

Report subject	<b>Council Tax - Tax Base 2021/22</b>
Meeting date	13 January 2021
Status	Public Report
Executive summary	<p>This report calculates and presents the proposed council tax base for council tax setting purposes in line with current legislation and guidance.</p> <p>Three separate council tax bases have been maintained for the Bournemouth, Christchurch and Poole areas during the period of council tax harmonisation.</p>
Recommendations	<p><b>It is RECOMMENDED that Cabinet:</b></p> <p><b>(a) Approves the report for the calculation of the council's tax base for the year 2021/22 and recommends the tax base to Full Council.</b></p> <p><b>(b) Pursuant to the report, and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, the amount calculated as the council tax base for Bournemouth, Christchurch and Poole Council for 2021/22 is 139,170.5, comprising of the following area tax bases: Bournemouth 62,176.7, Christchurch 20,021.9 and Poole 56,971.9.</b></p>
Reason for recommendations	The Council is required by the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended, to calculate the council tax base for the financial year 2021/22.

Portfolio Holder(s):	Councillor Drew Mellor, Leader, Finance & Transformation
Corporate Director	Graham Farrant, Chief Executive
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Wards	Council-wide
Classification	For Decision

## Background

1. Bournemouth, Christchurch and Poole (BCP) Council is required to calculate its tax base in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended, and provide this information to the Dorset Police & Crime Commissioner, the Dorset & Wiltshire Fire & Rescue Authority as well as the relevant parish, town and neighbourhood councils and charter trustees in the BCP Council area.
2. There is a requirement to maintain three separate council tax bases for the areas of Bournemouth, Christchurch and Poole during the period of council tax harmonisation.

## Calculation of council tax base

3. Under the Local Government Finance Act 1992 and accompanying regulations, detailed procedures exist for calculating the tax base which will be used for calculating the levels of council tax charged to residents. The tax base for the individual Bournemouth, Christchurch and Poole areas is expressed as the number of band D equivalent properties and will be used to calculate BCP Council's element of council tax as well as the council tax charged by other preceptors.
4. In addition to calculating the tax base for BCP Council, a separate tax base has to be calculated for each part of the council's areas to which a special item of expenditure relates. Parish, town and neighbourhood council and charter trustee precepts are all treated as special items for these purposes and their precepts are charged only over the tax base for the relevant area.
5. Following the Community Governance Review a calculation of the tax base applicable to the new Throop and Holdenhurst Parish Council is included in Appendix D. The creation of this new parish council has reduced the tax base over which the Charter Trustees of Bournemouth can charge their precept as they cannot charge in an area that is precepted by a parish council.
6. The detailed calculation of the BCP Council tax base by area and the tax base relating to each individual parish, town and neighbourhood council and charter trustee is provided in Appendices A – D. In summary the total tax base of 139,170.5 for BCP Council is made up from the following band D equivalents:
  - a. Bournemouth 62,176.7;

- b. Christchurch 20,021.9;
  - c. Poole 56,971.9.
- 7. The calculations include estimated changes in the Valuation Office's Valuation List that will take place during 2021/22 by reference to the following:
  - a. Provision for successful appeals;
  - b. Provision for exempt properties;
  - c. Changes in the number of properties (demolitions and new additions);
  - d. Cost of local council tax support scheme (LCTS);
  - e. Estimated single person and other discounts, and;
  - f. Estimated collection rate.
- 8. The total estimated tax base for BCP Council has reduced from 142,996.2 in 2020/21 to 139,170.5 in 2021/22 due to the estimated impact of covid-19 on both the cost of the LCTS and the collection rate. This reduction equates to a 2.7% reduction in the tax base compared to the current MTFP planning assumption of 3.9%.
- 9. The cost of the LCTS is estimated at £29.062 million (£25.697 million 2020/21) which is an increase of £3.365 million or 13.1% compared to last year and reflects the 13.5% increase in the cost of working age claimants. The weighted average collection rate is estimated at 97.2% (99.0% 2020/21).
- 10. There continues to be an increase in Single Person households being reported. Resources are being allocated so that Single Person discount claims will be fully reviewed annually, and data matching exercises undertaken to prove their validity. This review process will also link to recommended checks as advised by National Fraud Initiative.
- 11. The council tax requirement for 2021/22, which will be approved by BCP Council in February 2021, will be divided by the calculated tax base in order to arrive at the charge for a band D property, from which the charges for other valuation bands will be determined.

### **Options Appraisal**

- 12. The council can make differing assumptions regarding the estimated additions, deletions, exempt properties, discounts, cost of LCTS and the collection rate and their impact on the tax base. However, these have been set at a level based on historical trend and with due regard to the current economic environment and effects of covid-19, in order to ensure as far as possible that a deficit does not occur on the collection fund.

### **Summary of financial implications**

- 13. As set out in the body of this report.

### **Summary of legal implications**

- 14. The calculation and approval of the tax base is a crucial step in the council being able to set a legal balanced budget for 2021/22.

15. The council must set its tax base in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended, and inform other preceptors of their relevant tax base.

**Summary of human resources implications**

16. None.

**Summary of sustainability impact**

17. None.

**Summary of public health implications**

18. None.

**Summary of equality implications**

19. None.

**Summary of risk assessment**

20. None.

**Background papers**

None.

**Appendices**

Appendix A – Bournemouth area tax base 2021/22.

Appendix B – Christchurch area tax base 2021/22.

Appendix C – Poole area tax base 2021/22.

Appendix D – Parish, town and neighbourhood council and charter trustee tax bases 2021/22.