



CABINET

Tuesday, 05 December 2023

Subject	Council Tax Base 2024/25
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
Report Author(s) / Head of Service	Lorraine Rogers Chief Finance Officer and Section 151 Officer Lorraine.rogers@eastsoffolk.gov.uk
Director	Chris Bally Chief Executive Chris.bally@eastsoffolk.gov.uk

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

The purpose of this report is to approve the 2024/25 Council Tax Base for the East Suffolk Council area.

Options:

The Local Authorities (Calculation of Council Tax Base) Regulations 1992 sets out the requirements for the calculation of the council tax base for tax setting purposes, and there are consequently no alternative options to consider.

Recommendation/s:

That Cabinet approve

1. That the council tax base for 2024/25 for the East Suffolk district is 91,018.73 Band D equivalent properties.
2. That the council tax bases for 2024/25 for individual town and parish areas are as shown in **Appendix A**.

Corporate Impact Assessment

Governance:

None arising directly from this report.

ESC policies and strategies that directly apply to the proposal:

East Suffolk Local Council Tax Reduction Scheme (LCTRS)

East Suffolk Council Discretionary Council Tax Reliefs and Charges policies

Environmental:

None arising directly from this report.

Equalities and Diversity:

An Equalities Impact Assessment (EqIA) is not applicable to calculation of the council tax base, which is a statutory requirement.

Financial:

An increase in the council tax base has financial implications for precepting authorities as their income from a given level of Band D council tax is increased. At the 2023/24 council tax levels, an increase in the tax base of 677.81 Band D equivalents results in increases in council tax income of: Suffolk County Council £1.014m; Suffolk Police and Crime Commissioner £178k; and East Suffolk Council £123k.

For town and parish councils, an increase in the tax base means that if the parish kept its precept the same as last year, it would see a reduction in the parish element of the council tax. However, the fact that growth in the number of properties and LCTRS reliefs are not evenly spread across the district means that some parishes have seen decreases

in their tax base, whilst others have seen increases greater than the overall increase of 0.75%.

Human Resources:

None arising directly from this report.

ICT:

None arising directly from this report.

Legal:

Approving a council tax base for the purposes of tax setting is a legal requirement in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

Risk:

None arising directly from this report.

External Consultees:	There is no formal requirement to consult on setting of the council tax base. All towns and parishes were written to at the start of November informing them of their individual tax base, outlining the implications for their own precepts and tax levels, and requesting their precepts for 2024/25.
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>

P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>

How does this proposal support the priorities selected?

The vision of the East Suffolk Strategic Plan is to “deliver the highest quality of life possible for everyone who lives in, works in and visits East Suffolk”. Council tax is one of the council’s key income streams and directly contributes to the Financial Sustainability theme. Calculation of the council tax base underpins that income stream and provides the basis for tax setting.

Background and Justification for Recommendation

1 Background facts	
1.1	East Suffolk Council is required to approve its council tax base before 31 January 2024 so that the information can be provided to Suffolk County Council and Suffolk Police and Crime Commissioner for their budget processes. It also enables each Town and Parish Council to set their respective precepts.
1.2	The tax base for the area is the estimated number of chargeable dwellings expressed as a number of band D equivalents, adjusted for an estimated number of discounts, exemptions and appeals plus an allowance for non-collection.
1.3	Increases or reductions in the council tax base have financial implications for precepting authorities as their income from a given level of Band D council tax is either increased or reduced. The financial implications of the overall increase in the base this year are outlined in the report. As far as town and parish councils are concerned, the fact that growth in the number of properties and LCTRS reliefs are not evenly spread across the district means that some parishes have seen increases in their tax base, whilst others have seen decreases.

2 Current position	
2.1	The council tax base is the total taxable value at a point in time of all the domestic properties in the council’s area. It is an annual calculation and represents the estimated number of chargeable dwellings after allowing for exemptions and discounts, reliefs, projected changes in the property base and after applying an estimated collection rate.
2.2	The total taxable value referred to above is arrived at by each dwelling being placed in one of eight valuation bands (A – H) by the Valuation Office, with a statutorily set fraction then being applied in order to convert it to a ‘band D

