

CABINET

23 January 2024

Title: Calculation and Setting of the Council Tax Base 2024/25	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: All	Key Decision: No
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Accountable Executive Team Director: Jo Moore, Interim Strategic Director, Resources	
Summary The Council has a duty to set a Tax Base for Council Tax purposes by 31 January each year in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. This report seeks approval of the Authority's Council Tax Base for 2024/25.	
Recommendation(s) The Cabinet is recommended to agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Barking and Dagenham as its Council Tax Base for the year 2024/25 shall be 54,916.54 Band 'D' properties.	
Reason(s) The tax base is the number of Band D equivalent dwellings in the authority determined for tax setting purposes for the year ahead.	

1. Introduction and Background

- 1.1 The Tax Base must be conveyed to the major precepting Authorities by 31 January prior to the start of the financial year.
- 1.2 The Tax Base must be calculated in accordance with regulations made by the Secretary of State under Section 33(5) of the Local Government Finance Act 1992 and The Local Authorities (Calculation of Tax Base) (England) Regulations 2012.
- 1.3 The regulations set a prescribed period for the calculation of the tax, which is between the 1 December and 31 January in the financial year preceding that for which the calculation of the council tax base is made. The data used in the calculation must be that held by the Council as at 30 November of the current financial year.

- 1.4 The annual determination of the taxbase is, by necessity, an “estimate” for the forthcoming financial year and will differ from that experienced over the next year. Regulations require that as well as calculating the future year taxbase, a forecast surplus or deficit against the in-year Collection Fund position is calculated and reported to precepting bodies.
- 1.5 In calculating the tax base, regard is given to the number of properties (hereditaments) existing on the taxbase at the time of determination; anticipated future changes over the course of the remaining current financial year and throughout the future financial year; impact of discounts and exemptions (either nationally determined or locally set); premia (as relating to long-term empty hereditaments); anticipated collection rates; and prescribed proportions of property for each Council Tax Band in relation to a standard Band D charge.

2. Proposal and Issues

- 2.1 The valuation of properties for Council Tax purposes is carried out by the Valuation Office Agency.
- 2.2 For Council Tax purposes each property is placed in a band based on its open market value as at 1 April 1991. The bands are as follows:

Range of Values Band	Valuation
Values not exceeding £40,000	A
Values exceeding £40,000 but not exceeding £52,000	B
Values exceeding £52,000 but not exceeding £68,000	C
Values exceeding £68,000 but not exceeding £88,000	D
Values exceeding £88,000 but not exceeding £120,000	E
Values exceeding £120,000 but not exceeding £160,000	F
Values exceeding £160,000 but not exceeding £320,000	G
Values exceeding £320,000	H

- 2.3 The Tax Base is calculated in terms of the equivalent number of Band 'D' properties after discounts and exemptions have been taken into account. There are statutory ratios which determine the proportion of the band D charge that will be charged for a property in each band. The ratios are as follows:

A = 6/9ths	E = 11/9ths
B = 7/9ths	F = 13/9ths
C = 8/9ths	G = 15/9ths
D = 1	H = 18/9ths

- 2.4 The standard Council Tax is set in relation to Band 'D' properties, this will mean that somebody living in a Band 'A' property pays 2/3rds of the standard amount whilst somebody in a Band 'H' property pays twice the standard amount.

- 2.5 The full Council Tax charge is based on the assumption that the property is occupied by two or more adults. However, some properties are exempt from any charge, and others qualify for a discount. In determining the Tax Base, the relevant discounts and exemptions are taken into account.
- 2.6 The following table shows the number of chargeable properties at 30 November after all discounts and exemptions have been applied.

2023/2024			2024/2025	
Last Year Totals	Band 'D' Equivalents	Band	Total	Band 'D' Equivalent
0.80	0.50	A*	0.22	0.10
3,726.40	2,484.20	A	3,627.00	2,418.00
8,361.10	6,503.10	B	8,493.61	6,606.10
38,560.70	34,276.10	C	39,354.97	34,982.20
8,670.50	8,670.50	D	9,804.96	9,804.96
1,567.00	1,915.20	E	1,584.25	1,936.30
338.30	488.70	F	344.73	497.90
39.50	65.90	G	39.65	66.10
5.50	11.00	H	6.50	13.00
61,269.80	54,415.20		63,255.89	56,324.66

*Disabled person's reductions

- 2.7 When determining the tax base for the purpose of setting the Council Tax an allowance has been made for non-collection. The losses on collection allowance for 2023/24 has been assessed as 2.5%. This has increased compared to 2023-24 to cover existing data showing a reduced collection rates resulting from the impact of the cost-of-living crisis affecting many households' ability to pay their bills.
- 2.8 The adjustment, expressed as band D equivalents, is shown below.

