

North Tyneside Council
Report to Cabinet
Date: 22 January 2024

Title: Calculation of the 2024/25 Council Tax Base for North Tyneside Council

Portfolios: Finance & Resources	Cabinet Member: Councillor Cllr Anthony McMullen
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Report from Service Area: Finance

Responsible Officer: Jon Ritchie, Director for Resources (Chief Finance Officer) (Tel:643 5701)

Wards affected: All

1.1 Executive Summary:

The Council Tax Base is an annual statutory calculation, used to determine the level of Council Tax to be paid for individual properties in the borough. The Tax Base represents the number of properties that will be subject to Council Tax and is expressed in terms of the number of Band D equivalent properties, after allowing for the effect of discounts, exemptions and reliefs.

The agreed Tax Base for North Tyneside Council for 2024/25 will be used in the 2024/25 Budget and Council Tax calculation. The Tax Base is also used as the basis for the major precepting authorities (Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority) to determine their precept requirements.

The 2024/25 Council Tax Base calculation and recommendations includes a proposed assumed long term collection rate of 98.50% and takes account of a change to the way that Long Term Empty Dwellings Premiums are administered by the Authority following a decision taken by full Council on 23 November 2023.

The Council Tax Support Scheme for 2024/25 remains the same as 2023/24.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) approves this report on the calculation of North Tyneside's Council Tax Base for 2024/25; and
- (2) agrees that the assumed Council Tax collection rate for 2024/25 is set at 98.50% and therefore the amount calculated by North Tyneside Council as its Council Tax Base for 2024/25 will be 64,471 Band D equivalent properties, pursuant to this report and in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

1.3 Forward plan:

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 13 October 2023.

1.4 Council plan and policy framework:

- 1.4.1 This Tax Base calculation is a key element of the Budget Setting process and therefore is a key strand of the Budget and Policy Framework.

1.5 Information - Explanation of the Council Tax Base Calculation

- 1.5.1 The Council Tax Base is an annual statutory calculation, used to determine the level of Council Tax for individual properties.
- 1.5.2 The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 and required local authorities to create a localised Council Tax Support Scheme with effect from 1 April 2013. Therefore, in the calculation of the 2024/25 Council Tax Base, Council Tax Support takes the form of a reduction in the charge rather than the payment of a benefit.
- 1.5.3 The calculation of the 2024/25 Council Tax Base has been prepared in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 ("the Council Tax Base Regulations").
- 1.5.4 The Local Government Finance Act 2012, set out changes to Council Tax legislation and provided the statutory framework under which the decisions on local discounts and second homes may be made.
- 1.5.5 The 2024/25 Council Tax Base set out within this report is based on one change to the way Long-Term Empty Dwellings Premiums are currently dealt with in North Tyneside. Currently the Long-Term Empty Dwellings Premium is applied to a property that has been unoccupied and substantially unfurnished for 2 years. The requirement to pay a Long-Term Empty Dwelling Premium is aimed at encouraging owners of such properties to make them available for rent or sale rather than having

them standing empty for long periods of time. The Levelling-up and Regeneration Act 2023 which received Royal Assent in October 2023 introduced a change to the Local Government Finance Act 1992 and now enables local authorities the opportunity to apply the Long-Term Empty Dwelling Premium to properties that have been unoccupied and substantially unfurnished for 1 year rather than 2 years. The earliest that this change to long-term empty dwellings can be applied is 1 April 2024.

To build on the current work undertaken by the Authority to reduce long-term empty properties in the borough, a report was presented to full Council on the 23 November 2023 seeking approval to introduce this change to the application of the Long-Term Empty Dwelling Premium at the earliest opportunity, namely, 1 April 2024. Council approved this change, and therefore from 1 April 2024 a Long-Term Empty Dwelling Premium will apply at 1 year replacing the currently 2 years as now permitted by legislation.

