



Council

Monday 25 January 2021

Subject: Collection Fund – Council Tax Surplus 2020/21 & Council Tax Base 2021-22

Report by:

Assistant Director of Finance and Property Services and Section 151 Officer

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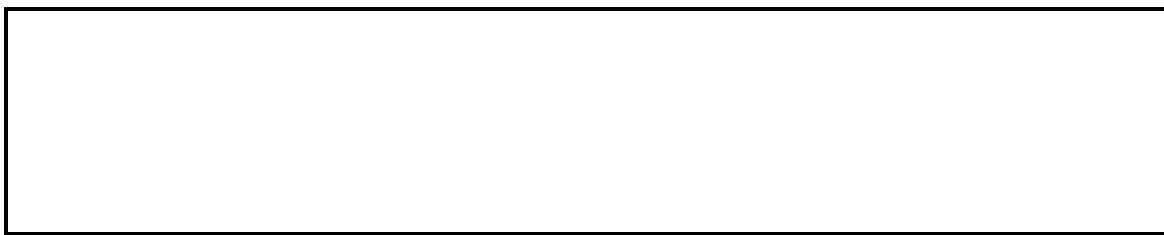
Purpose / Summary:

The report sets out the declaration of the estimated surplus on the Council's Collection Fund relating to Council Tax at the end of March 2021 and how it is shared amongst the constituent precepting bodies.

It also sets out the Council tax base calculation for 2021/22. The tax base is a key component in calculating both the budget requirement and the council tax charge

RECOMMENDATION(S):

- 1) That Members accept that the estimated surplus of £167,500 be declared as accruing in the Council's Collection Fund at 31 March 2021 relating to an estimated Council Tax surplus.**
- 2) That the Council uses its element of the Collection Fund surplus/deficit in calculating the level of Council Tax in 2021/22.**
- 3) That the calculations of the Council's tax base for 2021/22 as set out in Appendix 1 be approved, and that in accordance with the Local Authorities' (Calculation of Council Tax Base) Regulations 1993 (as amended), the tax base for each part of the Authority's area shall be as set out also in Appendix 1.**



IMPLICATIONS

Legal: It is a requirement under the Local Government Finance Act 1992 that the Council calculates the tax base for council tax purposes. This must be done before 15 January prior to the financial year to which the tax base relates. It is also a requirement that the resolution determining the calculation be notified to the County Council between 1 December 2020 and 31 January 2021.

It is a requirement under the Local Government Finance Act 1992 that any estimated surplus on the previous year's Collection Fund shall be shared amongst the major precepting bodies.

(N.B.) Where there are legal implications the report MUST be seen by the MO

Financial : FIN/114/21/CB

The estimated surplus in Council tax totals £1,089,000 to be shared as follows:-

Lincolnshire County Council £775,700

Police and Crime Commissioner, Lincolnshire £145,800

West Lindsey District Council £167,500

West Lindsey District Council will include its surplus share within its budget 2021/22 and take into account for Council Tax setting. The surplus share of £167,500 represents a decrease of £47,936 against the 2020/21 budgeted surplus of £215,436.

Staffing : None directly arising as a result of this report

Equality and Diversity including Human Rights : None directly arising as a result of this report.

Data Protection Implications : None arising as a result of this report

Climate Related Risks and Opportunities : None arising as a result of this report.

Section 17 Crime and Disorder Considerations : None arising as a result of this report.

Health Implications: None arising as a result of this report.

Title and Location of any Background Papers used in the preparation of this report:

Wherever possible please provide a hyperlink to the background paper/s
If a document is confidential and not for public viewing it should not be listed.

Risk Assessment : The Council is bound by legislation undertake the necessary work to determine the Council Tax Base and to distribute the estimated surplus on the Collection Fund. Failure to do so would mean that the Council would be acting illegally and would be prone to appropriate sanctions

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

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No

X

1 Introduction

1.1 Collection Fund Surplus for 2020/21

1 Introduction

- 1.1 The Council is required to declare an estimate of the surplus or deficit that will occur on the Collection Fund at the end of each year. The Collection Fund records the amount of income collected from Council Tax, together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be taken into account when determining the Council Tax for the following year.

- 1.2 Any surplus or deficit generated through the Collection fund in relation to Council Tax is shared between the County Council, the Lincolnshire Police Authority and this Council in the same proportion as the amount of their precepts for 2020/21
- 1.3 A surplus or deficit may occur in the Collection Fund if the Council tax base is larger or smaller than originally anticipated or collection rates are higher or lower than expected.

2 Estimated Council Tax Surplus for 2020/21

- 2.1 The amount calculated as available from the Collection Fund for distribution during 2021/22 has been calculated as £1,089,000
- 2.2 This amount will be shared amongst the precepting authorities as follows:

	£
Lincolnshire County Council	775,700
Police and Crime Commissioner	145,800
West Lindsey District Council	167,500

	£1,089,000

- 2.3 This Council must take its share of the surplus, being £167,500 into account when it sets its element of the Council Tax for 2021/22.

3 The Council's Tax base for 2021/22

- 3.1 The tax base is an important factor in determining the level of Council Tax for the next year. It is expressed as the equivalent of the number of dwellings in Band D.
- 3.2 The calculation takes into account the following factors:-
 - 3.2.1 The number of chargeable dwellings in each valuation band in each Parish on 30 November 2020.
 - 3.2.2 The number of discounts available to single and other eligible persons and for vacant dwellings.
 - 3.2.3 The number of premiums effective at the relevant date.
 - 3.2.4 The number of valuation band reductions for dwellings adapted for the disabled.
 - 3.2.5 The number of dwellings exempt from liability.
 - 3.2.6 The total amount estimated to be applied for the Council Tax Support Scheme.

- 3.2.7 The estimated amount of Council Tax collection in the financial year.
- 3.2.7 The proportion which dwellings in each band bear to Band D, on a full year basis.
- 3.3 The Council Tax Support scheme was introduced in April 2013 enabling actual information to be used as a basis for the estimation in calculating the impact of the reductions on the tax base. These are detailed within Appendix A.
- 3.4 The number of chargeable dwellings in each valuation band has been taken from the valuation list supplied by the Valuation Office on 31 October 2020 and updated by the Council tax department on 30 November 2020. A summary of the calculation and adjustments taken into account is shown at Appendix 1. The overall tax base for 2021/22 is estimated to be 30,128.37 (29,986.98 2020/21) Band D equivalent properties.
- 3.5 The number of properties exempt from Council Tax, including Ministry of Defence buildings, has been deducted from the initial tax base. Direct payments in lieu are received from the Ministry of Defence and these are included later in the tax base calculation.
- 3.6 A loss on collection results in a collection rate from Council Tax of 97.54% (National Average 97%, decrease from 19/20 which was 98.3%) which has been taken into account, reflecting current levels of collection, increased allowance for council tax support due to the current Covid 19 pandemic and assumed collection rates for the changes proposed.
- 3.7 The Council levies additional amounts for the precepts of Local Councils, and separate tax bases are required for those areas. These are also shown at Appendix 1.