

OPEN

Corporate Policy Committee

Thursday, 28 November 2024

Council Tax Base 2025/26

**Report of: Adele Taylor, Interim Executive Director of Resources
and S151 Officer**

Report Reference No: CP/13/24-25

Ward(s) Affected: All Wards;

For Decision or Scrutiny: Both

Purpose of Report

- 1 This report sets out the Council taxbase calculation 2025/26 for recommendation from Corporate Policy Committee to Council in December 2024.

Executive Summary

- 2 The calculation sets out the estimates of new homes less the expected level of discounts and the level of Council Tax Support (CTS). This results in a band D equivalent taxbase position for each Town and Parish Council.
- 3 The taxbase reflects an increase of £5.9m (1.9%) on the 2024/25 budgeted position which is £2.7m higher than the £3.2m (1%) forecast increase reported in February 2024. £1.2m of this improvement relates to the introduction of the new 100% premium chargeable on second furnished homes from April 2025. A further £1m income is also being raised from the introduction of the empty homes premium for properties over 1 year which commenced in April 2024 but had not been included in the taxbase calculation for 2024/25.
- 4 Additional new homes, property premiums and more properties brought back into use over the last fifteen years, have increased the taxbase by 23.3% since 2010/11.

- 5 No changes are proposed to the Council Tax Support Scheme for 2025/26 other than to increase the income bands and non-dependant deductions in line with CPI. This continues the higher levels of support provided since 2022/23 to allow up to 100% relief for those on the lowest income. The scheme will be reviewed again during 2025/26.

RECOMMENDATIONS

Corporate Policy Committee recommends to Council that:

1. In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amount to be calculated by Cheshire East Council as its Council taxbase for the year 2025/26 as 163,261.10 for the whole area.

Corporate Policy Committee note that:

2. The Council Tax Support scheme is agreed for 2025/26 as unchanged other than the increases in line with CPI as agreed in the last consultation.

Background

- 6 Cheshire East Council is required to approve its taxbase before 31 January 2025 so that the information can be provided to the Cheshire Police and Crime Commissioner and Cheshire Fire Authority for their budget processes. It also enables each Town and Parish Council to set their respective budgets. Details for each parish area are set out in **Appendix A**.
- 7 The taxbase 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. A reduction of 1% is included in the taxbase calculation to allow for anticipated levels of non-collection.
- 8 Processes to collect Council Tax locally continue to be effective despite the challenges of the impact on residents of the cost of living. However, strong collection is continuing and the forecast level of non-collection at Cheshire East has been maintained at 1% for 2025/26.
- 9 Analysis of recent trends in new homes, and homes being brought back into use, suggest an increase of nearly 4,100 homes is likely between the setting of the 2025/26 taxbase in October 2024 and the 31 March 2026. The impact of this growth is affected by when properties may be

available for occupation and the appropriate council tax banding and this is factored into the taxbase calculation.

- 10 In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for 1 year or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.
- 11 Cheshire East now charges the following premiums for empty properties:

Time empty/unfurnished	Premium
1 to 5 years	100%
5 to 10 years	200%
Over 10 years	300%

- 12 The Government's Levelling Up and Regeneration Bill received royal ascent on 26 October 2023 and included a further discretionary option for the application of Council Tax premiums on furnished second homes subject to a 12 month notice period. This was approved as part of the MTFs 2023-27 in February 2023 subject to the passing of the Bill. Therefore, the introduction of the 100% premium on furnished second homes will come into effect on 1 April 2025. The additional income due to be raised from the introduction of this premium (subject to some exclusions to the premium) is estimated to be £1.2m and has been included in the calculation of the taxbase for 2025/26.
- 13 The taxbase also reflects assumptions around Council Tax Support payments. The Cheshire East CTS scheme was introduced in 2013/14 and subsequently amended following consultations in 2016/17, 2020/21 and was amended again for 2022/23 to make the scheme more supportive in the light of funding being provided by central government (£3.3m) to be able to assist the pandemic recovery.
- 14 The funding for this Local Council Tax Support grant was received in 2020/21 and was transferred to the Collection Fund Earmarked reserve. The funding has been used over the last four years to support the revenue budget to compensate for suppressed council tax levels as a result of higher Council Tax Support payments. This funding has now been used in full and no further funding has been made available.

- 15 No changes are proposed to the Council Tax Support scheme for 2025/26 other than to increase the income bands and non-dependant deductions in line with CPI. This continues the higher levels of support for those on the lowest income. The scheme will be reviewed again during 2025/26.
- 16 The taxbase and subsequent collection of council tax is subject to overall risks from a variety of sources, such as inaccuracies within:
- Numbers of new homes forecast;
 - Levels of discounts and premium charges estimated;
 - Under collection rate.
- 17 Risks particularly associated with Council Tax Support levels include:
- Challenges over the medium-term economic position, especially in the light of increased inflation and economic slowdown;
 - The risk of a major employer leaving the area;
 - The risk of delay in the significant development projects delaying employment opportunities;
 - The prospect of a greater number of residents becoming of pensionable age and potentially becoming eligible for CTS;
 - The risk of increased non-collection due to the increasing demand on non-protected residents.
- 18 Risks are managed throughout the year and regular monitoring and reporting takes place to ensure that preceptors are made aware of any shortfalls in the Collection fund.

Consultation and Engagement

- 19 The calculation of the taxbase is not subject to consultation.

Reasons for Recommendations

- 20 In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 Cheshire East Council is required to agree its taxbase before 31st January 2025.

Other Options Considered

- 21 None.
- 22 Do nothing – Impact/risk would be high. Members would not be performing in accordance with the Local Government Finance Act 1992 (as amended); The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Implications and Comments

Monitoring Officer/Legal

- 23 The recommendations are supportable and legal position is as set out within the report, which includes additional options introduced by the Levelling UP and Regeneration Act 2023.
- 24 In accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended and Chapter 4 of the Council's Constitution, the calculation of the Council taxbase is a matter for full Council following a recommendation by Corporate Policy Committee.

Section 151 Officer/Finance

- 25 The calculation of the taxbase provides an estimate that contributes to the calculation of overall funding for Cheshire East Council in each financial year. The taxbase calculation as set out in this report will be used to calculate the council tax budgeted income for 2025/26 and will be included in the Medium-Term Financial Strategy 2025-29.

Policy

- 26 There are no direct policy implications arising from this report.
- 27 The report supports the Council Plan aim Open and priority to be an open and enabling organisation.

Equality, Diversity and Inclusion

- 28 There are no direct equality, diversity and inclusion implications arising from this report.

Human Resources

- 29 There are no direct human resources implications arising from this report.

Risk Management

- 30 Consideration and recommendation of the taxbase for 2025/26 to Council ensures that the statutory requirement to set the taxbase is met.
- 31 Estimates contained within the Council taxbase calculation, such as the loss on collection and caseload for Council Tax Support, will be monitored throughout the year. Any significant variation will be reflected in a surplus or deficit being declared in the Collection Fund which is then shared amongst the major precepting authorities.

Rural Communities

32 This report provides details of taxbase implications across the borough.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

33 There are no direct children and young people implications arising from this report.

Public Health

34 There are no direct public health implications arising from this report.

Climate Change

35 There are no direct climate implications arising from this report.

Access to Information	
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Appendices:	Appendix A – Taxbase 2025/26
Background Papers:	None