

CABINET AGENDA



**WEDNESDAY 14 DECEMBER 2022 AT 7.30 PM
CONFERENCE ROOM 2 - THE FORUM**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Williams (Leader)
Councillor Griffiths (Deputy Leader)
Councillor Elliot

Councillor Anderson
Councillor Banks
Councillor Barrett

For further information, please contact Corporate and Democratic Support or 01442 228209

AGENDA

- 11. COUNCIL TAX BASE REPORT (Pages 2 - 7)**



| | |
|--|--|
| Report for: | Cabinet |
| Title of report: | Council Tax Base 2023/24 and Forecast Council Tax Position as at 31 March 2023 |
| Date: | 14 December 2022 |
| Report on behalf of: | Councillor Graeme Elliot, Portfolio Holder for Corporate Services |
| Part: | I |
| If Part II, reason: | N/A |
| Appendices: | None. |
| Background papers: | None. |
| Glossary of acronyms and any other abbreviations used in this report: | None. |

Report Author

Lexi Schultz, Team Leader, Financial and Regulatory Accounting

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Responsible Officer

Fiona Jump, Head of Financial Services



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|-----------------------------|--|
| Corporate Priorities | <p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> |
|-----------------------------|--|

| | Climate and ecological emergency. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|----------------------|-----------------------|-----------------|----------|----------|---------|-------|-------|-------------|---------|---------|-----------|---------|---------|--------------|-------|-------|-----------|-------|-------|----------|-------|-------|-----------------|-------|-------|---------------|---------|---------|------------------|-------|-------|----------|---------|---------|------------|---------|---------|---------------------------|-------|-------|-------------|---------|---------|-------------|-------|-------|------------|---------|---------|-----------|-------|-------|--------------|-----------------|-----------------|
| Wards affected | All | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purpose of the report: | <ol style="list-style-type: none"> To agree the estimated Collection Fund surplus or deficit as at 31 March 2023. To determine the Council Tax Base for 2023/24. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recommendations to the decision makers: | <ol style="list-style-type: none"> That Cabinet approves the Collection Fund surplus estimate of £429,119.98 as at 31 March 2023. The Dacorum Borough Council share of this surplus is £50,451.32. That Cabinet approve the payment profile for the surplus identified at 1) above and contained at section 2.8 to this report (Table 3). That Cabinet approves the calculation of the Council's tax base for the year 2023/24 incorporating an estimated collection rate of 99.4%. That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 2012, the amount calculated by the Council as its tax base for the year 2023/24 shall be 59,922.3 and its constituent elements shall be: <p>Table 1 Taxbase 2023/24</p> <table border="1"> <thead> <tr> <th>Part of Area - Parished and Non Parished</th> <th>100% Tax base</th> <th>99.4% Tax base</th> </tr> </thead> <tbody> <tr> <td>Hemel Hempstead</td> <td>32,266.6</td> <td>32,073.0</td> </tr> <tr> <td>Aldbury</td> <td>482.8</td> <td>479.9</td> </tr> <tr> <td>Berkhamsted</td> <td>8,678.5</td> <td>8,626.4</td> </tr> <tr> <td>Bovingdon</td> <td>2,150.4</td> <td>2,137.5</td> </tr> <tr> <td>Chipperfield</td> <td>899.8</td> <td>894.4</td> </tr> <tr> <td>Flamstead</td> <td>667.8</td> <td>663.8</td> </tr> <tr> <td>Flaunden</td> <td>180.1</td> <td>179.0</td> </tr> <tr> <td>Great Gaddesden</td> <td>464.6</td> <td>461.8</td> </tr> <tr> <td>Kings Langley</td> <td>2,377.1</td> <td>2,362.8</td> </tr> <tr> <td>Little Gaddesden</td> <td>642.5</td> <td>638.6</td> </tr> <tr> <td>Markyate</td> <td>1,361.3</td> <td>1,353.2</td> </tr> <tr> <td>Nash Mills</td> <td>1,249.2</td> <td>1,241.7</td> </tr> <tr> <td>Nettleden with Potten End</td> <td>809.7</td> <td>804.9</td> </tr> <tr> <td>Northchurch</td> <td>1,383.6</td> <td>1,375.3</td> </tr> <tr> <td>Tring Rural</td> <td>698.9</td> <td>694.7</td> </tr> <tr> <td>Tring Town</td> <td>5,286.3</td> <td>5,254.6</td> </tr> <tr> <td>Wigginton</td> <td>684.8</td> <td>680.7</td> </tr> <tr> <td>Total</td> <td>60,284.0</td> <td>59,922.3</td> </tr> </tbody> </table> | Part of Area - Parished and Non Parished | 100% Tax base | 99.4% Tax base | Hemel Hempstead | 32,266.6 | 32,073.0 | Aldbury | 482.8 | 479.9 | Berkhamsted | 8,678.5 | 8,626.4 | Bovingdon | 2,150.4 | 2,137.5 | Chipperfield | 899.8 | 894.4 | Flamstead | 667.8 | 663.8 | Flaunden | 180.1 | 179.0 | Great Gaddesden | 464.6 | 461.8 | Kings Langley | 2,377.1 | 2,362.8 | Little Gaddesden | 642.5 | 638.6 | Markyate | 1,361.3 | 1,353.2 | Nash Mills | 1,249.2 | 1,241.7 | Nettleden with Potten End | 809.7 | 804.9 | Northchurch | 1,383.6 | 1,375.3 | Tring Rural | 698.9 | 694.7 | Tring Town | 5,286.3 | 5,254.6 | Wigginton | 684.8 | 680.7 | Total | 60,284.0 | 59,922.3 |
| Part of Area - Parished and Non Parished | 100% Tax base | 99.4% Tax base | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hemel Hempstead | 32,266.6 | 32,073.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aldbury | 482.8 | 479.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Berkhamsted | 8,678.5 | 8,626.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bovingdon | 2,150.4 | 2,137.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chipperfield | 899.8 | 894.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Flamstead | 667.8 | 663.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Flaunden | 180.1 | 179.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Great Gaddesden | 464.6 | 461.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kings Langley | 2,377.1 | 2,362.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Little Gaddesden | 642.5 | 638.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Markyate | 1,361.3 | 1,353.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nash Mills | 1,249.2 | 1,241.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nettleden with Potten End | 809.7 | 804.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Northchurch | 1,383.6 | 1,375.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tring Rural | 698.9 | 694.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tring Town | 5,286.3 | 5,254.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wigginton | 684.8 | 680.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 60,284.0 | 59,922.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Period for post policy/project review: | Not applicable. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1 Introduction:

