

Hambleton District Council

Report To: Cabinet

Date: 9 February 2021

Subject: **Council Tax 2021/22**

Portfolio Holder: Economic Development and Finance
Councillor P R Wilkinson

Wards Affected: All Wards

1.0 Purpose and Background

- 1.1 This report considers the level of Council Tax for 2021/22 and the policy on reserves. It also provides Members with details of the Council's other sources of funding; grants received from Government in the Local Government Finance Settlement, business rates and income generated from fees and charges.
- 1.2 The budget and the Financial Strategy assume that the Council will not increase council tax by £5 or 1.99% in 2021/22. The Council Tax set by the district for a Band D equivalent property in 2021/22 will remain the same as in 2020/21 at £114.48 where this helps support the residents in the area during this COVID-19 pandemic, by not increasing costs to individuals by £5 a year.
- 1.3 The council tax requirement for the Council's purposes for 2021/22 (excluding Parish precepts) is £4,275,014.05. This is based on the council tax Band D equivalent property at £114.48 and the council tax base 37,342.89 which is the estimate of the number of properties liable for council tax.
- 1.4 The funding received in the Local Government Finance Settlement to support budgets in the 2021/22 across local authorities is an average Core Spending Power increase of 4.5% (£2.2bn), where Core Spending Power is a combination of council tax, business rates, revenue support grant, new homes bonus, rural service delivery grants and other grants. This increase in Core Spending Power is better than in any year for more than a decade (with the exception of 2020-21 when it was 5.1%) and represents real terms growth, however it will not reverse the effects of austerity and will do very little to address local government's funding shortfall.
- 1.5 At Hambleton District Council it is estimated that Core Spending Power is a decrease of 2.1%. This is due to the overall Settlement having relatively low increases in grant funding from government – revenue support grant and rural services delivery grant for the top quartile of super sparse areas - and increased reliance on council tax of 86% national. Therefore, maintaining council tax at the same level as 2020/21 results in a lower core spending power than the national average 4.5%. This impacts on the funding available to support the budget however the Council's financial position can sustain this.

- 1.6 With regards to business rates, in December 2020 it was approved that for 21/22 the Council will no longer be part of any Business Rates Pool or Pilot scheme due to the uncertainty of the impact of the COVID-19 pandemic.
- 1.7 Detailed budget proposals have been considered previously on this Cabinet agenda. The Revenue Budget for 2021/22 is £10,351,080; an increase of £1,081,410 from 2020/21 where the increase in the budget mainly relates to an increase in salaries across the organisation to continue to support effect and effective services, increase in finance costs to support the capital programme and loss of income from the closure of Thirsk & Sowerby Leisure Centre and rental income from economic development. The loss of income is an impact for 2021/22 only as the leisure centre will re-open, businesses will be attracted to the area and the revenue to be generated from the crematorium will be realised in 2022/23.
- 1.8 The Council Tax, the implications of the Local Government Finance Settlement, the Business Rate Retention Scheme, and the budget for 2021/22 are discussed further in Annex A of the report.
- 1.9 The Council has a specific statutory duty to consult with the Business Community regarding expenditure plans for the coming financial year. A budget consultation was undertaken between September and December 2020 where aims to balance the various needs of the Council and all its stakeholders, to produce a soundly based financial plan for the future, were reviewed. A presentation on the budget occurred at the beginning of December where businesses from across the District were invited to comment. The budget consultation process 2021/22 is set against the background of the Council's Financial Strategy, which, in turn, uses information from the Government's Local Government finance settlement, the business rates retention scheme and income generated from fees and charges. The results of the consultation exercises have been considered as part of the budget process and are attached in Annex B of the report.
- 1.10 A policy on the Balances and Reserves of the Council is set out in Annex C of the report for Members' approval.

2.0 Risk Assessment

- 2.1 There are no major risks associated with the recommendations in this report.

3.0 Recommendations

- 3.1 That Cabinet recommends to Council:

- (1) That it be noted that on 15 January 2021 Hambleton District Council calculated the Council Tax Base for 2021/22:
 - (a) for the whole Council area as 37,342.89 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and

- (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached Annex A(1).
- (2) That the Council has calculated the Council Tax requirement for the Council's own purposes for 2021/22 (excluding Parish precepts) as £4,275,014.05.
- (3) That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:-
- (a) **District/Parish Gross Expenditure**
£ 49,589,748.89 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils
- (b) **District/Parish Gross Income (including Government Grants, use of Reserves and Collection Fund Surpluses etc)**
£ 43,711,835.95 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act
- (c) **District/Parish Net Expenditure**
£ 5,877,912.94 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year (Item R in the formula in Section 31B of the Act)
- (d) **Basic Amount of Tax (including average Parish Precepts)**
£ 157.4038 being the amount at 3(c) above (Item R) all divided by Item T (1(a) above), calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts)
- (e) **Parish Precepts**
£ 1,602,898.89 being the aggregate of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per Annex 'A')
- (f) **Basic Amount of Tax (Unparished Areas)**
£114.4800 being the amount at 3(d) above less the result given by dividing the amount at 4(e) above by Item T (1(a) above), calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates

Police and Crime Commissioner North Yorkshire

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
-	-	-	-	-	-	-	-

(6) **Excessive Council Tax**

That the Council determines that the Council's basic amount of Council Tax for 2021/22 (at 3(f) above) is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

(7) The appropriate amount is transferred to the Council Taxpayers Reserve to support the decision at (3) above.

(8) The policy on Balances and Reserves at Annex C is approved.

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Background papers: None

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