Tax Base Calculation for 2024/25

1.5.6 The detailed Council Tax Base calculation for North Tyneside for 2024/25 is attached as Appendix A to this report, together with an explanation of the specific elements that form part of this calculation. Within this calculation, adjustments have been made to reflect the effect of exempt properties, disabled relief, discounts, premiums and growth in new homes. Specifically, these adjustments include:

- The estimated number of dwellings to be demolished in 2024/25;
- The estimated number of dwellings where the liable person qualifies for a disabled reduction in 2024/25;
- The estimated number of exempt dwellings during 2024/25;
- The Council Tax Support scheme in 2024/25; and
- The estimated number of premiums which apply to long term empty properties in 2024/25.

The assumed growth in new homes from anticipated new build properties is calculated as a prudent estimate of 450 based on information provided by Planning.

1.5.7 Applying the factors listed in paragraph 1.5.6 adjusts the total number of properties to a common base for each band, in terms of full year equivalents.

1.5.8 The Council Tax Base Regulations ensure that the Council Tax Base for an area takes into account the effect of disability reductions in respect of dwellings which fall within Band A. The Regulations introduced an additional 'alternative valuation band' to allow Band A properties to qualify for a disability reduction. Previously, properties adapted to meet the needs of a disabled person were charged at a rate equal to the next lowest valuation band, so for example a qualifying Band D property would be charged at a Band C rate respectively, but this did not apply to Band A properties. Instead of paying the normal Band A charge (six-ninths of the Band D) a qualifying Band A property is now charged five-ninths of the Band D charge. For the purpose of the Council Tax Base calculation, it is now necessary to show Band A properties which qualify for a disabled reduction as if it were an additional valuation band.

Deductions are then made for exempt dwellings and the estimated impact of the Council Tax Support scheme for 2024/25.

- 1.5.9 The Council Tax Base calculation for 2024/25 converts the number of dwellings within each of the Council Tax Bands into a Band D equivalent, using the appropriate proportions shown in Table 1 below. For 2024/25, prior to an allowance for non-collection and contributions in lieu of, is a Band D of 65,407 properties.

Table 1: Council Tax Band Proportions

Council Tax Band	Proportion of Band D
Band A Entitled to Disabled Relief Reduction	5/9 (55.6%)
Band A	6/9 (66.7%)
Band B	7/9 (77.8%)
Band C	8/9 (88.9%)
Band D	9/9 (100.0%)
Band E	11/9 (122.2%)
Band F	13/9 (144.4%)
Band G	15/9 (166.7%)
Band H	18/9 (200.0%)

Assumed Council Tax Collection Rate

- 1.5.10 The next stage of the Council Tax Base calculation involves a deduction for the non-collection of Council Tax. This non-collection element of the calculation is made in respect of the amounts that are legally due, but which, for varying reasons, may not be collected. The assumed Council Tax collection rates for North Tyneside have improved significantly since 1993/94, when the assumed collection rate was 95%. The assumed North Tyneside Council Tax collection rates for each year from when Council Tax was introduced in 1993/94 are illustrated in Table 2 below:

Table 2: Assumed North Tyneside Council Tax Collection Rates Since 1993/94

Year	Assumed North Tyneside Council Tax Collection Rate
1993/94	95.00%
1994/95	96.00%
1995/96	96.50%
1996/97	96.625%
1997/98	96.75%
1998/99	97.00%
1999/00	98.00%
2000/01	98.125%
2001/02	98.25%
2002/03	98.60%
2003/04	98.75%
2004/05	98.875%
2005/06 – 2007/08	99.00%
2008/09 – 2010/11	99.10%
2011/12 – 2012/13	99.20%
2013/14 – 2020/21	98.50%
2021/22 – 2022/23	98%
2022/23 – 2023/24	98.50%