The Council is required to set the Council Tax Base for 2023/24 so it can be used in budget preparations and formal setting of Council Tax by Full Council in February 2023. It is also necessary to approve the estimated Council Tax Collection Fund surplus or deficit as at 31 March 2023.

2 Key Issues of the report:

Declaration of Council Tax Collection Fund Surplus or Deficit

How does a surplus or deficit occur?

- 2.1 The income collected from Council Tax goes into the Collection Fund. Throughout the year, the actual number of properties in the borough inevitably varies from the figure estimated at the start of the year, as do allowances for exemptions, discounts or appeals. This leads to a change in the amount of Council Tax collected. Despite this variation in collection, the amount paid to the preceptors remains the same as the amounts specified at the start of the year, and does not reflect in-year changes to the amount of Council Tax. It is this emergent variance, which creates a surplus or deficit on the Collection Fund.
- 2.2 A key driver in respect of the surplus or deficit position is the timing of when anticipated developments are completed. If there are more than expected, or they are completed more quickly, a surplus will arise; but if there are fewer, or they take longer to complete, then a deficit will result. The coronavirus pandemic has also contributed to the final Council Tax deficit for 2021/22 (see 2.5 below). Any surplus or deficit is shared between the major preceptors (i.e. Hertfordshire County Council, the Police and Crime Commissioner and the Borough) in proportion to their precepts for relevant years.

Declaration of Surplus or Deficit

- 2.3 The actual deficit as at 31 March 2022, together with an estimate of the surplus or deficit for the current year 2022/23 (the 'in- year' surplus or deficit), is required to be approved by Cabinet on behalf of the Council.
- 2.4 The actual deficit balance on the Council Tax Collection Fund as at 31 March 2022 was £804,131.76. This compares to an anticipated deficit of £962,542.04 forecast during 2021/22; a difference of £158,410.28. The actual deficit is 0.7% of the value of the precepts declared when the Council Tax for 2021/22 was set. The Council will pay its share of this deficit in 2023/24.
- 2.5 The economic implications of the coronavirus pandemic meant many local authorities reported in-year Council Tax deficits during 2020/21. In recognition of this and the associated burden on local authority budgets, the Government introduced new regulations: Collection Fund: Surplus and Deficit (Coronavirus) (England) Regulations 2020. These regulations require local authorities to spread the 2020/21 forecast in- year deficit over a three year period, commencing 2021/22, in instalments of equal thirds. This is referred to as the 'spreading adjustment'. The Council's total share of the forecast in- year 2020/21 deficit was £3,877.42. The Council funded one third of this during 2021/22 and another third during 2022/23. The final third will be funded in 2023/24 and is included within the Council's share of the estimated surplus figure in Table 3 below.
- 2.6 In 2022/23, the Collection Fund is estimated to achieve a total projected in- year surplus of £270,709.70. The surplus is 0.2% of the value of the precepts declared when the Council Tax was set.
- 2.7 The projected total surplus on the Council Tax Collection Fund as at 31 March 2023 is £429,119.98. This is made up as follows:

