

28th February 2024		ITEM: 17
Council		
Setting of the Council Tax Base for 2024/25 and Determination of the Collection Fund Balance 2023/24		
Wards and communities affected: All	Key Decision: Key	
Report of: Cllr G Snell – Finance, Human Resources and Payroll		
Accountable Director: Steven Mair -Chief Finance Officer / s151		
Accountable Assistant Director: Michael Jones – Assistant Director for Strategic and Corporate Finance		
This report is Public		

Executive Summary

There are two elements to this report:

Setting the Council Tax Base 2024/25

This report also sets out the number of properties within Thurrock that are chargeable for council tax and classifies them into Band D equivalents for budget setting purposes.

Determination of the Collection Fund Balances 2023/24

The Collection Fund regulations require a local authority to estimate the balance on its Collection Fund as at 31 March each year. Any such balance relating to Council Tax is to be distributed to/borne by the Council and the Essex Police and Fire Authorities in proportion to the value of their respective precepts.

Any such balance relating to Business Rates is to be distributed to/borne by the Council, Central Government and Fire Authority in proportion to the agreed split under regulations.

Commissioner Comment:

The commissioner endorses the recommendations outlined in the report. By seeking a 7.99% council tax increase instead of the maximum possible 9.99%, the Council needs to find a further £1.7m of savings to present a balanced budget. Whilst partial progress has been made towards this, as outlined in the Revenue Budget 2024/25 report, further savings of £0.83m are to be found.

1. Recommendation(s)

- 1.1 Note that under existing delegated authority the Council Tax Base for 2024/25, calculated in accordance with legislation, has been set by the Interim Chief Financial Officer at 53,322**

That Council approves:

- 1.2 the proposal that in future years Cabinet will be required to approve the Council Tax Base and change the Constitution accordingly**

- 1.3 the proposal that:**

(a) the estimated 31 March 2024 balance of the Council Tax Collection Fund to be a surplus of £326,924 (before distribution to major precepting authorities), and

(b) allocates the surplus to the three main precepting bodies in proportion to their precepts for 2023/24 as follows:

Thurrock Council £272,910;

***Essex Police £40,193; and**

***Essex County Fire £13,821.**

*** Police, Fire & Crime Commissioner, but each has an individual precept balance**

- 1.4 the proposal that:**

(a) the estimated 31 March 2024 balance of the Business Rate Collection Fund to be a surplus of £7,272,612 (before distribution to Central Government and Essex County Fire), and

(b) allocates the surplus to the three main precepting bodies in the proportion set out in legislation:

(i) Thurrock Council £3,563,580;

(ii) Central Government £3,636,306; and

(iii) Essex County Fire £72,726.

2. Introduction and Background

Setting the Council Tax Base 2024/25

- 2.1** The Valuation Officer of the Inland Revenue (called the Listing Officer for council tax purposes), places each property in the Borough in one of eight valuation bands. Each band relates to the estimated capital value of the property as at 1st April 1991. Examples are that the lowest band (A) covers properties that were then up to a value of £40,000 whereas the highest band (H) covers all properties which then exceeded £320,000 in value.
- 2.2** Having done this, the Listing Officer produces a Valuation List, which shows the band allocated to each property. The individual properties are then added together to produce the

total number of properties in each band and the total of all properties in the borough. The current list for this Authority gives the following results:

<u>BAND</u>	<u>NUMBER OF PROPERTIES</u>
A	7,540
B	14,073
C	27,668
D	12,738
E	4,823
F	2,298
G	873
H	60
Total	70,073

- 2.3 From this it can be seen that 70.3% of Thurrock properties are in Bands A-C.
- 2.4 Each band will be charged a different amount of tax. The proportion payable by each band is laid down by statute. A Band D property was taken as the national average and occupants of these properties will therefore pay the base rate of tax. Lower banded properties pay less (Band A properties pay two thirds of the Band D rate) while higher banded properties pay more (Band H properties pay twice the Band D rate).
- 2.5 As required, the full calculation of the tax base is set out in Appendix 1 to this report.

