

Name of meeting: Cabinet 18th January 2022

Title of report: Calculation of Council Tax Base 2022/23

Purpose of report: To seek approval of the Cabinet for the various tax bases, this will apply to the Kirklees area for the financial year 2022/23 in connection with the Council Tax.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes: The calculation of the Council Tax base affects all wards in the Kirklees area.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports?)</u>	Yes May 2021
The Decision - Is it eligible for call in by Scrutiny?	No – Full Council decision
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance IT and Transactional Services? Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	Rachel Spencer-Henshall , Strategic Director, Corporate Strategy, Commissioning and Public Health – 10 January 2022 Eamonn Croston Service Director, Finance – 10 January 2022 Julie Muscroft , Service Director – Legal, Governance and Commissioning – 10 January 2022
Cabinet member <u>portfolio</u>	Cllr Paul Davies

Electoral wards affected: All

Ward councillors consulted: N/A

Public or private: Public

Have you considered GDPR: Yes - there is no personal data within the Council Tax base report or calculation.

1. Summary

Section 67(2) of the Local Government Finance Act 1992 requires that the tax base for Council Tax should be approved by the Authority. The regulations covering setting the tax base are covered and updated under Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (as amended).

In accordance with s67 (2A) (za) of the Local Government Finance Act 1992 the Value of T (the taxbase) is not a function that can only be discharged by the Authority (Council) and therefore can be determined by reference to the Cabinet for ratification in order that the process for the calculation of the basic amount of Council Tax in accordance with s 31B of that Act can commence. The regulations covering setting the tax base are covered and updated under Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (as amended).

A number of Councils take the decision at Cabinet or have delegated it to the section 151 officer and the calculation forms part of the Budget papers.

It has been the practice in Kirklees to take a report to both cabinet and to Council.

1.1 **Members should be aware of the provisions of Section 106 of the Local Government Finance Act 1992**, which applies to members where –

- (a) they are present at a meeting of the Council, the Cabinet or a Committee and at the time of the meeting an amount of Council Tax is payable by them and has remained unpaid for at least two months; and
- (b) any budget or Council Tax calculation, or recommendation or decision which might affect the making of any such calculation, is the subject of consideration at the meeting.

In these circumstances, any such members shall at the meeting and as soon as practicable after its commencement disclose the fact that Section 106 applies to them and shall not vote on any question concerning the matter in (b) above. It should be noted that such members are not debarred from speaking on these matters.

Failure to comply with these requirements constitutes a criminal offence, unless any such members can prove they did not know that Section 106 applied to them at the time of the meeting or that the matter in question was the subject of consideration at the meeting.

2. Information required to take a decision

- 2.1 In determining the level of local taxation, each local authority calculates a tax base annually so that, once the level of expenditure has been approved, the determinations of the level of location taxation becomes an arithmetical exercise.
- 2.2 The Council Tax base for an authority is the amount of income which would be received by levying a Council Tax of £1.00 on band D properties and taking into account the differential rates which would be applied to properties in the other bands.

In view of the fact that there are Parish and Town precepts, it is necessary to calculate a tax base for:

- a) the whole of Kirklees; and

- b) each parish and town council area

The valuation listing received from the Inland Revenue (valuation office) places each domestic property in Kirklees into one of eight valuation bands.

- 2.3 In order to calculate the tax base, the following factors must be taken into account and applied to the valuation bandings:

- a) Fixed ratios between valuation banding.
- b) Number of exempt properties.
- c) Number of properties eligible for a discount.
- d) Properties subject to the Empty Homes premiums (long term empty properties, empty over 2 years, over 5 years and over 10 years) subject to premium charge(s). For the purposes of this report it is assumed there is no change to empty property premium.
- e) Number of appeals against bandings which will be successful.
- f) Number of new properties which will be added to the list during the year; and
- g) Council Tax Reduction Scheme (CTR) – continuing the local scheme as in 2020/21 at 20%.
- h) An allowance for losses on collection.

