

Report of:	Executive Member for Finance and Governance Director of Finance
Submitted to:	Executive
Date:	6 December 2022
Title:	Calculation of Council Tax Base for 2023/24
Report for:	Decision
Status:	Public
Strategic priority:	All
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £150,000 and have a significant impact in two or more wards
Urgent:	No
Why:	Not Applicable

Executive summary

The Council has a legal obligation to calculate a council tax base each financial year. The calculation of the council tax base is a part of the Council's budget strategy which forms part of the Council's Policy Framework, and as such must be agreed by Full Council. This report is part of the process to set the council tax base for the financial year 2023/24 by the statutory deadline of 31 January 2023.

The report requests that the Executive:

- Notes the contents of the report
- Endorses the council tax base for 2023/24 as **35,749**
- Endorses **2,269** and **1,319** as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2023/24

- Notes that the report is presented to Council on 18th January 2023, and that following approval the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils are notified of the 2023/24 council tax base

Purpose

1. This report is part of the process to set the council tax base for the financial year 2023/24 by the statutory deadline of 31 January 2023.

Background and relevant information

2. The Council has a legal obligation to calculate a council tax base each financial year. The calculation of the council tax base is a part of the Council's budget strategy which forms part of the Council's Policy Framework, and as such must be agreed by Full Council.
3. The starting point for the calculation of the 2023/24 tax base is the number of dwellings on the Valuation List, provided by the Government's Valuation Office. The figures are also adjusted for exempt dwellings and for dwellings subject to disabled reduction.
4. The number of chargeable dwellings in each band is further adjusted for discounts, exemptions, premiums, and council tax support.
5. The resultant figure (line 1 of Appendix 1) is the total equivalent number of dwellings which are then converted using ratios (in line 2) into the number of Band D equivalents (line 3), specified in the 1992 Act. For 2023/24, the equivalent number of Band D properties is calculated at **36,703.4**.
6. The council tax base is finally determined by multiplying the sum of the Band D equivalents by the Authority's estimated collection rate, which has been assumed at 97.4% for 2023/24. This is the estimate of the percentage of the 2023/24 Council Tax set which will be collected in total, and not the expected in-year collection rate in 2023/24. The rate used is re-considered each year and the rate of 97.4% used for 2023/24 is higher than the 96.6% which was used for 2022/23. The collection rate used in 2020/21 was 97.4% but this was reduced to 96.6% for 2021/22 and 2022/23 due to the effects of Covid-19, and as Covid-19 has now largely ended the assumed estimated collection rate has been reverted back to that which was applied pre-Covid-19. The resulting council tax base for 2023/24 for the whole of Middlesbrough (Appendix 1) is **35,749**, rounded to a whole number.
7. Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of 5,578 Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of approximately 19%. The cumulative effect is approximately £10.4 million and reduces the need to make further annual savings within Council services by this amount.
8. The regulations also require a council tax base to be calculated for parishes, and similar calculations have been made for the parishes of Nunthorpe (Appendix 2) and Stainton & Thornton (Appendix 3). The council tax bases for 2023/24 are **2,269** and **1,319** respectively, rounded to whole numbers.
9. The billing authority must notify the major precepting authorities (Cleveland Police and Crime Commissioner and Cleveland Fire Authority) of its council tax base within seven days of making the calculation, or no later than 31st January 2023.

What decision(s) are being recommended?

The report requests that the Executive:

- Notes the contents of the report
- Endorses the council tax base for 2023/24 as **35,749**
- Endorses **2,269** and **1,319** as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2023/24
- Notes that the report is presented to Council on 11th January 2023, and that following approval the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils are notified of the 2023/24 council tax base

Rationale for the recommended decision(s)

10. The recommendations are supported by the following reasons: -

- a) The Local Government Finance Act 1992 requires a billing authority to calculate its council tax base for each financial year.
- b) The method of calculation is specified in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which requires the calculation to be approved before 31st January in the year proceeding the relevant financial year.

Other potential decision(s) and why these have not been recommended

11. Not applicable to this report, as the Council has no option but to calculate a council tax base as it is a statutory requirement.

Impact(s) of the recommended decision(s)

Legal

12. It is a statutory requirement under the Local Government Finance Act 1992 for billing authorities to calculate a council tax base.

Strategic priorities and risks

13. The calculation of the council tax base is a part of the Council's budget strategy which forms part of the Council's Policy Framework, and as such must be agreed by Full Council.

14. The report ensures that the Council's meets its statutory duty to calculate a council tax base for each financial year.

Human Rights, Equality and Data Protection

15. Not applicable to this report.

Financial

16. A comparison with the 2022/23 council tax base is summarised in the table below:

	2022/23	2023/24	% Increase / (Decrease)
Total Number of Dwellings after Discounts	44,151.7	44,200.6	0.1
Band D Equivalent	36,467.7	36,703.4	0.6
Council Tax Base	35,228	35,749	1.5

17. The table above demonstrates that there is a net increase of 49 (0.1%) in the actual number of dwellings after discounts for council tax base purposes. This is a result of new house building over the period. The net increase in the council tax base from 2022/23 is 521 (1.5%) band D equivalent properties, assuming the collection rate of 97.4% for 2023/24. The growth in the council tax base is estimated to have reduced the need for budget reductions by approximately £943,000 in 2023/24 and on an ongoing basis, based on the 2022/23 Basic Council Tax.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Following consideration and expected approval by Council on 18 th January 2023, the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils will be notified of the 2023/24 council tax base before the statutory deadline of 31 January 2023.	Head of Financial Planning & Support	31 January 2023

Appendices

1	Calculation of the 2023/24 Council Tax Base for Middlesbrough area (including parishes)
2	Calculation of the 2023/24 Council Tax Base for Nunthorpe Parish Council (included at Appendix 1)
3	Calculation of the 2023/24 Council Tax Base for Stainton & Thornton Parish Council (included at Appendix 1)

Background papers

None

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