- 1.5.11 A fundamental issue for the Council Tax Base calculation is the assumed percentage Council Tax collection rate to apply. As can be seen in Table 2 above, the Authority's performance on Council Tax collection was improving for many years, reaching a peak of 99.20% in setting the Council Tax Base for 2012/13. However, since 2013/14, a lower collection rate of 98.50% was proposed and agreed to reflect the estimated impact of the introductions of the Council Tax Support Scheme, the estimated impact of other Welfare Reform changes and changes to how Exemptions and Discounts are applied. This assumed collection rate continued, but in 2021/22 for one year, a lower rate of 98% was agreed to reflect the impact of Covid-19.
- 1.5.12 Council Tax in-year collection has been challenging in recent years due to the impact of Covid-19, and the continued rising costs of living which is adding another pressure on household income. As at the end of November 2023 the in-year collection for 2023/24 is 0.06% behind where were at in 2022/23 at the same point. However, the Authority is still behind by 0.47% against the collection rate at the same point in 2019/20 financial year. The collection rate at this point is only an approximate indicator of the assumed Council Tax collection performance, given the significant time lag effect between in-year and ultimately the long-term Council Tax collection performance. Whilst the Authority did see an increase in residents claiming Local Council Tax Support during 2020/21 due to Covid-19, the number claiming is now reducing each year.

1.5.13 Various factors have been taken into account when considering the collection rate for 2024/25, including:

- Current Council Tax collection rates;
- The estimated longer-term financial impact of Covid-19;
- The Council Tax Support Scheme;
- The impact of previous changes to Exemptions and Discounts and Empty Property Premiums;
- The change to the Long-Term Empty Property Premium that will apply from April 2024; and
- Potential changes to Council Tax rate in 2024/25.

It is proposed that an assumed Council Tax Collection Rate of 98.50% is set as part of the 2024/25 Council Tax Base calculation, which is the same assumed collection rate that was in place when setting the 2023/24 budget and is still considered to be achievable long term. In-year collection has remained very similar to 2022/23 at the same point, recovery of Council Tax debt is ongoing, and the number of Council Tax Support claims are reducing. The number of claimants at the end of November 2023 is 15,908 compared to November 2022 which was 16,055.

Cabinet should be mindful of the fact that, since 2020/21, working age Council Tax Support (CTS) claimants have been further assisted with up to £150.00 additional support against their Council Tax. In 2023/24 a government grant helped fund this support and also allowed pensioners to receive up to £25.00 support against their Council Tax bill. For 2024/25 budget proposals have built in the continuation of providing up to £150.00 for working age claimants of CTS.

1.5.14 The final stage of the Council Tax Base calculation involves adding an estimated amount in respect of contributions in lieu of Council Tax to be made to the Authority, which is expressed in terms of the number of Band D equivalent properties. For 2024/25 this figure for the Authority, which relates to Ministry of Defence properties, is 45 Band D equivalent properties. The figure has been reduced from previous years as there has been some occupation by non-MOD households who are responsible for the Council Tax themselves.

Resulting Council Tax Base Calculation for 2024/25

1.5.15 The 2024/25 Council Tax Base for the whole of North Tyneside after the allowance for non-collection and payments in lieu is 64,471 Band D equivalent properties. This equates to an increase of 1,779 Band D equivalent properties compared to the 2023/24 figure. This has incorporated the additional long term empty dwellings which will be liable for additional Council Tax, due to being empty for 1 year, with this change taking effect on 1 April 2024.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet:

Sets the 2024/25 Council Tax Base for North Tyneside Council using an assumed Council Tax collection rate of 98.50%;

Option 2

Cabinet does not agree the proposed Council Tax Base calculation and asks officers to undertake further work on the proposal.

- 1.6.1 An increase in the collection rate increases the Council Tax Base and a reduction in the collection rate reduces the Council Tax Base. The impact of different Council Tax collection rates is shown in Table 3 below. There are no increases shown beyond 98.5% as this is not felt viable in the current economic situation.

