

Addendum to the Council Tax Base report 2021/22

Revision of the Council Tax Base 2021/22

On 25 November 2020 the Chancellor announced the 2020 Spending Review. Within the review the Chancellor announced a further £670m in grant funding for councils to support residents claiming Council Tax Support. This is envisaged as a single year approach to tackling Covid-19 related council tax (collection fund) losses.

In the light of this announcement we have examined the effect on the Council Tax Base, specifically potential losses on collection. The losses on collection figure is made up of two elements, write off of debts and an estimate of previous year's arrears which will be recoverable. In previous years this has been estimated at 1.5%. After due consideration of the potential impact of the pandemic, this was increased in the original reports to 2.1%.

However this additional funding will help support families that might otherwise face difficulty in paying their Council Tax. As such we have reviewed the likely losses on collection and revised to reflect 1.5% previously assumed. This increases the tax base and results in an improved position of £1m based on the revised MTFP.

The financial implications in the original report read,

The MTFP assumes an annual increase in the taxbase of 0.16%. Estimates for 2021/22 suggest the number of new chargeable dwellings added to the valuation list will be exceeded by the number of anticipated reductions due to discounts and exemptions and a net increase in benefit claimants, resulting in a reduction in growth of 1.09% in the tax base. This is in line with the assumed reduction as part of the recently revised MTFP, a decrease on the 2021/22 budget assumptions of £2.8m compared to £2.5m as assumed in the MTFP.

This is now revised to read

The MTFP assumes an annual increase in the taxbase of 0.16%. Estimates for 2021/22 suggest the number of new chargeable dwellings added to the valuation list will be exceeded by the number of anticipated reductions due to discounts and exemptions and a net increase in benefit claimants, resulting in a reduction in growth of 0.48% in the tax base. This is below the assumed reduction as part of the recently revised MTFP, a decrease on the 2021/22 budget assumptions of £1.5m compared to £2.5m as assumed in the MTFP.