- 2.4 The current tax base figure based on 30th November 2021 figures is 123,029.21. A collective adjustment has been made to the current Council Tax base (CTB) as at 30th November 2021 to reflect the calculated tax base for 2022/23.

- 2.5 Allowing for the factors set out in paragraphs 2.3 to 2.5 above, an overall collective adjustment for 2022/23 has been calculated at 0.91% (equivalent overall adjustment for 2021/22 was 2.76%). The CTB as set out in the report will be used to inform the demand on the collection fund amount to be considered at full Budget Council on 16th February 2022.

- 2.6 The difference in the collective adjustment applied in 2022/23 compared to 2021/22 largely reflects a review of previous prudent projections built into council tax forecasts for 2022/23 in existing medium term financial plans. In spite of the global COVID pandemic impact on the economy, current Council Tax collection rates are holding up better than anticipated, to near pre-COVID 98.5% rates. Council Tax reduction claimants have also now levelled off following a 2,000 increase over the past 18 months, and net housing supply growth is also expected to return to about 1,000 per annum in 2022/23 (Band D equivalents).

- 2.7 It is recommended that the 2022/23 tax base for the whole of Kirklees area, and the tax bases for the five Parish and Town Council areas be approved as follows:

Whole of Kirklees	121,906.00
Denby Dale	5,993.84
Holme Valley	10,400.79
Kirkburton	9,187.00
Meltham	2,960.91
Mirfield	6,818.29

In order to demonstrate the methodology used in the calculation, the Appendices show the current number of properties in each band, the current effect of discounts, exemptions and the collective adjustment referred to earlier in the report. This is broken down into the whole of Kirklees and the five Parish and Town council areas above.

Council Tax Reduction Parish Grant

- 2.8 A Council grant had been distributed to Parish Councils to supplement the Parish precept, so as to provide top-up funding to mitigate the effect of the Localisation legislation introduced in 2013/14. The effect of Localisation was to reduce individual Parish Tax bases, resulting in a consequential loss in their income. This grant had been maintained at the 2013/14 level, over successive years. However, over this period, Parish (CTB's) had grown to the extent where the original purpose of the grant was no longer justified.

As part of previous year's approved CTB, Council approved the phasing out of the grant, the phasing dependent on the extent of individual Parish CTB growth over the intervening period. Based on the tax bases recommended in this report, the only parish grant payable in 2022/23 will be for Mirfield £696.50 (£3,873.60 in 2021/22)

3 Implications for the Council

3.1 Working with People

The setting of the tax base is related to all domestic properties in Kirklees and is not based on individual circumstances. It applies to every property.

The Local Government Finance Act 1992 requires each authority to devise a Local Council Tax Reduction Scheme it does not specify the extent of any such reduction.

By providing a scheme that reduces liability to an affordable level, it prevents the need to take unnecessary and costly recovery action that would inevitably result in courts finding the customer did not have the means to pay. The current Council CTR Scheme reduces liability to eligible claimants by up to 20%.

3.2 Working with Partners

N/A

3.2 Placed based working

N/A

3.3 Climate Change & Air Quality

N/A

3.4 Improving Outcomes for Children

N/A

3.5 Reducing demand of services

N/A

3.6 Other (e.g. Legal/Financial or Human Resources)

The setting of the taxbase is related to the annual budget process. Setting a budget specifically to meet Council Tax liability of those that would otherwise be unable to pay, means we have greater clarity as to the amount of Council Tax we might collect. That in turn allows the Council to plan more accurately based on anticipated revenue from the collection of Council Tax.

The decision to agree the tax base determines the levels of income received by the Council through the levy of Council Tax for residents of Kirklees.

The Council must consider any legislative changes as part of the CTB setting process, as any changes will materially affect the CTB. Any legislative changes (if any) have been considered and incorporated in the CTB setting process.

The parish grants payable in 2022/23 will be funded from the general fund, central budget contingencies.

