

Corporate Policy Committee

Date of Meeting:	2 December 2021
Report Title:	Domestic Taxbase 2022/23 Report
Report of:	Alex Thompson – Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	CP/26/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1.** This report sets out the Council taxbase calculation 2022/23 for recommendation from Corporate Policy Committee to Council.
- 1.2.** The calculation sets out the estimates of new homes less the expected level of discounts and the level of Council Tax Support (CTS). This results in a band D equivalent taxbase position for each Town and Parish Council.
- 1.3.** The taxbase reflects an increase of £2.1m (1.8%) on the 2021/22 budgeted position which is higher than the 1% forecast increase reported in February 2021, highlighting the positive changes locally despite the ongoing pandemic situation. Additional new homes and more properties brought back into use over the last twelve years, have increased the taxbase by 18.3% since 2010/11.

2. Recommendations

Corporate Policy Committee recommends to Council that:

- 2.1.** In accordance with the Local Authorities (Calculation of Taxbase) Regulations 1992, the amount to be calculated by Cheshire East Council as its Council taxbase for the year 2022/23 as 156,607.48 for the whole area.

3. Reasons for Recommendations

- 3.1.** In accordance with the Local Authorities (Calculation of Taxbase) Regulations 1992 Cheshire East Council is required to agree its taxbase before 31st January 2022.

4. Other Options Considered

- 4.1.** None.

5. Background

- 5.1.** Cheshire East Council is required to approve its taxbase before 31st January 2022 so that the information can be provided to the Cheshire Police and Crime Commissioner and Cheshire Fire Authority for their budget processes. It also enables each Town and Parish Council to set their respective budgets. Details for each parish area are set out in **Appendix A**.
- 5.2.** The taxbase for the area is the estimated number of chargeable dwellings expressed as a number of band D equivalents, adjusted for an estimated number of discounts, exemptions and appeals plus an allowance for non-collection. A reduction of 1% is included in the taxbase calculation to allow for anticipated levels of non-collection.
- 5.3.** Processes to collect Council Tax locally continue to be effective and collection rates of 99% continue to be achieved over two years. Changes to Council Tax discounts, specifically the introduction and subsequent amendments to the CTS scheme are being managed and the forecast level of non-collection at Cheshire East has been maintained at 1% for 2022/23.
- 5.4.** The taxbase has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions of up to 100% for up to four weeks will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992.
- 5.5.** Analysis of recent trends in new homes, and homes being brought back into use, suggest an increase of nearly 4,650 homes is likely between the setting of the 2022/23 taxbase in October 2021 and the 31st March 2023. The impact of this growth is affected by when properties may be available for occupation and the appropriate council tax banding and this is factored into the taxbase calculation.
- 5.6.** In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for 2 years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.

- 5.7.** The Autumn Budget 2017 allowed Councils to increase the premium from 100% to 200% with effect from April 2020. This change was implemented with effect from 1st April 2020. There was further flexibility granted for properties over 10 years old by allowing a 300% charge to be levied from April 2021. Cheshire East implemented this change also from April 2021.
- 5.8.** The taxbase also reflects assumptions around CTS payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and due to be amended again for 2022/23 to make the scheme more supportive in the light of funding being made available from central government (£3.3m) to be able to further assist the pandemic recovery.
- 5.9.** The funding for this Local Council Tax Support grant was received in 2020/21 and transferred to the Collection Fund Earmarked reserve. The funding will be used over the medium term to support the revenue budget to compensate for suppressed council tax levels as a result of higher Council Tax Support payments.
- 5.10.** Changes to the Council Tax Support Scheme for 2022/23, as set out in a separate report to Council, are included within the calculations of this taxbase report.
- 5.11.** The taxbase and subsequent collection of council tax is subject to overall risks from a variety of sources, such as inaccuracies within:
- Numbers of new homes forecast
 - Levels of discounts and premium charges estimated
 - Under collection rate

Risks particularly associated with Council Tax Support levels include:

- Challenges over the medium-term economic position
 - The risk of a major employer leaving the area.
 - The risk of delay in the significant development projects delaying employment opportunities.
 - The prospect of a greater number of residents becoming of pensionable age and potentially becoming eligible for CTS.
 - The risk of increased non-collection due to the increasing demand on non-protected residents.
 - Further increase in caseload as a result of the COVID-19 pandemic resulting in reductions in earnings and increased redundancies.
- 5.12.** Risks are managed throughout the year and regular monitoring and reporting takes place to ensure that preceptors are made aware of any possible shortfalls in the Collection fund.

6. Consultation and Engagement

6.1. The calculation of the taxbase is not subject to consultation.

7. Implications

Legal

7.1.1. In accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended and Chapter 4 of the Council's Constitution, the calculation of the Council taxbase is a matter for full Council following a recommendation by Corporate Policy Committee.

7.2. Finance

7.2.1. The calculation of the taxbase provides an estimate that contributes to the calculation of overall funding for Cheshire East Council in each financial year.

7.3. Policy

7.3.1. None.

7.4. Equality

7.4.1. None.

7.5. Human Resources

7.5.1. None.

7.6. Risk Management

7.6.1. Consideration and recommendation of the taxbase for 2022/23 to Council ensures that the statutory requirement to set the taxbase is met.

7.6.2. Estimates contained within the Council taxbase calculation, such as the loss on collection and caseload for Council Tax Support, will be monitored throughout the year. Any significant variation will be reflected in a surplus or deficit being declared in the Collection Fund which is then shared amongst the major precepting authorities.

7.7. Rural Communities

7.7.1. This report provides details of taxbase implications across the borough

7.8. Children and Young People/Cared for Children

7.8.1. None.

7.9. Public Health

7.9.1. None.

7.10. Climate Change

7.10.1. None.

Access to Information	
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Appendices:	Appendix A – Taxbase 2022/23
Background Papers:	None