

# Harborough District Council

## Report to the Council Meeting of 11<sup>th</sup> December 2023



Report Number:	11
Title:	Council Tax Base 2024/25
Status:	Public
Key Decision:	N/A
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Portfolio Holder:	Councillor M Graves
Appendices:	A. Council Tax Base

### Executive Summary

To set the Council Tax base for the Council Tax in 2024/25.

In association with fixing the Council Tax base, to recommend to Council the non-collection allowance (in percentage terms) to be made in 2024/25.

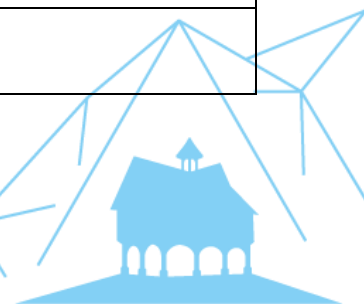
### Recommendations

**It is recommended that:-**

- (i) the calculation of the Council Tax base for the year 2024/25 be approved;**
- (ii) in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 SI 2012/2914, the amount calculated by Harborough District Council as its Council Tax base for the year 2024/25 shall be 38,921.90 and**
- (iii) the Council Tax base for individual Parishes for 2024/25 be calculated in accordance with the same principles as the Council's overall Council Tax Base as detailed in Appendix A.**

### Reasons for Recommendations

To set the Council's tax base for 2024/25 in line with statutory regulation.



## 1. Purpose of Report

To set the Council Tax base for the Council Tax in 2024/25 for both the Council and individual parish councils. The calculation also includes the non-collection allowance (in percentage terms) to be made in 2024/25.

## 2. Background

The Local Government Finance Act 1992, as amended, requires the Council to fix the Council Tax base for 2024/25 between 1 December 2023 and 31 January 2024.

## 3. Details

### Fixing the Council Tax Base

- 3.1 The calculation has been prepared in accordance with the Regulations 'Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 SI 2012/2914' which came into force on 30 November 2012, to enable local authorities to calculate the tax base for the financial year 2024/25.
- 3.2 The Council Tax Base is defined as the number of Band D equivalent properties in a local authority's area. An authority's tax base is taken into account when it calculates its council tax, and when central government calculates allocations of formula grant.
- 3.3 It is calculated by adding together the "relevant amounts" (the number of dwellings) for each valuation band, then multiplying the result by the Council's estimate of its collection rate for the year.
- 3.4 There is an overall increase in the council tax base for 2024/25, although some individual parishes tax bases have decreased.
- 3.5 **Appendix A** shows the actual number of Band D equivalent properties on the Council Tax database as at the 30 November 2023 for each Parish and Special Expense area. These properties are adjusted for the following known facts:
  - Addition of Empty Homes Premium
  - Removal of Second Homes Discount
  - Numbers of properties expected to be completed by March 2024.
- 3.6 The 2024/25 tax base calculation also takes into account changes to the current Class C and Class A council tax exemptions.
- 3.7 The tax base figures for 2024/25 are based on the number of dwellings within each band to be notified by the Listing Officer by 1 December 2023, hence the earliest date the Council can fix the tax base is 1 December 2023. District Councils must notify the tax base for their district to the County Council, the Police Authority and the Fire Authority by 31 January 2024. A tax base must be produced, not only for the District as a whole, but also for each parish and the unparished area of Market Harborough. Parishes will be informed of their Council Tax base in accordance with Regulation 4 of the Local Authorities (Calculation of Council Tax Base) (Supply of Information) Regulations 1992.

- 3.8 The annual tax base is also used by Parish Councils and Parish Meetings to calculate their parish precepts. For 2024/25 the setting of the tax base in December allows Parish meetings to set their precepts in January and to notify the Council in time for formulating the Council Tax resolution in February.

