


<b>Cabinet</b>  6 January 2021	
<b>Report of:</b> Kevin Bartle, Interim Corporate Director, Resources	<b>Classification:</b> Unrestricted
<b>Calculation of Council Tax Base 2021-22</b>	

<b>Lead Member</b>	<b>Councillor Candida Ronald, Cabinet Member for Resources and the Voluntary Sector</b>
<b>Originating Officer(s)</b>	Kevin Bartle; Interim Corporate Director Resources
<b>Wards affected</b>	All wards
<b>Key Decision?</b>	Yes
<b>Forward Plan Notice Published</b>	4 December 2020
<b>Reason for Key Decision</b>	To set the Council Tax base for 2021-22
<b>Strategic Plan Priority / Outcome</b>	<p><b>Priority 1 - People are aspirational, independent and have equal access to opportunities</b></p> <p><b>Priority 2 - A borough that our residents are proud of and love to live in.</b></p> <p><b>Priority 3 - A dynamic outcomes-based Council using digital innovation and partnership working to respond to the changing needs of our borough</b></p>

### **Executive Summary**

This report sets out the calculation of the Council Tax Base for 2021-22 as required by statute.

### **Recommendations:**

The Cabinet is recommended to:

1. Approve, in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, that the amount calculated by the London Borough of Tower Hamlets as its Council Tax Base for the year 2021-22 shall be 102,572.

## **1. REASONS FOR THE DECISIONS**

- 1.1 The scheme for calculation of council tax established under the Local Government Finance Act 1992 requires local authorities to agree their Council Tax Base and to notify it to the preceptors (primarily the Greater London Authority (GLA)) by 31st January 2021.
- 1.2 If the tax base is not agreed and notified to the Preceptors by 31st January 2021, this may prejudice the calculation of Council Tax and other relevant charges based on the tax base for 2021-22.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The recommendations contained within this report are made in line with the statutory requirements outlined in sections 1.1 and 1.2 of this report; therefore, the Cabinet is not presented with alternative options for setting its Council Tax Base.

## **3. DETAILS OF THE REPORT**

- 3.1 The Council Tax legislation requires local authorities to agree their Council Tax Base and to notify it to the preceptors by the 31st January each year.
- 3.2 The tax base is central to the Council Tax system because it is the means by which the budget is translated into tax levels. For the next financial year, the tax base has been estimated at 102,572.
- 3.3 Based on this revised tax base each, 1% rise in the Council Tax rate would yield an extra estimated £1.087m for the 2021-22 General Fund budget.
- 3.4 The 2020/21 Council Tax Base used in setting the budget for that year was 102,266. The estimated 2021-22 figure represents a very small increase of band D equivalent properties producing a yield. This is mainly down to the reduced collection rate and increase in CTRS claimants.
- 3.5 The government's Core Spending Power calculation has previously assumed that Council Tax will increase by the Adults Social Care (ASC) precept and by an inflationary amount equal to the level up to which Council Tax can be increased in order to avoid a referendum for an 'excessive' Council Tax increase, plus an assumption based on historic levels of Council Tax demographic growth.

The Council's 2020-21 Council Tax rate (Band D equivalent) was set at £1,060.35 which included a general increase of 1.99% and a 2% increase in respect of the Adult Social Care 'Precept'. Currently, based on the government's latest announcements, the level of increase to avoid the need for a referendum is less than 2% and an Adult Social Care precept of up to 3% can be applied.

- 3.6 This report summarises the principles of the tax base calculation and sets out in Appendix A the calculation for 2021-22.

### **CALCULATION OF THE TAX BASE**

- 3.7 The tax base calculation must take account of:
- the number of properties in each council tax band (A to H), including estimated changes during the year (for Tower Hamlets this includes an estimated increase in property numbers due to the continuing regeneration of the borough);
  - the number of discounts, taking account of estimated changes during the year; these include
    - Demolished dwellings and dwellings outside the area of the authority
    - Dwellings subject to a reduction for disability
    - 25% discounts where there is only one adult resident
    - 25% discounts where all but one adult resident is disregarded
    - 50% discounts where all adult residents are disregarded
  - the estimated collection rate for 2021-22 tax base has been calculated on a reduced rate of 96%, down 1.5% on the previous year.

### **4. EQUALITIES IMPLICATIONS**

- 4.1 Calculation of the Council's tax base is an important step towards calculation of the basic amount of Council Tax. The calculation of council tax is a key element of the Council's budget, which will enable it to deliver on its Strategic Plan and, in turn, the Community Plan.
- 4.2 Alongside the setting of the Council Tax base and the Council Tax rate, the Council must develop and implement a Local Council Tax Reduction Scheme to protect certain prescribed groups and other groups that the Council wishes to protect from some or all of the Council Tax due.
- 4.3 The Council is proposing to retain its current LCTRS un-amended for 2021-22 which provides for up to 100% relief.

### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 This is a statutory calculation which ensures any best value implications are accounted for in terms of the Council's budget.
- 5.2 If the tax base is not agreed, the Council will not be able to set a legal budget for 2021-22 and notify the preceptors by 31st January 2021. Consequently, the Council may be open to legal challenge and also affect the budget setting arrangements for the GLA.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 This report is primarily financial in nature and therefore incorporates the comments of the Chief Financial Officer.

## **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Council is required by section 31B of the Local Government Finance Act 1992 (“the Act”) to calculate for each financial year the basic amount of its council tax. The basic amount of council tax must be calculated from the Council Tax base. This base is created by applying a prescribed formula under the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012
- 7.2 The Council is required to submit its council tax base to the GLA between 1 December and 31 January in the financial year preceding the financial year for which the calculation of council tax base is made. If the Council does not submit its council tax base to the GLA, then the GLA is required to determine the calculation for itself, in the manner prescribed in the above Regulations.
- 7.3 To this end the report complies with the Council’s legal duties as regards setting the Council Tax base.

---

## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

- Appendix A – Calculation of Council Tax Base 2021-22

### **Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- Local Government Act, 1972 Section 100D (As amended)

### **Officer contact details for documents:**

Allister Bannin (Head of Strategic & Corporate Finance) - ext. 3930