

REPORT OF: CHIEF EXECUTIVE

TO: POLICY AND RESOURCES COMMITTEE

DATE: 17TH DECEMBER 2020

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COUNCIL TAXBASE 2021/22

PURPOSE OF REPORT

1. The purpose of this report is to seek approval of the Council Taxbase for 2021/22 (including the taxbase for each part of the area to which parish precepts relate).

RECOMMENDATIONS

2. It is recommended that the Policy and Resources Committee:
 - (a) agree to reinstate the full charge for Council Tax for the former Class C discount in 2021/22 as set out in the report;
 - (b) in accordance with the Local Authorities (Calculation of Taxbase)(England) Regulations 2012, agrees that the amount calculated by the Borough of Pendle as its Council Taxbase for the year 2021/22 shall be **23,954.4**; and
 - (c) that the Taxbase for parished areas shall be as shown at [Appendix B](#)

REASONS FOR RECOMMENDATION

3. To agree the Council's Taxbase for 2021/22 for Council Tax setting purposes.

ISSUE

4. The Policy and Resources Committee approves the formal calculation and setting of the annual Council Taxbase which is used in the budget cycle to set the amount of council tax for the Borough.
5. For 2021/22, in accordance with the approved calendar of meetings, and to ensure the Council Taxbase is set by 31st January 2021, the Policy and Resources Committee is asked to approve the formal calculation and setting of the annual Council Taxbase.

6. The Council is required to calculate the Taxbase for the Borough as a whole. It is also required to make separate calculations for those parts of the Borough to which Town and Parish precepts relate. There are two main components used in a Taxbase calculation:-
 - a) the estimated number of domestic properties in the Borough (or the parish area where applicable) multiplied by appropriate discount and banding factors;
 - b) the estimated collection rate of council tax for the year.

Calculation of Borough Taxbase - Property Banding Base

7. A Valuation List for the Borough has been compiled by the Listing Officer (Valuation Office Agency) and the list used for revenue support grant purposes reflects changes made up to 1st October 2020. This list shows the banding of each property for the eight valuation bands prescribed by legislation.
8. The bands, based on market values at 1st April 1991 are as follows:-

Valuation Band	Range of Values
A	Up to and including £40,000
B	£40,001 to £52,000
C	£52,001 to £68,000
D	£68,001 to £88,000
E	£88,001 to £120,000
F	£120,001 to £160,000
G	£160,001 to £320,000
H	More than £320,000

9. The Valuation List details are further analysed to take account of claims for discounts, exemptions and relief for the disabled. Banding ratios are then applied to the net totals in each band to give the total of Band D equivalent properties.
10. The total of 29,052.2 (28,904.6 in October 2019) was notified to the Ministry of Housing, Communities and Local Government (MHCLG) in mid-October 2020. The analysis shown at [Appendix A](#) reflects the updated Taxbase of **28,913.5** as at 30th November 2020 as per statutory requirements. The variation between the Taxbase submitted to MHCLG and the Council's Taxbase for budget purposes reflects different or updated assumptions on discounts and other local factors.

Changes to Council Tax Discounts

11. The Council will be aware that there is a 'Class C' discount for dwellings that are empty and substantially unfurnished. A discount of 100% was approved by the Executive in August 2016 and applies for a maximum period of 4 weeks from the date that the dwelling first becomes empty.
12. By the end of November 2020 the granting of this discount has cost a total of £86k in the current financial year across all preceptors. In the context of the pressure on the Council's Taxbase as a consequence of Covid-19, it is recommended that this discount be removed for 2021/22 and this has been assumed in the Taxbase calculation submitted for approval in this report. No other changes to discounts are proposed for next year.

Empty Homes Premium

13. In December 2018, following changes to legislation in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, the Policy and Resources Committee approved the increase in Empty Homes Premium from 50% to 100% for qualifying properties with effect from April 2019. The Council currently charges a premium of an additional 100% Council Tax over and above the normal Council Tax on unfurnished homes that have been empty for more than two years. In addition, the Policy and Resources Committee resolved at that time to introduce maximum possible charges permitted by the change in legislation and these are reproduced below:

From 1 April 2020

- Properties empty for a period of 2 to 5 years - the maximum premium will be 100%
- Properties empty for a period of 5+ years - the maximum premium will increase to 200%

From 1 April 2021

- Properties empty for a period of 2 to 5 years - the maximum premium will be 100%
 - Properties empty for a period of 5 - 10 years - the maximum premium will be 200%
 - Properties empty for a period of more than 10 years - the maximum premium will increase to 300%
14. The maximum possible charge will be made on unoccupied and unfurnished properties in line with legislation as part of a wider strategy designed to reduce the number of long-term empty homes in the Borough and provide an incentive to owners to return them to habitable occupation.
15. The Empty Homes Premium has successfully reduced the number of qualifying properties over time, down from 341 (October 2017) to 303 (October 2018) to 291 (November 2018) to 258 (30th November 2019) and down to 244 as at 30th November 2020.

Council Tax Support

16. Councillors will be aware that the financial support provided to eligible residents to help them pay their Council Tax (known as the Localised Council Tax Support Scheme) is treated as a discount and reduces the Council Tax liability.
17. The Council is required to consider annually whether, aside from any changes in the prescribed requirements regulations, it wishes to revise or replace its Council Tax Support Scheme. For 2021/22, no such changes are proposed, save for the annual uprating of allowances and other parameters in line with the prescribed regulations yet to be published by MHCLG. There is no reduction in the maximum level of support provided to working age claimants. This will continue to be a maximum of 80%.