Table 3: Illustrative Example - Impact of Changing the Council Tax Collection Rate

Council Tax Collection Rate	Revised Council Tax Base for 2024/25
98.00%	64,144
98.10%	64,210
98.20%	64,275
98.30%	64,340
98.40%	64,406
98.50% Proposed	64,471 (current collection rate in 2023/24)

1.7 Reasons for recommended option:

- 1.7.1 Option 1 is recommended for the following reasons:

Council Tax Collection Rate

The proposed 98.50% assumed Council Tax collection rate, is felt to be achievable for the reasons set out in paragraph 1.5.13 of this report.

The risk of setting a Council Tax collection rate too high is that this can result in a deficit position for the Council Tax element of the Collection Fund, which in turn will have to be funded by the Authority's General Fund.

This collection rate is reviewed as part of the annual Council Tax Base calculation, and the 98.50% collection rate will be reviewed in determining the Council Tax Base for 2025/26.

1.8 Appendices:

Appendix A: Detailed Council Tax Base calculation for North Tyneside Council for 2024/25.

1.9 Contact officers:

David Dunford, Senior Business Partner, Finance Service.
Tel (0191) 643 7027

Tracy Hunter, Client Manager Revenues and Benefits, Finance Service.
Tel (0191) 643 7228

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- 1) Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. <https://www.legislation.gov.uk/ukSI/2012/2914/contents/made>
- 2) [Local Government Finance Act 1992 \(as amended\)](#)
- 3) [The North Tyneside Council Tax Support Scheme 2023/24](#)
- 4) [Levelling-up and Regeneration Act 2023](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

This report details the 2024/25 Council Tax Base calculation which has been undertaken in compliance with the Local Government Finance Act 1992 (as amended), and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

This annual calculation is a key component of the Council Tax and Budget Setting Process. The Council Tax Base is used as a denominator within the annual Council Tax and Budget calculation to determine the exact level of Council Tax to be charged for each valuation band for a given year. The charge for each Council Tax Band (A-H) for 2024/25 is calculated by dividing the amount of Council Tax income required by the agreed 2024/25 Council Tax Base for North Tyneside. It is also used as the basis for the major precepting authorities (Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority) to determine their precept requirements.

As noted previously, the change to the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 produced a fundamental change to the Council

Tax Base calculation. As with 2023/24, for the purposes of the 2024/25 Council Tax Base, Council Tax Support takes the form of reductions.

These regulations result in the proposed Council Tax Base calculation for 2024/25 of 64,471 representing an increase of 1,779 Band D equivalents compared with 2023/24. The items noted in paragraph 1.5.13 of this report have all been considered in determining the proposed assumed Council Tax collection rate for 2024/25 of 98.50%. The 2024/25 Council Tax Base figure included within this report will be built into the 2024/25 final Council Tax Requirement and Budget proposals.

2.2 Legal

Under the Local Government Finance Act 1992 the Authority is required to determine the Council Tax Base and to notify this figure to major precepting authorities, namely, the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority during the period from 1 December to 31 January. Once the Tax Base for 2024/25 has been set, it cannot be altered after 31 January 2024.

The determination of the Council Tax Base is the responsibility of Cabinet in accordance with Section 67(2A) (za) of the Local Government Finance Act 1992 as amended.

2.3 Consultation/community engagement

Internal engagement:

Consultation on this report has taken place with the Cabinet Member for Finance and Resources and the Senior Leadership Team.

2.4 Human rights

The proposals within this report do not themselves have direct implications in respect of Human Rights.

2.5 Equalities and diversity

The proposals within this report do not themselves have direct implications in respect of equalities and diversity.

2.6 Risk management

Appropriate risks have been considered in determining the proposed Council Tax collection rate, as noted within the report, which forms part of the overall Council Tax Base calculation for 2024/25.

2.7 Crime and disorder

The proposals within this report do not themselves have direct implications for crime and disorder.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 – SIGN OFF

- Chief Executive
- Director of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Assistant Chief Executive