

Council Tax Options  
for setting of  
2021/22  
Council Tax

# Financial Position

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

|   | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 |
|---|-----------------|-----------------|-----------------|
| <b>Opening Budget Shortfall</b>                       | <b>441</b>      | <b>594</b>      | <b>682</b>      |
| Council Tax increase 2020/21                          | (111)           | (111)           | (111)           |
| Efficiencies identified to date (removed from budget) | (20)            | (30)            | (40)            |
| <b>Current realised budget shortfall</b>              | <b>310</b>      | <b>453</b>      | <b>531</b>      |
| Efficiencies identified not yet realised *            | (250)           | (402)           | (552)           |
| Pension costs to be funded by general fund balance    | (81)            | (82)            | (19)            |
| <b>General Fund (surplus)/Budget Shortfall</b>        | <b>(21)</b>     | <b>(31)</b>     | <b>(40)</b>     |

\* includes an estimate of all future council tax increases

The surplus will actually be used to reduce the amount of the NNDR growth protection reserve being used in each year.

# Timescales including reports and meetings

| Budget Scrutiny report deadline  | 11/01/21 |
|----------------------------------|----------|
| Budget Scrutiny meeting          | 27/01/21 |
| Executive + Council Pre-Agenda   | 13/1/21  |
| Executive meeting                | 25/01/21 |
| Budget to Council meeting        | 3/02/21  |
| Council Tax Resolution deadline  | 17/02/21 |
| Council Tax Resolution - Council | 03/03/21 |

# Council Tax options - History

- Decisions taken for 2018/19 to 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 |
|------------------|---------------------------------------|---------------------|------------------------------|------------------------------|---------------------------------------|
| 2018/19          | £171.17                               | 2.99%               | £4.97                        | 0.10                         | £106,710                              |
| 2019/20          | £176.29                               | 2.99%               | £5.12                        | 0.10                         | £112,494                              |
| 2020/21          | £181.29                               | 2.83%               | £5.00                        | 0.10                         | £110,789                              |

The level of increase each year affects the base for that year and for future years. The base for 2021/22 contains the increases of £106,710, £112,494 and £110,789.

# Council Tax options – New Year

- Options for 2021/22 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 |
|------------------|---------------------------------------|---------------------|------------------------------|------------------------------|---------------------------------------|
| 2021/22          | £183.10                               | 1%                  | £1.81                        | 0.03                         | £40,191                               |
| 2021/22          | £184.92                               | 2%                  | £3.63                        | 0.07                         | £80,383                               |
| 2021/22          | £186.29                               | 2.76%               | £5.00                        | 0.10                         | £110,848                              |

The extra revenue will benefit 2021/22 and future years if an increase is agreed.

As the taxbase for 21/22 is currently being finalised these figures are indicative at this time.

# Council Tax options – Future Years

- The financial information for 2021/22 – 2023/24 is currently being updated as part of the budget process. Figures are being calculated for 2024/25 for the first time.
- There have been some big changes expected to Local Government finances over the last few years but these have been thrown into uncertainty by the Coronavirus pandemic.
- 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, when or if they now occur.

# 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 2022/23 when the changes are now likely to hit us, the Government will assume we've made the following increases:

|   | 2021/22          | 2022/23          |
|---|------------------|------------------|
| Increase from 2018/19                         | (106,710)        | (106,710)        |
| Increase from 2019/20                         | (112,494)        | (112,494)        |
| Increase from 2020/21                         | (110,789)        | (110,789)        |
| <b>Maximum increase allowed for 2021/22 *</b> | <b>(110,848)</b> | <b>(110,848)</b> |

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

# 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:

|  | 2021/22   | 2022/23   | 2023/24   | 2024/25           |
|--|-----------|-----------|-----------|-------------------|
| Maximum increase allowed for 2021/22 * (no increase in tax base) | (110,848) | (110,848) | (110,848) | (110,848)         |
| Maximum increase allowed for 2022/23 * (no increase in tax base) | 0         | (110,848) | (110,848) | (110,848)         |
| Maximum increase allowed for 2023/24 * (no increase in tax base) | 0         | 0         | (110,848) | (110,848)         |
| Maximum increase allowed for 2024/25 * (no increase in tax base) | 0         | 0         | 0         | (110,848)         |
| <b>Total by 2024/25 of cumulative increases</b>                  |           |           |           | <b>£(443,392)</b> |

\* 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 2021/22 Council Tax is set at 2.76% the revised position is as follows:

|  | 2020/21<br>£000 | 2021/22<br>£000 | 2022/23<br>£000 |
|--|-----------------|-----------------|-----------------|
| <b>Current realised Budget Shortfall from slide 1</b>  | <b>310</b>      | <b>453</b>      | <b>531</b>      |
| Council Tax increase 2021/22                           | (111)           | (111)           | (111)           |
| <b>Updated realised Budget Shortfall</b>               | <b>199</b>      | <b>342</b>      | <b>420</b>      |
| Efficiencies identified not realised                   | (139)           | (291)           | (441)           |
| Pension costs to be funded by general fund balance     | (81)            | (82)            | (19)            |
| <b>Updated General Fund (surplus)/Budget Shortfall</b> | <b>(21)</b>     | <b>(31)</b>     | <b>(40)</b>     |

- The surplus will actually be used to reduce the amount of the NNDR growth protection reserve being used in each year.