)
Growth in terms of new houses	519.0	355.0	0
Gross Tax Base	62,461.70	10,798.6	1,438.4
Non-Collection allowance	(187.0)	(32.4)	(4.3)
Tax Base for Budgeting	62,274.70	10,766.2	1,434.1

14. This compares to 2021/22 as follows:

Table 2 – COMPARISON WITH PRIOR YEAR TAX BASE	2021/22	2022/23	Difference
Tax Base as at 14 September	65,238.30	65,955.00	716.70

Local Council Tax Support	(4,655.80)	(4,012.30)	643.50
Growth in terms of new houses	956.50	519.00	(437.50)
Gross Tax Base	61,539.00	62,461.70	922.70
Non-Collection allowance	(184.6)	(187)	(2.40)
Tax Base for Budgeting	61,354.40	62,274.70	920.30

Options

15. The methodology for setting the Council Tax Base must be robust and estimates must be based on reasonable assumptions. These are explained above.

Option 1: Council can approve the recommended Council Tax Base for 2022/23 for the purpose of setting the Collection Fund budget. This is the recommended option.

Option 2: Council can reject the recommended Council Tax Base for 2022/23 for the purpose of setting the Collection Fund budget and/or request additional information. This is not recommended because it would place the authority and preceptors at risk of failing to meet statutory deadline of 31 January for approving the 2022/23 council tax base.

Legal Implications

16. 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

17. Determining the Council Tax Base is a fundamental part of the Council's budget setting process. The Tax Base is central in determining the amount of Council Tax income that will be raised, representing a significant proportion of the Council's revenue resources for the coming financial year.

Equalities Implications

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

Communication Implications

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

Risk Management Considerations

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

Other Implications

21. There are no other implications arising from this report

Consultation

22. There is no consultation requirement associated with the recommendations in this report. The approach to annual budget consultation is set out in the Service & Financial planning report to Executive each autumn.

Policy Framework

23. The corporate plan includes the priority 'be a financially self-sustaining Council'. The decision on the level of council tax each year is taken as part of the annual budget-setting process.

Background Powers

None