#### Deductions from the Tax Base for Irrecoverables

- 5.12 The regulations require that the Council estimates its collection rate for the financial year. This is the Council's estimate of the total amount in respect of its Council Tax for the year payable into its Collection Fund and transferable between its General and Collection Fund, and which it estimates will ultimately be paid or transferred.

- 5.13 Over the past 3-years the Collection Rate has been:

- 2022/23; 98.3%
- 2021/22; 98.1%
- 2020/21; 97.6%

- 5.14 Prior to the Coronavirus Pandemic the Council maintained a 1% allowance for "irrecoverable" debt. As a consequence of the pandemic, for 2021/22 and 2022/23 the Council increased its irrecoverable rate from 1% to 2%. With Coronavirus restrictions no longer being in place there is an argument for the irrecoverable rate to be returned to pre-pandemic levels (1%). However considering;

- the ongoing cost-of-living crisis,
- the potential for recession and a slowdown in the housing market, and
  - i. based on September 2023 collection rates, Council Tax collection as a proportion of the total Council Tax Debit was 56.2%, which is:
    - 0.2% below the collection rate of 56.4% for the same period in 2022/23, and
    - 1.2% below the pre-pandemic collection rate of 57.4% (2019/20).

it would be prudent to continue the higher (2%) rate for 2024/25.

Further, the [Budget Principles report, agreed at Cabinet on 27 November 2023](#) noted the following:

***Budget Principle (11) Council Tax Base:***

***Subject to modelling, an irrecoverable rate of 2% is applied when the Council Tax Base is calculated prior to budget setting.***

- 5.16 Although the consequence of agreeing a higher irrecoverable rate is that the Council Tax Requirement is proportionally lower, and any resulting budget gap would have to be financed from reserves; this is a rightfully prudent approach as it allows the Council to mitigate the risk:

- of under achievement in housing growth if development is lower than expected,
- the potential for slower economic recovery following the Covid-19 pandemic,
- manage the risks associated with the cost-of-living crisis and a possible recession,
- but conversely will allow the Council to financially benefit more quickly if both housing development and the local economy respond more quickly than anticipated.

5.17 Considering the above, it is proposed that the Council again adopts an irrecoverable rate of 2% for the 2024/25 Council Tax Base. The adjusted figures for each Parish and Special Expense area are set out in **Appendix A**. The respective Council Tax base for each Parish and Special Expense area is used as a basis for charging Special Expenses and Parish Precepts to the Council Tax payers of the appropriate parts of the District.

## 4. Implications of Decisions

### 4.1. Corporate Priorities

The contents of this report supports the Council in the development of next year's budget and medium-term financial strategy; which then provides the resource allocations to delivery its Corporate Priorities.

### 4.2. Financial

The Council's tax base impacts the amount of Council Tax collected for all tiers of local government

For Harborough District Council, a 2024/25 Council Tax base of 38,921.90 is 159.6 less than what was included in the current MTFs for 2024/25 (39,081.5). If the Council was to increase its Council Tax by the [expected maximum permitted](#) of the higher of £5 or 2.99% per Band D (£5.32), there is a reduction in the Council Tax Requirement of £29,253 (potential 2024/25 Council Tax Requirement: £7.134m; current MTFs 2024/25 Council Tax Requirement: £7.163m)

### 4.3. Legal

The Council must set a tax base by 31 January of each year, based on data at 1 December of each year. This tax base must be notified to each major preceptor by 31 January.

### 4.4. Policy

The Council's tax base impacts the amount of Council Tax.

### 4.5. Environmental Implications including contributions to achieving a net zero carbon Council by 2030

No implications.

### 4.6. Risk Management

No implications

### 4.7. Equalities Impact

None arising directly out of this report.

- 4.8. Data Protection**  
No implications
  
- 5. Summary of Consultation and Outcome**  
Not applicable, this is a statutory calculation.
  
- 6. Alternative Options Considered**  
Not applicable
  
- 7. Background papers**  
Not Applicable.