4. Consultees and their opinions

Councillor Paul Davies - supports the calculations and judgments made in determining the proposed Council Tax base.

5. Next steps

- Cabinet to agree Council Tax base for subsequent recommendation to Council
- The Council Tax Base forms part of agreeing the level of Council Tax for 2022/23- Budget Council on 16th February 2022.

6. Officer recommendations and reasons

To meet the requirements of Section 67(2) of the Local Government Finance Act 1992 , which requires that the tax base for Council Tax should be approved by the Authority, it is recommended that :

Cabinet approve the 2022/23 Council Tax base for the whole of the Kirklees area, at 121,906.00, and the Council Tax bases for the five Parish and Town council areas as set out in this report and accompanying Appendices.

7. Cabinet portfolio holder's recommendations

The Cabinet Portfolio Holder recommends that Cabinet approve the Council Tax base for the whole of the Kirklees area, and the Council Tax bases for the five Parish and Town Councils for 2022/23 as set out in this report.

8. Contact officer

Steve Bird – Head of Welfare and Exchequer Services
Mark Stanley – Senior Manager Welfare and Exchequer Services
Victoria Brook - Senior Manager, Welfare & Exchequer Services

9. Background Papers and History of Decisions

N/A

10. Service Director responsible

Eamonn Croston – Service Director, Finance

Council Tax Base Calculation for area of Denby Dale Parish Council 2022/2023 - APPENDIX B

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	6	0	6	0.00	1.97	0.00	0.00	4.03	5	2.24
A	1,944	36	1,908	232.50	343.73	10.00	0.00	1,341.77	6	894.51
B	1,254	17	1,237	127.50	93.33	9.00	0.00	1,025.17	7	797.35
C	1,232	11	1,221	92.00	44.49	3.00	0.00	1,087.51	8	966.68
D	1,454	14	1,440	81.50	29.34	3.00	0.00	1,332.16	9	1,332.16
E	994	6	988	42.00	9.16	2.00	0.00	938.84	11	1,147.47
F	444	4	440	19.75	2.75	2.00	0.00	419.50	13	605.94
G	175	1	174	7.00	1.87	0.00	0.00	165.13	15	275.22
H	14	0	14	0.25	0.00	0.00	0.00	13.75	18	27.50
	7,517	89	7,428	602.50	526.64	29.00	0.00	6,327.86		6,049.07
								Less : collective adjustment	0.91296%	55.23
								Council Tax Base for Denby Dale Parish Council - Chargeable Dwellings Band 'D' Equivalent		5,993.84

Council Tax Base Calculation for area of Holme Valley Parish Council 2022/2023 - APPENDIX C

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	5	0	5	0.50	2.50	0.00	0.00	2.00	5	1.11
A	2,711	60	2,651	351.25	476.94	26.00	0.40	1,848.41	6	1,232.27
B	2,183	23	2,160	222.25	140.31	23.00	0.00	1,820.44	7	1,415.90
C	2,674	30	2,644	219.25	89.04	18.00	0.00	2,353.71	8	2,092.19
D	1,722	23	1,699	105.25	35.92	5.00	0.00	1,562.83	9	1,562.83
E	1,758	14	1,744	77.25	21.16	4.00	0.00	1,649.59	11	2,016.17
F	1,038	7	1,031	31.75	8.28	0.00	0.00	990.97	13	1,431.40
G	448	3	445	14.75	3.10	2.00	0.00	429.15	15	715.25
H	15	0	15	0.25	0.00	0.00	0.00	14.75	18	29.50
	12,554	160	12,394	1,022.50	777.25	78.00	0.40	10,671.85		10,496.62
								Less : collective adjustment	0.91296%	95.83
								Council Tax Base for Holme Valley Parish Council - Chargeable Dwellings Band 'D' Equivalent		10,400.79

Council Tax Base Calculation for area of Kirkburton Parish Council 2022/2023 - APPENDIX D

