

Report of:	Director of Finance (s151 Officer)
Relevant Executive Member:	Executive Member for Finance
Submitted to:	Executive
Date:	4 December 2024
Title:	Calculation of Council Tax Base for 2025/26
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:	

Proposed decision(s)	
The report requests that the Executive:	
<ul style="list-style-type: none"> • Notes the contents of the report • Approves the council tax base for 2025/26 as 36,513.9 • Approves 2,447.3 and 1,504.8 as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2025/26 • Following approval, agrees to notify the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils of the 2025/26 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 2025/26 by the statutory deadline of 31 January 2025.

1. Purpose

This report is part of the process to set the council tax base for the financial year 2025/26 by the statutory deadline of 31 January 2025.

2. Recommendations

That the Executive

- Notes the contents of the report
- Approves the council tax base for 2025/26 as **36,513.9**
- Approves **2,447.3** and **1,504.8** as council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2025/26
- Following approval, agrees to notify the Police and Crime Commissioner, the Cleveland Fire Authority, and the Parish Councils of the 2025/26 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 2025/26 tax base is the number of dwellings on the Valuation List for Middlesbrough Council on 15 September 2024 provided by the Government's Valuation Office Agency (line 1 of Appendix 1). The figures are then adjusted for exempt dwellings and demolished dwellings as at 7 October 2024, and for dwellings subject to disabled relief reduction.

- 4.3 The number of chargeable dwellings in each band is further adjusted for discounts, premiums, and local council tax support.
- 4.4 The resultant figure (line 2 of Appendix 1) is the total equivalent number of dwellings which are then converted using ratios (in line 3) into the number of Band D equivalents (line 4), specified in the 1992 Act. For 2025/26, the equivalent number of Band D properties is calculated at **37,145.4**.
- 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 98.3% for 2025/26. This is the estimate of the percentage of the 2025/26 Council Tax set which will be collected in total, and not the expected in-year collection rate in 2025/26. The rate used is re-considered each year and the rate of 98.3% used for 2025/26 is higher than that used for 2024/25 of 97.4% due to a review of the bad debt provision. The resulting council tax base for 2025/26 for the whole of Middlesbrough (Appendix 1) is **36,513.9** rounded to one decimal place.
- 4.6 The growth in the council tax base is estimated to have reduced the need for budget reductions by approximately £743,000 in 2025/26 and on an ongoing basis, based on the 2024/25 Basic Council Tax.
- 4.7 Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the council tax base of 6,343 Band D Equivalent properties, an increase in Middlesbrough's council tax base of 21%. The cumulative effect is approximately £13.2m and reduces the need to make further annual savings within Council services by this amount.
- 4.8 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 2025/26 are **2,447.3** and **1,504.8** respectively, rounded to one decimal place.
- 4.9 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 31 January 2025.

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 2024/25 council tax base is summarised in the table below:

	2024/25	2025/26	Increase / (Decrease)	Increase / (Decrease) %
Total number of dwellings on the Valuation List on 15 September 2024	65,988	66,379	391	0.6
<i>Number of dwellings exempt on 7 October 2024</i>	<i>2,872</i>	<i>3,058</i>	<i>186</i>	<i>6.5</i>
<i>Number of demolished dwellings on 7 October 2024</i>	<i>1</i>	<i>131</i>	<i>130</i>	<i>13,000.0</i>
Number of chargeable dwellings (after removing exempt and demolished dwellings)	63,115	63,190	75	0.1
Total number of dwellings after discounts, premiums, and local tax support	44,653.6	44,590.1	(63.5)	(0.1)
Band D Equivalents	37,102.6	37,145.4	42.8	0.1
Assumed Collection Rate	97.4%	98.3%		
Council Tax Base	36,137.9	36,513.9	376.0	1.0

The table above demonstrates that there is a net increase of 391 (0.6%) in the number of dwellings on the Valuation List on 15 September 2024 as a result of new house building. However, due to an increase in the number of demolished dwellings (due to the demolition of a block of flats) and an increase in the number of other exempt dwellings (mainly due to student properties), there is only an increase of 75 (0.1%) in the number of chargeable dwellings after adjusting for exempt and demolished dwellings. This is then adjusted further for discounts, premiums and local tax support for council tax base purposes resulting in a decrease of 63.5 (-0.1%) in the total number of dwellings, however after converting this to Band D equivalents there is a net increase of 42.8 (0.1%). The net increase in the council tax base from 2024/25 is 376 (1.0%) band D equivalent properties, assuming the collection rate of 98.3% for 2025/26. The growth in the council tax base is estimated to have reduced the need for budget reductions by approximately £743,000 in 2025/26 and on an ongoing basis, based on the 2024/25 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 amended 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 2025/26 council tax base before the statutory deadline of 31 January 2025.	Head of Financial Planning & Support	31 January 2025

Appendices

1	Calculation of the 2025/26 Council Tax Base for Middlesbrough area (including parishes)
2	Calculation of the 2025/26 Council Tax Base for Nunthorpe Parish Council (included at Appendix 1)
3	Calculation of the 2025/26 Council Tax Base for Stainton & Thornton Parish Council (included at Appendix 1)

Background papers

None

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