Table 2 Estimated Council Tax surplus as at 31 March 2023

| | £ |
|---|-------------------|
| The difference between the forecast deficit and the actual deficit as at 31 March 2022, including the 'spreading adjustments' required under statute relating to the 2020/21 deficit. | -158,410.28 |
| The 2022/23 forecast in-year surplus. | -270,709.70 |
| Total estimated surplus as at 31 March 2023 | 429,119.98 |

2.8 The proportion and profile of this total surplus that each of the Major Preceptors and the Borough will share when calculating the 2023/24 Council Tax is all follows:

Table 3 Estimated Council Tax Surplus as at 31 March 2023- Authority Shares

| Precepting or Billing Authority | £ |
|--|--------------------|
| Dacorum Borough Council | -50,451.32 |
| Hertfordshire County Council | -330,479.06 |
| Police and Crime Commissioner for Hertfordshire | -48,189.60 |
| Total estimated surplus as at 31 March 2023 | -429,119.98 |

2.9 Cabinet approval of the Collection Fund surplus estimated at 31 March 2023 is sought in Recommendation 1. Approval of the surplus distribution profile at 2.8 is sought in Recommendation 2.

Council Tax Base 2023/24

2.10 Annually all local authorities are required to calculate a Council Tax Base which is used to set the level of Council Tax. The process is governed by the Local Authorities' (Calculation of Tax Base) Regulations 2012.

2.11 The tax base is set having regard to:

- The Valuation List;
- Current exemptions, reductions and discounts;
- Discretionary discounts;
- Anticipated developments that may occur during the year;
- Expected long term collection rate.

2.12 The basic methodology for calculating the tax base is as follows:

- Calculations are made of the 'relevant amount' for the year in respect of the valuation bands shown in the Council's Valuation List. For each band, this amount represents the estimated full year equivalent number of chargeable dwellings listed in the band after taking into account the impact of disabled band reductions and discounts (including Council Tax Support).
- The 'relevant amounts' for each band are then aggregated and expressed as an equivalent number of band D dwellings.
- The Council then multiplies this aggregate of all relevant amounts by the estimated collection rate for the year. The resulting figure is the Council Tax Base for the year.
- The rules for calculating the Council Tax Base for any part of a Council's area (e.g. a parish, or that part of its area to which a levy or special levy relates) are the same as the rules for calculating the Council Tax Base for the whole of its area for that year, and the same estimated collection rate must be used.

- 2.13 The estimate of the collection rate is the only area over which the Council has any discretion. A collection rate of 99.4% was adopted upon implementation of the Council Tax Support Scheme, and from the performance data collected so far, there is no reason to deviate from this assumption; but this will continue to be monitored closely particularly in light of the economic implications of the coronavirus pandemic and cost of living crisis. Recommendation 3 seeks Cabinet approval for an estimated collection rate of 99.4%. Collection rates will be continually monitored and any adjustments will be reflected in the calculation of the 2023/24 surplus or deficit.
- 2.14 The tax base for 2022/23 was 59,328.3 (after adjusting for the estimated impact of Council Tax Support and a 99.4% collection rate), the proposed tax base for 2023/24 is 59,922.3. This represents an increase of 593.97 Band D equivalent, or 1.00% on the tax base. Recommendation 4 seeks approval for this proposed tax base for 2023/24.

Notification of Tax Base

- 2.15 Major Precepting Authorities, are required to request their tax base figure (and notify any changes to their tax base area), from the Council, before the end of December 2022. The Council must give notification of all requested tax base figures by the end of January 2023.

3 Options and alternative considered

None. Setting of the Council Tax and agreement of the Council Tax surplus is a statutory requirement.

4 Consultation

None.

5 Financial and value for money implications

Contained within the body of the report

6 Legal Implications

Setting of the Council Tax and agreement of the Council Tax surplus is a statutory requirement.

7 Risk implications

There are no direct risk implications arising from the report.

8 Equalities, Community Impact and Human Rights:

There are no direct Equalities, Community Impact and Human Rights implications arising from this report.

9 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no direct sustainability implications arising from this report

10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

Calculation of the Council Tax base is required to set Council Tax for 2023/24. This calculation has a direct impact on the income due to the Council in 2023/24.

11 Statutory Comments

Monitoring Officer:

No comments to add to the report.

Deputy S151 Officer

This is a Deputy Section 151 officer report.

12 Conclusions:

Agreement of the Council Tax Base 2023/24 and the Council Tax surplus estimated as at 31 March 2023 supports sound financial planning within the authority. Cabinet has delegated authority to set the Council Tax Base for 2023/24.