Band D equivalent at 30 November 2023	56,324.66
In year losses in collection allowance of 2.5%	(1,408.12)
Council Tax Base for 2024/25	54,916.54

- 2.9 A fully detailed calculation of the tax base is contained in Appendix A. The net increase in Council Tax Base for 2024/25 is 3% which represents an increase of 1,589.7. The overall impact of the increase in Council Tax coupled with the

projected increase in Council Tax rate of 4.99% will result in an increase in Council Tax income by £6.3m to £84.09m.

3. Options Appraisal

- 3.1 The calculation of the council tax base follows a prescribed process and, as such, there are no other options to appraise.

4. Consultation

- 4.1 The calculation of the council tax base follows a prescribed process and, as such, does not require consultation.

5. Financial Implications

Implications completed by: Nish Popat – Deputy S151 Officer

- 5.1 The Council Tax Base has increased by 1,589.7 band D equivalent properties from 2023/24 of 53,326.9. At the current Council Tax charge of £1,458.60 (LBBD share and ASC precept) with the increase in tax base only, this would represent an increase in Council tax income of £2.3m compared to the previous year. However, with the council's proposal of increasing Council tax by 4.99% as allowed under statute, the total increase with council tax base and rate increase will generate an additional £6.3m council tax income.
- 5.2 The increase in Council Tax of 4.99% overall is in line with the assumptions applied in the Budget Strategy report taken to Cabinet in December 2023. The Council Tax base for 2024/25 has increased by 3% which is prudent projection reflecting the probability of new residential developments coming to completion and also the projection of properties earmarked for demolition, for regeneration purposes, has now been reduced.
- 5.3 The Council Tax collection rate is a significant factor in determining the level of income and will affect the actual amount of Council Tax collected in 2024/25. For every 1% change in the collection rate, income would increase/decrease by £0.86M for the Council.

6. Legal Implications

Implications completed by: Dr Paul Feild, Principal Standards & Governance Solicitor

- 6.1 As observed above there is a legal requirement that the Council as a billing authority must set its Council Tax base before 31 January 2024 for the following financial year starting 1 April 2024. Section 31B of the Local Government Finance Act 1992, as inserted by the Localism Act 2011, imposes a duty on the Council as a billing authority, to calculate its Council Tax by applying a formula which as set out in the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012 (No.2914). The formula involves a figure for the Council Tax Base for the year, which must itself be calculated. The basis of liability for Council Tax is the valuation band to which a dwelling has been assigned. Valuation bands range from A to H,

and the relative liabilities of each band are expressed in terms of proportions of Band D.

- 6.2 The calculation to establish the relevant basic amount of council tax by is done by dividing the council tax requirement for the financial year by the billing authorities council tax base. In brief, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year. The estimated collection rate is the percentage of council tax payable which the authority actually expects to be paid i.e. the difference between what it ought to be paid in council tax and certain fund transfers and what it is likely to be paid.
- 6.3 The Council is under an obligation to notify major precepting authorities of the calculation.
- 6.4 For this Council the setting of the Council Tax Base is a Cabinet function. This is because Section 67 Local Government Finance Act 1992 as amended by section 84 of the Local Government Act 2003, (and more recently the Localism Act 2011), enabled the Assembly to delegate the power to set the tax base to the Cabinet. This is reflected in the Constitution at Part 2, Chapter 6, Responsibility for functions at paragraph 2.1(ii).

7. Other Implications

- 7.1 **Risk Management** - The Council is required under the Local Government Finance Act 1992 and the Local Authorities (Calculations of Council Tax Base) (England) Regulations 2012 to calculate its Council Tax Base. The proposals are provided in accordance with management of standing risk to manage the Council's finances.

List of appendices:

- **Appendix A** – Calculation of the 2024/25 Council Tax Base