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	3	0	3	0.25	0.68	0.00	0.00	2.07	5	1.15
A	2,336	156	2,180	274.50	377.87	22.00	0.00	1,549.63	6	1,033.09
B	2,036	27	2,009	216.50	142.31	9.00	0.00	1,659.19	7	1,290.48
C	2,518	24	2,494	179.75	83.03	6.00	0.00	2,237.22	8	1,988.64
D	1,793	117	1,676	95.25	30.95	6.00	0.00	1,555.80	9	1,555.80
E	1,501	8	1,493	60.50	13.32	0.00	0.00	1,419.18	11	1,734.55
F	751	5	746	27.00	5.29	0.00	0.00	713.71	13	1,030.91
G	376	2	374	12.50	0.98	1.00	0.00	361.52	15	602.53
H	18	0	18	0.75	0.00	0.00	0.00	17.25	18	34.50
	11,332	339	10,993	867.00	654.43	44.00	0.00	9,515.57		9,271.65
								Less : collective adjustment	0.91296%	84.65
								Council Tax Base for Kirkburton Parish Council - Chargeable Dwellings Band 'D' Equivalent		9,187.00

Council Tax Base Calculation for area of Meltham Parish Council 2022/2023 - APPENDIX E

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	2	0	2	0.00	0.82	0.00	0.00	1.18	5	0.66
A	1,260	26	1,234	161.00	271.14	9.00	0.00	810.86	6	540.57
B	529	4	525	55.00	30.56	3.00	0.00	442.44	7	344.12
C	1,000	6	994	81.00	25.17	2.00	0.50	889.33	8	790.52
D	458	3	455	24.50	7.49	1.00	0.00	424.01	9	424.01
E	491	2	489	19.50	7.15	0.00	0.00	462.35	11	565.09
F	159	0	159	5.75	1.19	0.00	0.00	152.06	13	219.64
G	58	0	58	1.25	0.00	0.00	0.00	56.75	15	94.58
H	5	0	5	0.50	0.00	0.00	0.00	4.50	18	9.00
	3,962	41	3,921	348.50	343.52	15.00	0.50	3,243.48		2,988.19
								Less : collective adjustment	0.91296%	27.28
								Council Tax Base for Meltham Parish Council - Chargeable Dwellings Band 'D' Equivalent		2,960.91

Council Tax Base Calculation for area of Mirfield Parish Council 2022/2023 - APPENDIX F

Tax Band (1)	Number of Properties (2)	Number of Exempt Properties (3)	Number of Taxable Properties (4)	Number of Properties with Discounts Equated to 25% Discount (5)	Reduction in Tax Base due to Council Tax Reduction (6)	Number of Properties with Empty premium Equated to 100% 200% 300% extra charge (7)	Family Annex (8)	Effect of Discounts & Empty premium on Number of Taxable Properties (9)	Fixed Ratio (9ths) (10)	Less : collective adjustment Band 'D' Equivalent (11)
A Disabled	4	0	4	0.00	0.94	0.00	0.00	3.06	5	1.70
A	2,580	58	2,522	353.75	579.51	19.00	0.40	1,607.34	6	1,071.56
B	1,467	24	1,443	149.25	109.80	8.00	0.00	1,191.95	7	927.07
C	2,654	28	2,626	201.50	102.56	1.00	0.00	2,322.94	8	2,064.84
D	1,167	10	1,157	67.25	25.59	0.00	0.00	1,064.16	9	1,064.16
E	850	7	843	45.50	16.20	0.00	0.00	781.30	11	954.92
F	369	2	367	12.00	3.30	0.00	0.00	351.70	13	508.01
G	166	0	166	6.50	0.59	0.00	0.00	158.91	15	264.85
H	14	1	13	2.00	0.00	1.00	0.00	12.00	18	24.00
	9,271	130	9,141	837.75	838.49	29.00	0.40	7,493.36		6,881.11
								Less : collective adjustment	0.91296%	62.82
								Council Tax Base for Mirfield Parish Council - Chargeable Dwellings Band 'D' Equivalent		6,818.29