

<b>Report to:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	24 January 2024
<b>Executive Member:</b>	Councillor North First Deputy, Finance, Resources and Transformation
<b>Reporting Officer:</b>	Ashley Hughes Director of Resources
<b>Subject:</b>	<b>COUNCIL TAX BASE 2024/2025</b>
<b>Report Summary:</b>	The law requires that the calculation of the Council Tax base for tax setting must be made between 1 December 2023 and 31 January 2024. The calculated tax base is used to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each dwelling. Failure to set the Council Tax base for 2024/25 would prevent the Council from setting its budget for the 2024/25 financial year.
<b>Recommendations:</b>	<p>It is recommended that pursuant to the figures set out in the Report of the Director of Resources, and the Local Authorities (Calculation of Council Tax base) (England) Regulations 2012 :</p> <ol style="list-style-type: none"> <li>1. the amount calculated by Tameside Metropolitan Borough Council as its Council Tax base for the year 2024/2025 shall be 64,722.5 properties.</li> <li>2. the amount calculated by Tameside Metropolitan Borough Council as the Tax base for the Town Council of Mossley for the year 2024/2025 shall be 3,487.1 properties.</li> </ol>
<b>Corporate Plan:</b>	The setting of the Council Tax base underpins each of the Corporate Plan themes as the calculation contributes to Council budget income requirements to fund vital services to all sectors of the community.
<b>Policy Implications:</b>	The law requires that the calculation of the Council Tax base for tax setting must be made between 1 December 2023 and 31 January 2024.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	<p>The Council Tax base calculation is a key part of the annual budget cycle. The calculated Tax base is used to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each dwelling. Failure to set the Council Tax base for 2024/25 would prevent the Council from setting its budget for the 2024/25 financial year.</p> <p>In December 2022, for the 2023/24 financial year, the forecast tax base for Tameside was based on 65,836.8 band D equivalent properties, with an estimated collection rate of 96.5% resulting in a Council Tax base of 63,532.5. This was an increase in the tax base compared to the prior year, due to an increase in the number of properties and a reduction in the number of discounts. The actual tax base in October 2023 was 65,944.9 band D equivalent properties, 108 properties in excess of the 65,836.8 band D properties that was forecast for 2023/24.</p>

For the 2024/25 financial year, the forecast number of properties in Tameside has again increased from 65,944.9 to 66,382.0 band D equivalent properties based on forecast growth of 437 new band D equivalent properties. The Mossley tax base is included in the Tameside tax base. Mossley has increased from 3,563.2 to 3,576.5 band D equivalent properties based on forecast growth of 13 new band D equivalent properties.

The 2024/25 tax base, assumed collection rate is to be increased by 1% to 97.5%. The prior year collection rates as at 1<sup>st</sup> September 2023 are detailed in the table below;

Financial Year	% Collected in year raised	Actual % collection Sept 23	% Budget collection	Collection +/- to Budget %
2014/15	94.07%	98.01%	95%	3.01%
2015/16	94.17%	97.71%	95%	2.71%
2016/17	93.69%	97.34%	95%	2.34%
2017/18	93.40%	96.92%	96.5%	0.42%
2018/19	93.41%	96.59%	98.0%	-1.41%
2019/20	93.52%	96.12%	98.0%	-1.88%
2020/21	93.95%	96.27%	98.0%	-1.73%
2021/22	94.03%	95.55%	97.0%	-1.45%
2022/23	93.66%	95.02%	97.0%	-1.98%

The 6-year cumulative collection rate is just over 96%. Given the continued financial challenges facing residents due to current economic conditions, there is a risk that the increased collection rate will be difficult to achieve.

The investment in digital solutions to support the 1% increased collection rate will be funded from a combination of corporate earmarked reserves and a recurrent revenue budget included in the Council's Medium Term Financial Strategy in 2024/25.

**Legal Implications:  
(Authorised by the  
Borough Solicitor)**

There is a statutory requirement for the Council to set the Council Tax base annually in accordance with the timescales detailed in the report. The report provides an accurate analysis of the calculation of the 2024/25 Council Tax base in accordance with the legislative requirements as set out in the body of the report.

**Risk Management:**

Every effort has been made to ensure information used is as accurate as possible to ensure that the calculation is as accurate as possible. The tax base does include estimates both in terms of forecast new properties and collection rates. The assumptions are based on available data and detailed review of building in progress but the risk of variation to forecasts cannot be fully eliminated.


**Access to Information:**


The following background papers have been used in the preparation of this report and can be inspected by contacting Ilys Cookson, Assistant Director Exchequer Services on 0161 342 4056.

1. List of un-banded properties.
2. Planning Dept. new buildings forecast.
3. Provisional CTS calculation.

**Background Information:**

The background papers relating to this report can be inspected by contacting

 Telephone: 0161 342 4056

 e-mail: [llys.cookson@tameside.gov.uk](mailto:llys.cookson@tameside.gov.uk)

## **1 INTRODUCTION**

- 1.1 A Council Tax billing authority is required to calculate the Council Tax base for its area and notify the figure to the major precepting authorities in the period 1 December to 31 January in the preceding financial year in England. The purpose of this report is to consider the Council Tax base calculation which is a key part of the annual budget cycle. The calculated tax base is used by Financial Management to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each dwelling.

## **2 THE CALCULATION**

- 2.1 The Local Government Finance Act 1992 requires a billing authority to calculate the basic amount of its Council Tax by calculating its budget requirement less any grants divided by its tax base.

- 2.2 The tax base is calculated by multiplying its best estimate of the number of Band D equivalent properties by its estimate of the collection rate for that year. The first stage of the calculation is to calculate the tax base as it currently is.

