

**Okehampton Town Council**  
**Committee Budget Meetings November 2020**  
**Meeting Report**

<b>Date:</b>	<b>16<sup>th</sup> November 2020</b>
<b>Name:</b>	Emma James, Town Clerk
<b>Subject:</b>	Budget and Precept Setting 2021/22

Members should be aware when considering the budgets and precept for 2021/22 of the following correspondence received from WDBC:

Due to the uncertainty brought about by the Covid-19 pandemic, we write to advise you of a potential implication for your tax base for 2021/22. Although the council tax data will not be available to us until after 30<sup>th</sup> November (the statutory date), early indications are that **your Town or Parish tax base could reduce by up to 2% for 2021/22 and we wanted to give Town and Parish Clerks time to build this assumption into your 2021/22 precept calculations for your 2021/22 Budget preparations.**

This 2% reduction in the 2021/22 Tax Base is attributable to two main factors: Firstly, there is an increase in the number of council tax reduction awards for residents (council tax support), which is in response to hardship during the pandemic. Secondly there will be an anticipated reduction in the council tax collection rate percentage. Normally West Devon Borough Council budgets for a 97% collection rate for council tax in the Borough and this will be reduced by 0.5%, to an anticipated 96.5% collection rate for council tax for 2021/22.

We will write to advise you of your actual tax base in mid-December as usual but we wanted to give Town and Parish Clerks an early heads up of a potential decrease in the tax base of around 2% for 2021/22.

This means that in order to maintain the current precept, OTC will have to increase its request for 2021/22 in line with the tax base reduction.

### **What is the tax base?**

The amount of council tax that must be paid each year depends on three things:

- the valuation band the property is in
- how much money the local authority charges for that band
- whether the person is eligible for any discounts or exemptions

The properties are then translated into band D. Finally, the estimated number of Band D equivalents to be built in the year is added on and a collection rate is applied. This then gives the total number of band D equivalent properties to use for the tax base.

The tax base is used to calculate the Band D charge for each Parish. This is done by dividing the total precept requirement by the tax base. This figure will be compared to the previous year's band D charge and published on the Borough Council's website.

A common query is when the Parish has set its precept at the same monetary value as the previous year but find that the charge per band D property has gone up. This will be due to the tax base having reduced i.e. number of properties which can be collected from has gone down.

The tax base could go down due to more properties in the Parish claiming for discounts, most commonly an increase in the number of properties claiming single occupancy discount. Other factors include homes being demolished, becoming empty, becoming second homes, boundary changes, the number claiming council tax support or a change in collection rate.