	equivalent' figure. These band D equivalent numbers are then aggregated at a district wide level and are also sub totalled for parishes. This calculation has to be done by the council responsible for sending the bills out and collecting the council tax ('the billing authority'). In two tier areas, district councils fulfil this function.
2.3	The council tax base is used in the calculation of council tax. Each authority divides the total council tax income it needs to meet its budget requirement by the tax base of its area to arrive at its band D council tax. The same fractions referred to in the previous paragraph are then used to work out the council tax for properties in each of the other bands.
2.4	The tax base for central government purposes is calculated as at 2 October 2023 as an extract from the council tax system. This information is submitted to the Department for Levelling Up, Housing and Communities (DLUHC) on the Council Tax Base 1 (CTB1) return. This unadjusted tax base forms part of the basis for funding and allocation assumptions in the local government finance system, such as Revenue Support Grant and New Homes Bonus (NHB) allocations. However, it should be noted that the position on NHB for 2024/25 is unclear until the provision local government finance settlement later this month.
2.5	Calculation of the tax base for council tax setting purposes uses an updated CTB1 report at parish level and band D equivalents are adjusted to reflect changes as a result of any technical/LCTRS changes, forecast LCTRS reliefs, projected changes in the property base and predicted collection rates.

3 How to address current situation

3.1	The CTB1 report shows the analysis of properties across the eight valuation bands for the following classifications of liability: <ul style="list-style-type: none"> - properties attracting 100 per cent liability - properties attracting a premium, such as second homes - properties with an entitlement to a discount of 25, 50 or 100 per cent, such as disabled relief and single person discounts - properties that are exempt - LCTRS discounts.
3.2	To produce the council tax base for tax setting purposes the following areas are then reviewed in respect of current and future assumptions: <ul style="list-style-type: none"> - Growth in number of properties - LCTRS discounts - Collection rate
3.3	Potential growth in the property base is based on assumed completions from sites within the local plan that are under construction. Growth in properties appears to be slowing and is less than estimated last year. A fall in estimated growth was last noted in the 2021/22 taxbase due to the pandemic.
3.4	In 2023/24 the value of LCTRS reliefs has continued to decline compared with the forecasts used this time last year in calculating the tax base. At this stage, no significant movements from the current position is assumed in calculating the 2024/25 tax base.
3.5	Collection rate – Council tax collection in the district has typically been at a very high level, and over the years the collection rate used in the tax base calculation has been increased to 99%. The Covid-19 pandemic did impact on collection rates and the collection rate used in the tax base calculation was revised downwards to 98.75% for 2021/22, before being increased to 99% again for 2022/23. In year

	monitoring of the position in 2023/24 indicates that collection is slightly down against target but within tolerance limits. The 99% collection rate is to be used in the calculation and maintained for 2024/25.														
3.6	<p>Overall, the tax base for the district shows an increase of 677.81, or around 0.75%, on the tax base for the current year of 90,340.92 Band D equivalents. This overall increase in the tax base between 2023/24 and 2024/25 is summarised in the table below:</p> <table border="1"> <thead> <tr> <th>Summary of changes</th> <th>Band D</th> </tr> </thead> <tbody> <tr> <td>Net growth in properties 2023/24</td> <td>646.90</td> </tr> <tr> <td>Decreased LCTRS Reliefs</td> <td>203.26</td> </tr> <tr> <td>Less growth in properties than estimated last year</td> <td>-115.94</td> </tr> <tr> <td>Increase in Bad Debt Provision due to Tax Base growth</td> <td>-7.41</td> </tr> <tr> <td>Ministry of Defence properties (double counted - Sutton Heath)</td> <td>-49.00</td> </tr> <tr> <td>Net change in Band D properties</td> <td>677.81</td> </tr> </tbody> </table>	Summary of changes	Band D	Net growth in properties 2023/24	646.90	Decreased LCTRS Reliefs	203.26	Less growth in properties than estimated last year	-115.94	Increase in Bad Debt Provision due to Tax Base growth	-7.41	Ministry of Defence properties (double counted - Sutton Heath)	-49.00	Net change in Band D properties	677.81
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3.7	Appendix A shows the estimated 2024/25 council tax base for the district of 91,018.73 Band D equivalents by parish. This Appendix also shows the increase or decrease in the tax base by parish compared with 2023/24. Where the tax base of a parish has decreased, this is primarily due to factors in the calculation such as the value of discounts and reliefs and not a reduction in the physical number of properties.														

4 Reason/s for recommendation

4.1	To approve a council tax base for the purposes of tax setting as required by the Local Authorities (Calculation of Council Tax Base) Regulations 1992.
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Appendices

Appendices:

Appendix A	East Suffolk Council Tax Base 2024/25 by Town and Parish area
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Background reference papers:

None.
