

Council Tax Base & LCTRS Funding

Parishes Forum



10 December 2020

Significant Challenges & Uncertainty

- Biggest economic shock in our lifetimes and potentially worst recession for 300 years.
- Impact of government life support ending , e.g. furlough scheme ending.
- Brexit?
- Spending Review only covers 21/22 – no real ability to plan.

MKC – Spending Review 21/22

- Baseline Budget
 - 0.5% increase to core funding
 - ASC Precept flexibility up to 3% (21/22 – 22/23)
 - Pay Freeze ? >£24k
- One-Off Funding
 - - Share of £300m Social Care Grant (circa £1m expected)
 - - COVID-19 Grant – share of £1.55bn
 - - Sales, Fees and Charges Income – 70% funding support for 3 months only
 - - Some support for CTRS – scheme details unknown

MKC Budget Challenge 21/22

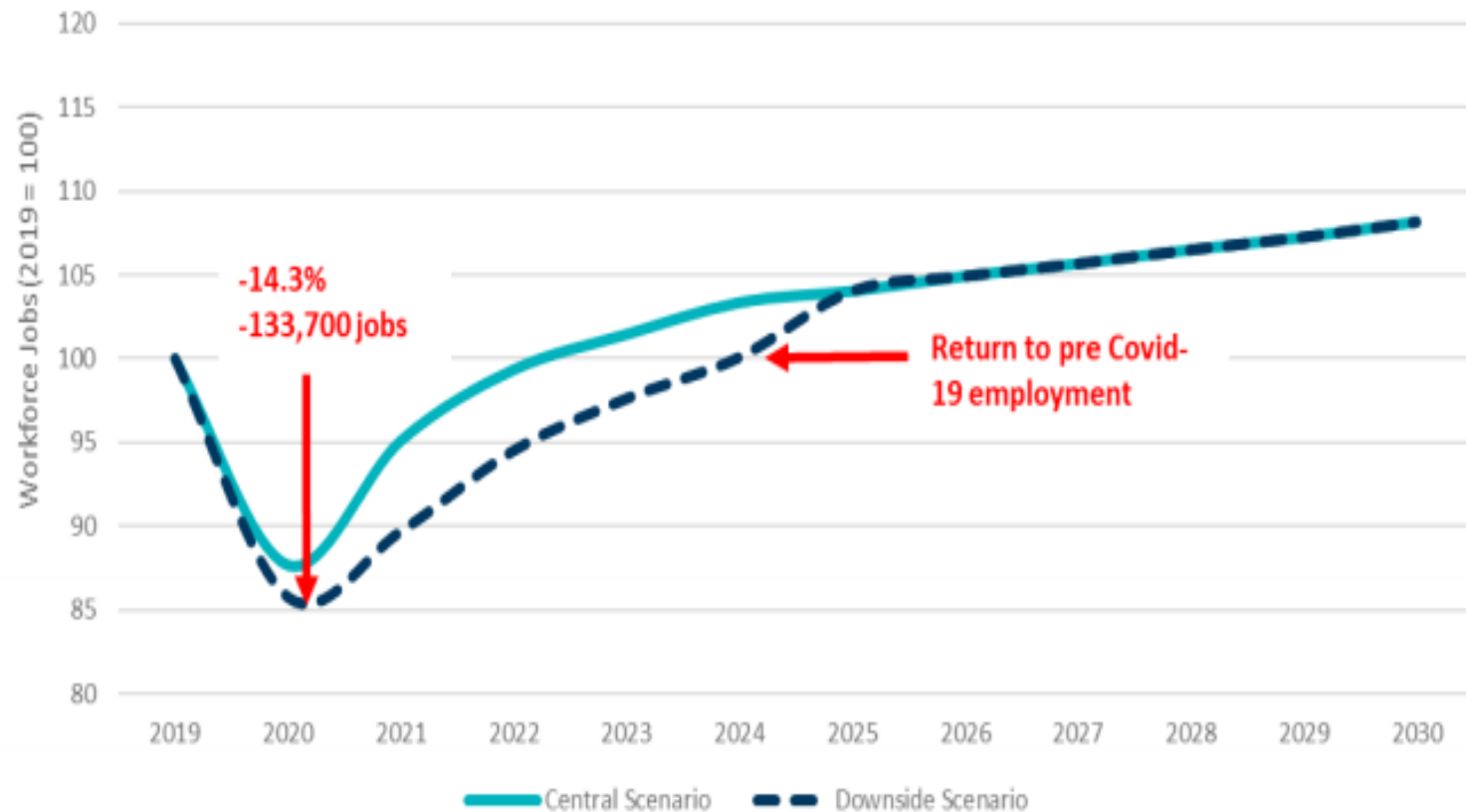
- Pre Covid we had a £14m budget deficit to 23/24
- COVID-19:
 - £7.8m Increased Spending Pressures
 - £10.9m Loss Fees, Sales and Charges
 - £10.6m Losses on Council Tax and Business Rates

2020/21 – Council Tax

- COVID-19 - significant impact on CT income, unknown how this will recover?
- Collection Fund deficit predicted
- Deficit shared between major preceptors but some help from government expected
- Parishes receive precept in full

Economic Recovery – a view

Figure III: 'Downside' scenario: post-COVID employment in the South East Midlands



Source: SEMLEP

Council Tax Base & CTRS Grant

Council Tax 21/22 Challenges

- Reliability and availability of data to model impact
- Accuracy of housing projections, profiling of new builds
- Limited debt recovery options, court dates and capacity is restricting recovery to about 20% of normal levels.

Council Tax Base

- Represents the estimate of the number of dwellings to which Council Tax is chargeable in an area or part of an area e.g. a Parish
- Must be calculated each year
- Used to calculate a billing authority's and major precepting authority's Band D Council tax

Council Tax Base Assumptions


- Growth as per planning projections
- Collection rate from 98.4% to 97.4%
- CTRS modelled based on 20/21 trend, improving over the medium term
- Empty Properties – reduced discount from one month to 14 days

LCTRS Funding

- 20/21 - £325k base grant, £125k one off transitional funding
- 21/22 - £325k to distribute
- Distribution Methodology
 - 50% - notional loss of precept income
 - 50% - Index of Multiple Deprivation 2019
- 21/22 – 10 parishes eligible for grant
- 22/23 – no view at this time/future too uncertain

Key Dates – MKC Budget

- 14 December – Draft Budget published/Budget Consultation starts
- 15 December – Cabinet: Council Tax Base & LCTRS Funding
- 17 December? – Provisional LGFS (one year only), referendum principles confirmed
- 22 December – DD: Draft Budget
- 31 January – Statutory deadline to set Council Tax Base
- 2 February – Cabinet: Final Budget
- 24 February – Council: Final Budget & Set Council Tax



**Thank you,
Any
Questions?**