

Council Tax Options
for setting of
2020/21
Council Tax

Financial Position

- The latest table in the quarter 2 budget monitoring report:

	2020/21 £000	2021/22 £000	2022/23 £000
Opening Budget Shortfall	974	1,559	2,204
Council Tax increase 2019/20	(112)	(112)	(112)
Efficiencies identified to date (removed from budget)	(131)	(131)	(131)
Current realised budget shortfall	731	1,316	1,961
Efficiencies identified not yet realised *	(1,577)	(1,465)	(1,839)
General Fund (surplus)/Budget Shortfall	(846)	(149)	122

* includes an estimate of all future council tax increases

Timescales including reports and meetings

Budget Scrutiny report deadline	14/01/20
Budget Scrutiny meeting	30/01/20
Executive + Council Pre-Agenda	28/1/20 + 04/02/20
Executive meeting	10/02/20
Budget to Council meeting	19/02/20
Council Tax Resolution deadline	18/02/20
Council Tax Resolution - Council	04/03/20

Council Tax options - History

- Decisions taken for 2018/19 and 2019/20 based on a Band D property

Council Tax year	District part of the Council Tax bill	Percentage Increase	Annual Increase per property	Weekly increase per property	Extra Revenue to the District Council
2018/19	£171.17	2.99%	£4.97	0.10	£106,710
2019/20	£176.29	2.99%	£5.12	0.10	£112,494

The level of increase each year affects the base for that year and for future years. The base for 2020/21 contains the increases of £106,710 and £112,494.

Council Tax options – New Year

- Options for 2020/21 based on a Band D property

Council Tax year	District part of the Council Tax bill	Percentage Increase	Annual Increase per property	Weekly increase per property	Extra Revenue to the District Council
2020/21	£178.05	1%	£1.76	0.03	£38,753
2020/21	£179.81	2%	£3.53	0.07	£77,506
2020/21	£181.29	2.84%	£5.00	0.10	£109,914

The extra revenue will benefit 2020/21 and future years if an increase is agreed.

As the taxbase for 20/21 is currently being finalised these figures are indicative at this time.

Council Tax options – Future Years

- The financial information for 2020/21 – 2022/23 is currently being updated as part of the budget process. Figures are being calculated for 2023/24 for the first time.
- There are some big changes expected to Local Government finances over the next few years.
- Changes to Business Rates Retention, the introduction of the Fair Funding Review and the Business Rates Reset in particular will affect us as a district council, probably detrimentally.

Council Tax options – Future Years

- Something we are sure of, is that the Government will again assume we have increased our Council Tax by the maximum allowed when they calculate any grants or limits payable to us.
- Therefore by 2021/22 when the changes are now likely to hit us, the Government will assume we've made the following increases:

	2020/21	2021/22
Increase from 2018/19	(106,710)	(106,710)
Increase from 2019/20	(112,494)	(112,494)
Maximum increase allowed for 2020/21 *	(109,914)	(109,914)

*Referendum details not yet confirmed by MHCLG but we are definitely limited to 2% and it is assumed £5.00 will be the maximum amount.

Council Tax options – Future Years (cont'd)

- If we increased our Council Tax each year by the maximum allowed as per the Government assumption, the extra council tax raised by the end of the current Medium Term Financial Plan would be as follows:

	2020/21	2021/22	2022/23	2023/24
Maximum increase allowed for 2020/21 * (no increase in tax base)	(109,914)	(109,914)	(109,914)	(109,914)
Maximum increase allowed for 2021/22 * (no increase in tax base)	0	(109,914)	(109,914)	(109,914)
Maximum increase allowed for 2022/23 * (no increase in tax base)	0	0	(109,914)	(109,914)
Maximum increase allowed for 2023/24 * (no increase in tax base)	0	0	0	(109,914)
Total by 2023/24 of cumulative increases				£(439,656)

* Referendum £5 and taxbase to be confirmed

Financial Position – updated for Council Tax assumption £5

- If we update the first slide showing the financial position on the assumption that the 2020/21 Council Tax is set at 2.84% which is the maximum allowed for BDC without breaching the referendum limit of £5, the revised position is as follows:

	2020/21 £000	2021/22 £000	2022/23 £000
Current realised Budget Shortfall from slide 1	731	1,316	1,961
Council Tax increase 2020/21	(110)	(110)	(110)
Updated realised Budget Shortfall	621	1,206	1,851
Efficiencies identified not realised*	(1,465)	(1,353)	(1,727)
Updated General Fund (surplus)/Budget Shortfall	(844)	(147)	124

*now excludes the 20/21 increase but includes future years at the original estimate