The Final Calculation:

- 2.6 The Local Council Tax Scheme (LCTS) requires those of working age that were in receipt of council tax benefit to now have to pay a minimum of 25% of the annual charge. As this applies to the more vulnerable sections of the community, it is not surprising to see lower rates of collection from this group. On non LCTS bills, the Council is collecting circa 99%. Adjusting for LCTS, it is prudent to set an overall collection rate of 98.8% and so account for a lower collection rate for this group. After this and other adjustments have been made, the final tax base would look as follows:

<u>BAND</u>	<u>NUMBER OF PROPERTIES</u>
A*	6
A	3,091
B	8,325
C	20,677
D	11,286
E	5,388
F	3,096
G	1,360
H	92
Total	53,322

A* is Band A properties entitled to Disabled Relief reduction.

Determination of the Collection Fund Balances 2023/24

2.7 This report sets out the information required for Council to approve:

- the determination of the estimated balance of the Council Tax Collection Fund that will be apportioned between the Council and the major precepting authorities (the Police and Fire Authorities); and
- the determination of the estimated balance of the Business Rate Collection Fund that is apportioned between the Council, Central Government and the Fire Authority in accordance with regulations.

The Council's Constitution does not delegate this determination to Cabinet or any officer and so requires a decision from Council.

2.8 Each billing authority is required to maintain a separate Collection Fund which shows its transactions in relation to business rates and council tax and illustrates the way that these have been distributed to preceptors and the General Fund.

2.9 The key reasons for balances arising on the Collection Fund are:

- The estimated council tax base will differ from the actual position throughout the year. The base comprises of the number of properties, the number of voids and the various discounts and exemptions awarded, it is inevitable that these will change and that a difference will arise;
- The business rates estimated at the start of the year and any predicted growth in those rates may differ from the actual amounts collectable from business rate payers, mainly as a result of growth and business closures; and

The Collection Fund also includes contributions to the bad debt provisions for council tax and business rates which are reassessed each year.

2.10 Council Tax billing authorities are required by the Local Authorities (Funds) (England) Regulations 1992 to estimate any surplus or deficit on their Council Tax Collection Fund for the year as at 15 January every year and, at the same time, apportion such amount between themselves and the major precepting authorities.

2.11 Billing authorities are required by the Local Government Finance Act 2012 to estimate any surplus or deficit on their Business Rate Collection Fund for the year as at 15 January every year and, at the same time, apportion such amount between themselves and the major precepting authorities in accordance with regulations. This is then notified to central government through the NNDR 1 form which will be issued in due course. This will be populated using the data supporting the position included in this report and will form the calculation of available resources to be included in the final budget proposals.

2.12 Based on the latest forecasts of collections and write offs the Council Tax Collection Fund is estimated to be a surplus of £326,924 as at 31 March 2024. This is apportioned to the major preceptors as follows:

Major Precepting Authority	£
Thurrock Council	272,910
Essex Police	40,193
Essex County Fire	13,821
Total Allocated	326,924

- 2.13 The Council's share of the balance is a surplus of £272,910 which needs to be taken account of in the budget for 2024/25 and has been included in the medium term financial strategy (MTFS).
- 2.14 Based on the latest forecasts of collections and write offs the Business Rates Collection Fund is estimated to have a surplus of £7,272,612 as at 31 March 2024. This is apportioned under regulations as follows:

Major Precepting Authority	£
Thurrock Council	3,563,580
Central Government	3,636,306
Essex County Fire	72,726
Total Allocated	7,272,612

- 2.15 The Council's share of the balance is a surplus of £3,563,580 which needs to be taken account of in the budget for 2024/25 and has been included in the MTFS.
- 2.16 This report is also one of the components required for the setting of the 2024/25 budget and Council Tax. It does not fix the council tax rate. This will be decided as part of the 2024/25 budget reports, which will be considered in February 2024. The Council's Constitution does not delegate this determination to Cabinet or any officer and so requires a decision from Council.

3. Issues, Options and Analysis of Options

Setting the Council Tax Base 2024/25

- 3.1 The council tax base represents the Council's total taxable resources. A brief explanation of the method of calculation is given in this report. The full Council is required to make this calculation and, because it is also used by the police and fire authorities to calculate the precept payable, the precepting bodies must be notified of the result before 31st January in each year.

Determination of the Collection Fund Balances 2023/24

- 3.2 The report sets out the determination of the Collection Fund balances for both Council Tax and Business Rates.

4. Reasons for Recommendation

Setting the Council Tax Base 2024/25

- 4.1 The council tax base must be set in accordance with legal requirements.

Determination of the Collection Fund Balances 2023/24

4.2 There is a legal requirement to agree the collection fund balance calculations and to include it within the budget setting process.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 There is no consultation required for the Council Tax base and Determination of the Collection Fund balances

6. Impact on corporate policies, priorities, performance and community impact

6.1 The report supports corporate compliance with the requirements to set a Council Tax base and to agree the Collection Fund balances.