### **Existing Tax base**

- 2.3 The Council is required to provide details of its current tax base in an annual return, the 'Council Tax base 1 (CTB1) return, to the Department for Levelling Up, Housing and Communities (DLUHC) which is completed in October of each year. For the 2023 return, DLUHC specified that the number of properties on the valuation list as at 11 September 2023 should be used. The valuation list is compiled and maintained by the independent Valuation Office Agency and is used as the basis of the calculation for the tax base for Council Tax setting.

- 2.4 The CTB1 is compiled using standard data reports from the Council Tax system, written by the system provider. The return deducts all the various reliefs that are currently awarded, which result in the full Council Tax charge being reduced. This means that the calculation takes into account the current numbers of exempt properties, those subject to disabled relief and all properties which are subject to a single person discount. Annual reviews are undertaken to ensure that single person discounts and disabled relief are applied correctly.

- 2.5 Regular reviews of empty properties are also completed. Currently properties which remain empty for more than 2 years are required to pay an additional 50% Council Tax, and this is reflected in the calculation of the tax base. The additional charge on empty properties is set to increase in accordance with the Levelling-up and Regeneration Act 2023 and the Local Government Finance Act 1992. The legislation increases the additional charge to a further 100% to be levied after a property has been empty for one year or more.

- 2.6 Awards under the Council Tax Support Scheme are considered as a Council Tax discount and therefore affect the tax base. The tax base calculation includes an allowance for the number of awards under the Council Tax Support Scheme and converts this cost into an equivalent reduction in the number of band D properties.

- 2.7 All reliefs, discounts, exemptions and Council Tax Support are included in the Council Tax base return (the 'CTB1) to DLUHC in October of each year.

### **Forecast growth in the Tax base**

- 2.8 To calculate the forecast tax base for the 2023/24 financial year, further adjustments are made to the figures in the CTB1 to reflect additions to the tax base due to new build and un-banded properties.

- 2.9 An adjustment is made to the tax base for the forecast of new buildings and un-banded properties. These are properties which are currently under construction, but not yet in the valuation list, or properties which have been completed but not yet placed in a Council Tax band and added to the list.
- 2.10 There is a robust process in place to ensure that the forecast for the tax base is calculated correctly. All new build sites are identified as soon as planning permission is granted. The site is inspected by Exchequer visiting officers and details of the number of properties to be built, the size and expected date of completion is collected. The sites are visited on a regular basis and on each visit the visiting officer assesses the stage of the build. Their knowledge and experience enable them to advise when the builds are due to be complete and ensure that completion notices are issued at the earliest possible time, therefore, bringing the properties into tax as soon as possible.
- 2.11 The Council shares data with the Valuation Office Agency on a weekly basis to ensure any un-banded properties are given a Council Tax band in a timely manner.
- 2.12 The records of new and un-banded properties are used to estimate the number of properties that will be brought into the tax during 2023/24. The size of the property is also used to determine the expected property band. Once the number of new builds is determined, a percentage based on the current single person discount levels is also applied to the estimate to reflect the expected number of residents in each property. This ensures the tax base and income from properties is not overstated. There is also a new homes bonus paid to the Council in respect of new build properties and properties brought back into tax.
- 2.13 All of the adjustments for new or un-banded properties are converted to band D equivalents and added to the current tax base in order to give the best estimate for the forthcoming financial year.

#### **Collection rate**

- 2.14 A final adjustment to the tax base is made in respect of the assumed cumulative collection rate. The cumulative collection rate reflects the level of Council Tax income that is forecast to be collected over the medium term (a 5-6 year period) and this is different to the in-year collection rate.
- 2.15 Prior to 2020, the assumed collection rate was 98% reflecting the cumulative collection rate in recent years. In 2020, as a result of reductions in the in-year collection rate (attributed to the impact of the Covid-19 pandemic), the assumed collection rate for the purpose of the tax base was reduced to 96.5% in 2023/24.
- 2.16 For the 2024/25 tax base, the assumed collection rate is to be increased by 1.0% to 97.5% reflecting the desire to return to pre-Covid levels of collection. Given the financial challenges facing residents, the additional 1% collection rate will be a significant challenge to deliver. To support this the Council is investing in three digital solutions with the aim to improve collection and reduce the need for manual intervention.

### **3 THE TAX BASE CALCULATIONS**

- 3.1 **Appendix 1** provides a summary of the calculation of the tax base for Tameside for the 2024/25 financial year. **Appendix 2** provides a summary of the calculation of the tax base for Mossley for the 2023/24 financial year.
- 3.2 **Appendix 3** is a copy of the CTB1 return for Tameside as submitted to DLUHC in October 2023. **Appendix 4** is a CTB1 equivalent for the Mossley parish area (this is not required to be submitted to DLUHC).

## **4 RESOURCE IMPLICATIONS**

- 4.1 The calculated tax base is used to determine the level of Council Tax income that the Council can raise in the upcoming financial year, subject to agreement of the amount of Council Tax to be charged for each band D equivalent dwelling.

## **5 SUMMARY**

- 5.1 The calculation of the authority tax base for Council Tax setting purposes gives an estimated Band D equivalent of 66,382.0 properties. There are no Ministry of Defence properties in Tameside. An estimated collection rate of 97.5% gives a Council Tax base of 64,722.5 properties.
- 5.2 The calculation of the Mossley Parish tax base for Council Tax setting purposes gives an estimated Band D equivalent of 3,576.5 properties. There are no Ministry of Defence properties in Mossley. An estimated collection rate of 97.5% gives a Council tax base of 3,487.1 properties.

## **6 RECOMMENDATIONS**

- 6.1 As stated at the front of this report.