

OPEN

Corporate Policy Committee

30 November 2023

Council Tax Base 2024/25

Report of: Alex Thompson, Director of Finance and Customer Services (s151 Officer)

Report Reference No: CP/33/23-24

Ward(s) Affected: (All Wards);

Purpose of Report

- 1 This report sets out the Council taxbase calculation 2024/25 for recommendation from Corporate Policy Committee to Council in December 2023.

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 £2.5m (0.86%) on the 2023/24 budgeted position which is £0.9m lower than the £3.4m (1.1%) forecast increase reported in February 2023. Additional new homes and more properties brought back into use over the last fourteen years, have increased the taxbase by 21.0% since 2010/11.
- 4 No changes are proposed to the Council Tax Support Scheme for 2024/25 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.

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 2024/25 as 160,151.52 for the whole area.
2. The Council Tax Landlord discount previously applied to empty rental properties be removed.

Corporate Policy Committee note that:

3. The Council Tax Support scheme is agreed for 2024/25 as unchanged other than the increases in line with CPI as agreed in the last consultation.

Background

- 5 Cheshire East Council is required to approve its taxbase before 31 January 2024 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**.
- 6 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.
- 7 Processes to collect Council Tax locally continue to be effective despite the challenges of the legacy of the covid pandemic and the impact on residents of the cost of living. Changes to Council Tax discounts, specifically the introduction and subsequent amendments to the CTS scheme are being managed and the forecast level of non-collection at Cheshire East has been maintained at 1% for 2024/25.
- 8 Analysis of recent trends in new homes, and homes being brought back into use, suggest an increase of nearly 4,700 homes is likely between the setting of the 2024/25 taxbase in October 2023 and the 31 March 2025. 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.

- 9 In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for 2 years 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.
- 10 Additional flexibilities were introduced in subsequent Government budgets and Cheshire East now charges the following premiums for empty properties:

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

- 11 The Government's Levelling Up and Regeneration Bill was published in May 2022 and includes further discretionary options for the application of Council Tax premiums on empty properties, reducing the qualifying period from two years to one year, and making premiums available for imposition on second homes. Subject to the Bill receiving Royal Assent the proposed changes will come into effect on 1 April 2024.
- 12 Cheshire East has offered the owners of rental properties a short-term discount to assist the refurbishment and maintenance of property between lets. The discount is discretionary and not offered by a significant number of other Billing Authorities. The total value of awards is approximately £540,000 per annum. It is proposed that this discount be removed as it is unsustainable and inequitable as the discount is not offered across all types of tenure.
- 13 The taxbase also reflects assumptions around CTS 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 is being used over the medium term to support the revenue budget to compensate for suppressed council tax levels as a result of higher Council Tax Support payments.

- 15 No changes are proposed to the Council Tax Support Scheme for 2024/25 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.
- 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.
 - Recovery following increase in caseload as a result of the COVID-19 pandemic resulting in reductions in earnings and increased redundancies.
- 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 2024.

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.
- 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.

The Council Tax Landlord discount is discretionary, and its imposition or removal is permitted under the relevant legislation subject to the usual public law principle of irrationality. The reasons given for the removal in this Report do not give rise to any finding of irrationality on the part of the Council. *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 2024/25 and will be included in the Medium-Term Financial Strategy 2024-28.

Policy

- 26 There are no direct policy implications arising from this report.
- 27 The report supports the Corporate 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 2024/25 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	
Contact Officer:	Honor Field, Paul Manning, Paul Goodwin, honor.field@cheshireeast.gov.uk, paul.manning@cheshireeast.gov.uk paul.goodwin@cheshireeast.gov.uk
Appendices:	Appendix A – Taxbase 2024/25
Background Papers:	None