

AGENDA ITEM:
SUMMARY



Report for:	Cabinet
Date of meeting:	14 December 2021
PART:	I
If Part II, reason:	

Title of report:	Council Tax Base 2022/23 and Forecast Council Tax Position as at 31 March 2022
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources Nigel Howcutt, Chief Finance Officer Fiona Jump, Group Manager (Financial Services)
Purpose of report:	1. To agree the estimated Collection Fund surplus or deficit as at 31 March 2022. 2. To determine the Council Tax Base for 2022/23.

Recommendations:

1. That Cabinet approves the Collection Fund deficit estimate of £962,542.04 as at 31 March 2022. The Dacorum Borough Council share of this deficit is £115,000.26.
2. That Cabinet approve the payment profile for the deficit identified at 1) above and contained at section 2.8 to this report (Table 3).
3. That Cabinet approves the calculation of the Council's tax base for the year 2022/23 incorporating an estimated collection rate of 99.4%.
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 2022/23 shall be 59,328.3 and its constituent elements shall be:

Table 1 Taxbase 2022/23

Part of Area - Parished and Non Parished	100% Tax base	99.4% Tax base
Hemel Hempstead	31,748.5	31,558.1
Aldbury	480.7	477.8
Berkhamsted	8,654.3	8,602.4
Bovingdon	2,161.3	2,148.3
Chipperfield	880.8	875.5
Flamstead	667.7	663.7
Flaunden	185.8	184.7
Great Gaddesden	462.5	459.7
Kings Langley	2,358.6	2,344.4
Little Gaddesden	651.1	647.2
Markyate	1,363.6	1,355.4
Nash Mills	1,268.1	1,260.5
Nettleden with Potten End	809.7	804.8
Northchurch	1,372.6	1,364.4
Tring Rural	691.0	686.9
Tring Town	5,253.5	5,222.0
Wigginton	676.6	672.5
Total	59,686.4	59,328.3

Corporate objectives:

Agreement of the Council Tax Base 2022/23 and the Council Tax deficit as at 31 March 2022 supports sound financial planning and achievement of the corporate

	objective of ensuring efficient, effective and modern service delivery.
Implications:	<p>Financial</p> <p>Providing details of the Collection Fund deficit estimated as at 31 March 2022 assists the Council and precepting authorities in the setting of their Council Tax for 2022/23.</p> <p>The recommended Council Tax Base shows a 634.6 increase on the 2021/22 Taxbase Band D equivalent dwellings in the Borough.</p> <p>Legal</p> <p>Cabinet has delegated authority to set the Council Tax Base by virtue of Section 67 Local Government Finance Act 2012 and the resolution of Council dated 19 January 2005.</p> <p>Value for money</p> <p>Agreement of the Council Tax Base 2022/23 and the Council Tax deficit estimated as at 31 March 2022 supports sound financial planning within the authority.</p>
'Value for money' implications:	
Risk Implications:	Failure to agree a tax base for 2022/23 would compromise the Council's ability to set its Council Tax for 2022/23.
Community Impact Assessment:	Not applicable.
Health and Safety Implications:	There are no Health and Safety implications arising from this report.
Statutory Officer Comments:	<p>Deputy Monitoring Officer</p> <p>No comments to add to the report.</p> <p>Deputy Section 151 Officer</p> <p>This is a Deputy Section 151 officer report.</p>
Consultees:	Not applicable
Background papers:	None.
Glossary of acronyms and any	None

other abbreviations used in this report:	
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1. **Executive Summary**

- 1.1 The Council is required to set the Council Tax Base for 2022/23 so that it can be used in budget preparations and for formal setting of Council Tax by Full Council in February 2022. It is also necessary to approve the estimated Council Tax Collection Fund surplus or deficit as at 31 March 2022.

2. **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 (as well as allowances for exemptions, discounts or appeals) inevitably varies from the figure estimated at the start of the year. 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 The 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 2020/21 (see 2.4 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 surplus or deficit as at 31 March 2021, 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 2021 was £949,037.95 compared to an anticipated surplus of £43,362.84 forecast during 2020/21; a difference of £992,400.79. There is an unusually large difference between the actual deficit and forecast surplus due to the impact of the coronavirus pandemic in 2020/21 on Council Tax. The actual deficit is 0.9% of the value of the precepts declared when the Council Tax for 2020/21 was set. The Council will pay its share of this deficit in 2021/22.
- 2.5 The economic implications of the coronavirus pandemic mean that 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 is £3,877.42. The Council funded one third of this during 2021/22. A further third will be funded in 2022/23 and is included within the Council's share of the estimated deficit figure in Table 3 below. The final third will be funded in 2023/24.

- 2.6 In 2021/22, the Collection Fund is estimated to achieve a total projected in-year surplus of £40,497.23. The surplus is 0.04% of the value of the precepts declared when the Council Tax was set.
- 2.7 The projected total deficit on the Council Tax Collection Fund as at 31 March 2022 is £962,542.04. This is made up as follows:

Table 2 Estimated Council Tax deficit as at 31 March 2022

	£
The difference between the forecast surplus and the actual deficit as at 31 March 2021, excluding any 'spreading adjustment'.	992,400.79
The 2022/23 impact of the 'spreading adjustment' required under statute, relating to the 2020/21 deficit.	10,638.48
The 2021/22 forecast in-year surplus.	(40,497.23)
Total estimated deficit as at 31 March 2022	962,542.04

- 2.8 The proportion and profile of this total deficit that each of the Major Preceptors and the Borough will have to fund when calculating the 2022/23 Council Tax is as follows:

Table 3 Estimated Council Tax deficit as at 31 March 2022- Authority Shares

Precepting or Billing Authority	£
Dacorum Borough Council	115,000.26
Hertfordshire County Council	740,351.84
Police and Crime Commissioner for Hertfordshire	107,189.94
Total estimated deficit as at 31 March 2022	962,542.04

- 2.9 Cabinet approval of the Collection Fund deficit estimated at 31 March 2022 is sought in Recommendation 1. Approval of the surplus distribution profile at 2.8 is sought in Recommendation 2.

3. Council Tax Base 2022/23

3.1 On an annual basis, 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.

3.2 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.

3.3 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.

3.4 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. Recommendation 3 seeks Cabinet approval for an estimated collection rate of 99.4%.

3.5 Collection rates will be continually monitored and any adjustments will be reflected in the calculation of the 2022/23 surplus or deficit.

3.6 The tax base for 2021/22 was 58,693.7 (after adjusting for the estimated impact of Council Tax Support and a 99.4% collection rate), the proposed tax base for 2022/23 is 59,328.3. This represents an increase of 634.6 Band D equivalent

properties, or 1.08% on the tax base. Recommendation 4 seeks approval for this proposed tax base for 2022/23.

4. Notification of Tax Base

4.1 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 2021. The Council must give notification of all requested tax base figures by the end of January 2022.

5. Conclusions and recommendations

5.1 Cabinet has delegated authority to set the Council Tax Base for 2022/23.

5.2 It is recommended that Cabinet approves the following:

- The Collection Fund deficit estimate of £962,542.04 as at 31 March 2022 and the payment profile of this deficit as set out at 2.8 of this report.
- That calculation of the Council's tax base for the year 2022/23 incorporating an estimated collection rate of 99.4%.
- 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 2022/23 be 59,328.3.