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| Report of: | Interim Director of Finance (s151 Officer) |
| Relevant Executive Member: | Executive Member for Finance and Governance |
| Submitted to: | Executive |
| Date: | 20 December 2023 |
| Title: | Calculation of Council Tax Base for 2024/25 |
| Report for: | Decision |
| Status: | Public |
| Strategic priority: | All |
| Key decision: | Yes |
| Why: | Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards |
| Subject to call in?: | Yes |
| Why: | Not Urgent |

Proposed decision(s)

The report requests that the Executive:

- Notes the contents of the report
- Approves the council tax base for 2024/25 as **36,137.9**
- Approves **2,386.6** and **1,412.8** as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2024/25
- Following approval, agrees to notify the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils of the 2024/25 council tax base

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. This report is part of the process to set the council tax base for the financial year 2024/25 by the statutory deadline of 31 January 2024.

1. Purpose

This report is part of the process to set the council tax base for the financial year 2024/25 by the statutory deadline of 31 January 2024.

2. Recommendations

That the Executive

- Notes the contents of the report
- Approves the council tax base for 2024/25 as **36,137.9**
- Approves **2,386.6** and **1,412.8** as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2024/25
- Following approval, agrees to notify the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils of the 2024/25 council tax base

3. Rationale for the recommended decision(s)

3.1 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.

4. Background and relevant information

- 4.1 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.
- 4.2 The starting point for the calculation of the 2024/25 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.
- 4.3 The number of chargeable dwellings in each band is further adjusted for discounts, exemptions, premiums, and council tax support.

- 4.4 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 2024/25, the equivalent number of Band D properties is calculated at **37,102.6**.
- 4.5 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 2024/25. This is the estimate of the percentage of the 2024/25 Council Tax set which will be collected in total, and not the expected in-year collection rate in 2024/25. The rate used is re-considered each year and the rate of 97.4% used for 2024/25 is the same as that used for 2023/24. The resulting council tax base for 2024/25 for the whole of Middlesbrough (Appendix 1) is **36,137.9** rounded to one decimal place.
- 4.6 Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of 5,967 Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of approximately 20%. The cumulative effect is approximately £11.8 million and reduces the need to make further annual savings within Council services by this amount.
- 4.7 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 2024/25 are **2,386.6** and **1,412.8** respectively, rounded to one decimal place.
- 4.8 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 2024.

5. Other potential alternative(s) and why these have not been recommended

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

6. Impact(s) of the recommended decision(s)

6.1 *Financial (including procurement and Social Value)*

A comparison with the 2023/24 council tax base is summarised in the table below:

| | 2023/24 | 2024/25 | % Increase / (Decrease) |
|---|----------|----------|-------------------------------|
| Total Number of Dwellings after Discounts | 44,200.6 | 44,653.6 | 1.02 |
| Band D Equivalent | 36,703.4 | 37,102.6 | 1.09 |
| Council Tax Base | 35,749.1 | 36,137.9 | 1.09 |

The table above demonstrates that there is a net increase of 453 (1.02%) 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 2023/24 is 388.8 (1.09%) band D equivalent properties, assuming the collection rate of 97.4% for 2024/25. The growth in the council tax base is estimated to have reduced the need for budget reductions by approximately £732,000 in 2024/25 and on an ongoing basis, based on the 2023/24 Basic Council Tax.

6.2 Legal

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

6.2.2 Section 84 Local Government Finance Act 2003 amends section 67 of the Local Government Finance Act 1992 so that a full council meeting is no longer required to adopt the council tax base.

6.3 Risk

6.3.1 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.

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

6.4 Human Rights, Public Sector Equality Duty and Community Cohesion

Not applicable to this report.

6.5 Climate Change / Environmental

Not applicable to this report.

6.6 Children and Young People Cared for by the Authority and Care Leavers

Not applicable to this report.

6.7 Data Protection / GDPR

Not applicable to this report.

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

| Action | Responsible Officer | Deadline |
|--|--------------------------------------|-----------------|
| Following expected approval, the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils will be notified of the 2024/25 council tax base before the statutory deadline of 31 January 2024. | Head of Financial Planning & Support | 31 January 2024 |

Appendices

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| 1 | Calculation of the 2024/25 Council Tax Base for Middlesbrough area (including parishes) |
| 2 | Calculation of the 2024/25 Council Tax Base for Nunthorpe Parish Council (included at Appendix 1) |
| 3 | Calculation of the 2024/25 Council Tax Base for Stainton & Thornton Parish Council (included at Appendix 1) |

Background papers

None

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