18. Based on the estimated cost of Council Tax Support to be provided in 2021/22, the Council's Taxbase has been reduced by **3,698.5** Band D equivalent properties (3,523.5 in 2020/21). This is shown in Table 1 below:-

Table 1: Council Tax Support Taxbase Adjustment

	Council Tax Support £	Taxbase
Gross Taxbase		28,913.5
Estimated Net Cost of Council Tax Support (a)	£7,904,493	
Estimated Band D Council Tax for 2021/22 (b)	£2,137.18	
Tax Base Equivalent of Council Tax Support (a/b)		(3,698.5)
Adjusted Gross Council Taxbase		25,215.0

Calculation of the Borough Taxbase

19. It is normal practice to adjust the initial calculation of the Council Taxbase by an amount to cover the costs of non-collection. This is referred to as the Collection Rate. There is no set rule for estimating the collection rate although the Council's past estimates have been based on an achievable collection rate. Any under- or over estimates are an increase or decrease to the final Council Tax figure so it is prudent to ensure that we under estimate rather than over estimate, particularly in the current economic climate.
20. Table 2 below shows the calculation of the Council's Taxbase adopting an estimated collection rate of 95%, which represents a one percentage point reduction from that used when setting the tax base for the current year (96%), being an assessment of the impact of COVID-19 on 2021/22 collection.

Table 2: Council Tax Base for 2021/22

	Gross Taxbase	Collection Rate %	Net Taxbase
Tax Base for 2021/22	25,215.0	95.00%	23,954.4

Calculation of Town and Parish Taxbases

21. Each Parish or Town Council which can issue a precept must also have a Taxbase calculated for its area. The valuation list information for each area has been analysed in a similar form to that shown above for the Borough and the appropriate adjustments have been made for the Council Tax Support Scheme and any other changes referred to above. Details of the total Band D equivalent number for each parish are shown in [Appendix B](#).
22. For the purposes of calculating the Taxbase figures, the same collection rate as used for the Borough Taxbase must also be used in these calculations.

IMPLICATIONS

Policy

23. There are no new policy implications arising directly from the contents of this report. Current policy is to charge the council tax premium. Future changes to council tax premium levels are as set out in paragraph 13 above.

Financial

24. The financial implications are generally as shown in the report.
25. For the purposes of the Medium Term Financial Plan, it was assumed that the Council's Taxbase would increase by 0.75% when compared to the current financial year. This was based on past experience and resulted in an assumed Council Tax Base of 24,439.5.
26. The proposed Council Tax Base is 23,954.4, reflecting both an additional cost of Council Tax Support and a lower level of Collection, both as a consequence of anticipated impact of Covid-19. This is reduction of 485.1 equivalent Band D Properties at an additional cost to the Council (from income foregone) of £133k.
27. The Taxbase is an estimate as at 30th November 2020. Any variations to the actual tax base in 2021/22 will result in a surplus or deficit on the Council Tax Collection Fund which will be shared between the precepting authorities. To avoid a deficit accumulating in the Collection Fund, which would result in a liability that would fall to the revenue budget, the estimates used to calculate the tax base have followed the accounting principle of prudence.

Legal

28. There are no legal implications arising from the content of this report.

Risk Management

29. As Councillors will appreciate, the Council Taxbase is an estimate based on a range of factors that are subject to change. These include the number of properties, the amount of discounts, exemptions and reliefs and the collection rate of Council Tax.
30. Whilst prudent estimates have been applied in order to prevent a deficit accumulating on the Council Tax Collection Fund, due to the current Covid-19 Pandemic and the uncertainty about the recovery of the local economy and residents ability to pay Council Tax, there is a risk that the actual Council Taxbase may be at variance with the estimates contained in this report.
31. Recognising this, regular monitoring of the position with Council Tax collection and the Collection Fund will continue to be undertaken and reported as part of the Council's Strategic Monitoring Report.

Health and Safety

32. There are no health and safety issues arising from this report.

Climate Change

33. There are no climate change or sustainability issues arising from this report.

Community Safety

34. There are no community safety issues arising from this report.

Equality and Diversity

35. There are no equality and diversity issues arising from this report.

APPENDICES

Appendix A – Pendle Borough Council - Council Taxbase 2021/22

Appendix B – Council Taxbase figures for Town and Parish Councils

LIST OF BACKGROUND PAPERS - None

	Gross Tax Base (rounded to 1dp)	28,913.5
	Less adjusted Class C Discount from 01/04/21	-
	Less Local Council Tax Support	(3,698.5)
	Adjusted Gross Tax Base	25,215.0
	Net Council Tax Base @ 95% collection rate	23,954.4

Town and Parish Council	Taxbase with 4wks Empty Property Relief		Taxbase with NO 4wk Empty Property Relief
Barley	131.2		131.5
Barnoldswick	2,980.3		2,987.1
Barrowford	2,090.3		2,094.8
Blacko	292.5		293.1
Bracewell & Brogden	120.9		121.2
Brierfield	2,059.3		2,064.3
Colne	4,636.3		4,647.4
Earby	1,238.5		1,241.4
Foulridge	576.7		578.0
Goldshaw Booth	110.8		111.0
Higham with West CB	345.7		346.5
Kelbrook & Sough	342.4		343.1
Laneshaw Bridge	304.9		305.6
Nelson	5,967.7		5,983.1
Old Laund Booth	634.9		636.2
Reedley Hallows	714.6		716.1
Roughlee Booth	159.6		160.0
Salterforth	309.7		310.4
Trawden Forest	881.7		883.6
Total Taxbase	23,898.0		23,954.4