

Corporate Policy Committee

Date of Meeting:	1 December 2022
Report Title:	Domestic Taxbase 2023/24
Report of:	Alex Thompson, Director of Finance and Customer Services
Report Reference No:	CP/43/22-23
Ward(s) Affected:	All

1. Purpose of Report

- 1.1. This report sets out the Council taxbase calculation 2023/24 for recommendation from Corporate Policy Committee to Council in December 2022.

2. Executive Summary

- 2.1. 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.
- 2.2. The taxbase reflects an increase of £3.6m (1.4%) on the 2022/23 budgeted position which is £0.8m higher than the £2.8m (1%) forecast increase reported in February 2022, highlighting the positive changes locally. Additional new homes and more properties brought back into use over the last thirteen years, have increased the taxbase by 19.9% since 2010/11.
- 2.3. No changes are proposed to the Council Tax Support Scheme for 2023/24 other than to increase the income bands and non-dependant deductions in line with CPI. This continues the higher levels of support provided in 2022/23 to allow up to 100% relief for those on the lowest income.

- 2.4. The Community Governance Review concluded during 2022/23 and the taxbase now reflects the boundary and mergers changes that are due to commence from April 2023.

3. Recommendations

Corporate Policy Committee recommends to Council that:

- 3.1. In accordance with the Local Authorities (Calculation of Taxbase) Regulations 1992, the amount to be calculated by Cheshire East Council as its Council taxbase for the year 2023/24 as 158,778.54 for the whole area.

Corporate Policy Committee note that:

- 3.2. The Council Tax Support scheme is agreed for 2023/24 as unchanged other than the increases in line with CPI as agreed in the last consultation and Council decision last year.

4. Reasons for Recommendations

- 4.1. In accordance with the Local Authorities (Calculation of Taxbase) Regulations 1992 Cheshire East Council is required to agree its taxbase before 31st January 2023.

5. Other Options Considered

- 5.1. None.

6. Background

- 6.1. Cheshire East Council is required to approve its taxbase before 31 January 2023 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**.
- 6.2. 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.
- 6.3. Processes to collect Council Tax locally continue to be effective despite the challenges 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 2023/24.

- 6.4.** The taxbase has been calculated in accordance with the Council's local policy to offer no reduction for empty properties except that Discretionary reductions of up to 100% for up to four weeks will continue to be allowed, for landlords, under Section 13A of the Local Government Finance Act 1992.
- 6.5.** Analysis of recent trends in new homes, and homes being brought back into use, suggest an increase of nearly 4,800 homes is likely between the setting of the 2023/24 taxbase in October 2022 and the 31 March 2024. 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.
- 6.6.** 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.
- 6.7.** 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%

- 6.8.** 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.
- 6.9.** 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 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.
- 6.10.** No changes are proposed to the Council Tax Support Scheme for 2023/24 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.

6.11. 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

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.

6.12. The taxbase calculation also reflects the results of the Community Governance Review which concluded in April 2022. This will affect a small number of town and parishes where some will merge together, and some will have changes to their boundaries from April 2023. This has resulted in changes to the taxbase for the coming year in these areas. The number of town and parishes will also reduce from 114 in 2022/23 to 106 for 2023/24.

6.13. Risks are managed throughout the year and regular monitoring and reporting takes place to ensure that preceptors are made aware of any possible shortfalls in the Collection fund.

7. Consultation and Engagement

7.1. The calculation of the taxbase is not subject to consultation.

8. Implications

8.1. Legal

8.1.1. 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.

8.2. Finance

8.2.1. The calculation of the taxbase provides an estimate that contributes to the calculation of overall funding for Cheshire East Council in each financial year.

8.3. Policy

8.3.1. None.

8.4. Equality

8.4.1. None.

8.5. Human Resources

8.5.1. None.

8.6. Risk Management

8.6.1. Consideration and recommendation of the taxbase for 2023/24 to Council ensures that the statutory requirement to set the taxbase is met.

8.6.2. 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.

8.7. Rural Communities

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

8.8. Children and Young People/Cared for Children

8.8.1. None.

8.9. Public Health

8.9.1. None.

8.10. Climate Change

8.10.1. None.

Access to Information	
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Appendices:	Appendix A – Taxbase 2023/24
Background Papers:	None