

Cabinet report



15 December 2020

Council Tax Base 2021/22

Name of Cabinet Member	Councillor Rob Middleton Cabinet member for Resources
Report sponsor	Steve Richardson Director Finance and Resources
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Exempt / confidential / not for publication	No
Council Plan reference	1 – Balanced Budget
Wards affected	All wards

Executive Summary

The report sets out; the main assumptions used in calculating the Council Tax Base for 2021/22; confirms the level of funding the Council will pay to town and parish councils for Local Council Tax Reduction and how this funding will be distributed.

The Business Rates Baseline 2021/22 will be included with the Draft Budget report going to Delegated Decision in December.

1. Decision/s to be made

- 1.1 That the 2021/22 Tax Base be set at 86,213.75 Band D equivalent properties.
- 1.2 That the provision for uncollectable amounts of Council Tax for 2021/22 be set at 2.60% producing an expected collection rate of 97.4%.
- 1.3 That the proposed 2021/22 funding contribution to parish and town councils of £0.325m, as set out in Annex D, be noted and recommended to Council for approval as part of the final Budget in February 2021.

2. Why is the decision needed?

2.1 The purpose of this report is to set out:

- the main assumptions used in calculating the Council Tax Base for 2021/22
- the level of Council funding to be distributed to parish and town councils in 2021/22 to offset a proportion of their financial loss as a result of Local Council Tax Reduction Scheme (LCTRS)
- the funding distribution between the individual parishes and town councils

Funding for Parishes

2.2 The introduction of the LCTRS reduces the Tax Base, and therefore the Council Tax income collected by individual precepting bodies. However, Central Government funding to major preceptors offset a significant proportion of the impact for this change, although this is reducing each year.

2.3 Additional Government funding, as part of Revenue Support Grant (RSG) is also provided to major precepting authorities on behalf of town and parish councils to offset a proportion of their reduced Tax Base as a result of the scheme. From April 2013 this grant has formed part of the Council's RSG.

2.4 The RSG is a non ring-fenced source of funding that the Council receives from the Government for the provision of statutory functions and local service provision and together with Business Rates makes up the Council's Formula Grant. In the period 2013/14 to 2019/20 Milton Keynes's RSG had reduced from £61m to £5.5m, a reduction of 90%. Overall Formula Grant had fallen by 48% over this period.

2.5 Following consultation in Summer 2019 the size of funding available was reduced to £0.325m in 2020/21 to reflect the reductions in Formula Grant. A new methodology for distribution was also agreed,

- 50% of grant by notional loss of precept income
- 50% of grant using Index of Multiple Deprivation (IMD2019)

2.6 For 2020/21 transitional funding of £0.125m was also approved.

2.7 For 2021/22 it is proposed that the funding level is maintained at £0.325m and the distribution methodology remains as per paragraph 2.21.

2.8 The provisional funding allocations to parish and town councils are illustrated in Annex D. The final allocations will need to be approved as part of the 2021/22 Budget in February 2021.

3. Implications of the decision

Financial	Yes	Human rights, equalities, diversity	No
Legal	Yes	Policies or Council Plan	Yes
Communication	No	Procurement	No
Energy Efficiency	No	Workforce	No

a) Legal implications

Local Government Finance Act 1992, Local Government Finance Act 2003

Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012.

4. Timetable for implementation

4.1 24 February 2021 – Final Budget for Council approval.

Annexes

Annex A - Calculation of Council Tax Base 2021/22

Annex B - Council Tax Base 2021/22 by Parish and Town Council

Annex C - Council Tax Base before Discounts and Exemptions

Annex D – 2021/22 Parish and Town Council Funding Allocations