7. Implications

7.1 Financial

Implications verified by: **Jo Freeman**
Interim Assistant Director Financial Management & Procurement

The report sets out the detail of the proposed changes to the Council Tax base and the determination of the Council Tax balances.

Setting the Council Tax Base 2024/25

A council tax base of 53,222 is an increase 1,369 over the 2023/24 council tax base of 51,953 that, at the level of the 2023/24 council tax, would raise an additional £2.170m. This increase has already been factored into the MTFS.

Determination of the Collection Fund Balances 2023/24

The Council's share of the Council Tax Collection Fund surplus is £272,910. The Council share of the Business Rates Collection Fund surplus for the 2024/25 budget is £3,563,580. The performance in 2022/23 was better at the end of the year than previously forecast when setting the 2023/24 base budget, as a result of a reduction in the level of appeals and bad debt provision, following external advice. This means that there was an additional surplus which was not included as part of the 2023/24 base budget

The Collection fund is a ring-fenced account, and as such the surpluses have a one off benefit to the budget, and are non-recurrent, and are as a result of changes in preceding year.

The surplus or deficit position is re-set on an annual basis, and is then subject to the performance on the collection fund in order to set a revised estimate for the following years budget.

7.2 Legal

Implications verified by: **Jayne Middleton-Albooye**
Deputy Head of Legal and Governance

Setting the Council Tax Base 2024/25

The Council, as billing authority, is required to calculate the amount which will be its council taxbase for the next financial year by 31 January of the preceding financial year. (Section 31B of the Local Government Finance 1992 Act (as amended) and the Local Authorities (Calculation of council tax Base) Regulations 2012).

Determination of the Collection Fund Balances 2023/24

Council Tax billing authorities are required by the Local Authorities (Funds) (England) regulations 1992 to estimate any surplus or deficit on their Council Tax Collection Fund as at 15 January every year.

Business Rate billing authorities are required under the Local Government Finance Act 2012 to estimate any surplus or deficit on their Business Rate Collection Fund at 15 January every year.

7.3 Diversity and Equality

Implications verified by: **Becky Lee**
Community Development and Equalities Manager

The Council has a duty as set out in the Equality Act 2010 to consider the equality impact of its policies and decisions. The LCTS can be claimed by anyone in the Borough meeting the eligibility criteria.

7.4 Risks

In terms of risk, the estimated council tax base includes prudent assumptions about the tax base and changes in exemptions, voids, discounts and the provision for bad debts.

The assumptions underpinning the amounts of business rate collectable and any associated appeals and bad debt provisions are also considered to be prudent.

7.5 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

None

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Working papers retained by Corporate Finance

9. Appendices to the report

- Appendix 1 Detailed calculation of the 2024/25 Council Tax Base

Report Author:

Michael Jones

Interim Assistant Director for Strategic and Corporate Finance

Finance

Appendix 1 – Detailed Council Tax Base Forecast Calculation

COUNCIL TAX BASE Year 2024/25 - Forecast

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Band	Total Properties	No. of Discounts	Exempt Properties	Net Disabled Relief	LCTS	LT Premiums	Changes in Year			Sub Total	Total Band "D" Equiv	Adj for losses in collection	Tax Base (Rounded)
		(-)	(-)	(+) or (-)	(-)	(+)	Estimated Discounts	New Properties	Demolitions			1.20%	
A *	0	2	0	13	0		0		0	12	6	0	6
A	7,540	1,033	240	11	1,654	30	4	43	0	4,693	3,129	38	3,091
B	14,073	1,416	316	99	1,736	57	8	80	0	10,834	8,426	101	8,325
C	27,668	1,898	431	-38	1,950	50	15	158	0	23,544	20,928	251	20,677
D	12,738	740	178	-49	439	26	7	73	0	11,424	11,424	137	11,286
E	4,823	219	59	-9	108	9	3	28	0	4,462	5,453	65	5,388
F	2,298	74	17	-15	39	5	1	13	0	2,169	3,133	38	3,096
G	873	31	14	-1	10	5	0	5	0	826	1,377	17	1,360
H	60	3	1	-11	0	1	0	0	0	47	93	1	92
TOTALS	70,073	5,415	1,256	0	5,937	183	38	400	0	58,010	53,969	648	53,322