

**COUNCIL TAX SETTING COMMITTEE**  
**29<sup>th</sup> January 2024**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: COUNCIL TAX BASE 2024/2025**

**REPORT OF: SERVICE DIRECTOR - CUSTOMERS**

**EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT**

**NEW COUNCIL PRIORITY: SUSTAINABILITY**

**1. EXECUTIVE SUMMARY**

- 1.1 To set the Council Tax Base for 2024/2025 in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (the Regulations)

**2. RECOMMENDATIONS**

- 2.1 That the Committee is recommended to set a non-collection rate of 1% for 2024/2025.
- 2.2 That the Committee is recommended to set the Council Tax Base for 2024/2025 at 50,562.6 and that the individual sums shown in Appendix A for each Parish be agreed.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To fulfil the statutory requirement to set a Council Tax Base for the District and to enable Major and Local Precepting Authorities to set their levels of Council Tax for 2024/2025.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. As set out in paragraph 8.5, the Council can assume that there will be growth in the tax base, either prior to the relevant year or during the year. However, for 2024/25 this is not considered to be a prudent approach.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 There is no requirement to consult regarding the setting of the tax base as it is a legislative requirement to calculate the tax base each year and is based on actual data which cannot be amended.

- 5.2 The tax base calculation is impacted by the number of properties in receipt of council tax reduction (CTR). As we set our CTR scheme locally (for working age claimants) we do consult on the CTR scheme each year, regardless of whether there are changes proposed or not.
- 5.3 The County Council, the Police & Crime Commissioner (PCC) for Hertfordshire and the public have been consulted in relation to the Council Tax Reduction Scheme for 2024/2025, albeit that there are no changes. There have been no formal responses or comments received.

## **6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key executive decision and has therefore not been referred to in the Forward Plan.

## **7. BACKGROUND**

- 7.1 The Regulations require that a formal resolution be made to determine the tax base. The Regulations also require that this calculation is made between 1 December and 31 January. It cannot wait until the 'tax-setting' meeting in February because the result must be notified to the County Council, Police & Crime Commissioner for Hertfordshire, and Local Councils by 31 January in each year. Each Council is therefore required to present the calculation of the tax base for tax-setting at a meeting during December or January.

## **8. RELEVANT CONSIDERATIONS**

### **Council Tax Reduction Scheme**

- 8.1 The amount of Council Tax Reduction awarded directly affects the tax base by reducing it by the equivalent number of Band D properties proportionate to the amount of expenditure. This is now established within the council's tax base.

### **The Calculation**

- 8.2 Appendix B gives an illustrative example of the council's tax base calculation for Letchworth Garden City. This is replicated amongst all areas of the district to give a final total of 50,562.6, which is seen at Appendix A.
- 8.3 This is a decrease in the Council Tax Base of 101.0 compared with 2023/2024 or minus 0.2%
- 8.4 This decrease is largely due to the changes that have been made to the Council Tax Reduction scheme. As a result of the scheme providing greater support for those on lower incomes, the value of council tax reduction awards has increased, which in turn has increased the cost of the scheme.
- 8.5 For the years prior to 2021/22 an allowance had been made for properties expected to come into the list before the end of the financial year to which the tax base refers. As agreed for the years since 2021/22, the tax base is based on the assumption that

potential property completions are ignored in the tax base calculation and are only included once the property is either occupied or if the property is completed, we have served a completion notice. This is a prudent approach when there is high uncertainty over any growth in the tax base.

### **Non-Collection Rate**

- 8.6 In setting its tax base, the Council has always had to decide on its expected level of non-collection. Since 1995/1996, the Council has assumed a non-collection rate of 1%.
- 8.7 It should be borne in mind when considering the non-collection rate that there are a few factors, other than eventually non-collected payments, which will impact on the total value of Council Tax that is collected, and these are as follows:
- (i) The level of successful appeals against banding valuations
  - (ii) The impact of new properties coming into tax either before the start of the year or during the year
  - (iii) The number of disablement applications, premiums, Discounts and Exemptions, such as single persons discount and student exemptions.
  - (iv) The value of Council Tax Reduction Scheme awards
- 8.8 Any surplus (or deficit) on the council tax collection fund is split between the major precepting authorities (the County Council, Hertfordshire Police, and this Council) in proportion to the relative level of precept on the fund (expected to be approximately 77%, 11%, 12% County/Police/District in 2024/2025).
- 8.9 The in-year collection performance in 2023/2024 is slightly higher than that of 2022/2023 (81.47% compared with 81.25% at the end of December 2022). Considering the collection challenges associated with the cost-of-living crisis, this represents a considerable achievement in maintaining collection rates at such a high level. The value of instalments extended into February and March is 5.67% of the total collectable debit which is comparable to last year. This continues to reflect the assistance that has been given to customers in extending their instalments beyond the standard ten instalments ending in January each year. The new CTRS scheme removes the requirement for everyone to pay something to pay Council Tax and is also currently providing significantly more support than the previous scheme. This should also help achieve higher collection rates.
- 8.10 In setting the non-collection figure, members should be mindful that this is based on the ultimate expected collection rate and not the in-year collection rate. Ultimate collection rates remain high. Each previous financial year is now over 99.0% and for every year before 2017/2018 had reached over 99.5%.
- 8.11 Analysis of the council's collection performance shows that actual collection can expect to reach 99.5% within three to four years and 99.9% within ten years. On that basis,

officers are recommending that, even with the continued unusual circumstances this year, the non-collection rate should remain at 1% for 2024/2025.

## **9. LEGAL IMPLICATIONS**

- 9.1 The Council's Constitution provides at 10.2 the Council Tax Setting Committee Terms of Reference and specifically at 10.2.1 (a) states that the committee will have the responsibility to "Set the Council Tax Base in accordance with the Local Authority (Calculation of Council Tax Base) Regulations 2012."
- 9.2 In accordance with the Local Government Finance Act 1992 and related Statutory Instruments, the Authority is required to determine its Council Tax Base by no later than 31st January in the preceding financial year.
- 9.3 The formula to be used for the calculation of the Council Tax Base is set out in the Local Authority (Calculation of Council Tax Base) Regulations 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The content and timing of the supply of information from and to the Major Precepting Authorities and the Billing Authority is regulated by the Local Authority (Calculation of Council Tax Base) (Supply of Information) Regulations 1992.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The council tax base agreed will be used to determine the total actual level of council tax levied by the council at its meeting in February 2024.
- 10.2 Based on the current Band D council tax of £252.46, the council tax base of 50,562.6 will result in projected income from council tax of £12,765,034, compared to £12,790,532 in 2023/2024. The Medium-Term Financial Strategy and draft budget however assumes that there will be an increase in the council tax rate in 2024/2025, which will increase the projected income from council tax.

## **11. RISK IMPLICATIONS**

- 11.1 As explained at 8.8, any shortfall in the collection fund would have to be made up by the major precepting authorities in proportion to the level of precept. Due to the pressures on Council finances, increases in Council Tax are expected to be at the limits imposed by Government. Therefore, any shortfalls need to be met through reserves and/or reductions in spend.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equality implications arising from this report. Ensuring that the council has sufficient income to deliver the services that residents rely on whilst keeping council

tax levels at an appropriate level is important. Those services may include those that have a protected characteristic so maintaining may be especially important in unprecedented times.

### **13. SOCIAL VALUE IMPLICATIONS**

13.1 The Social Value Act and “go local” policy do not apply to this report.

### **14. HUMAN RESOURCE IMPLICATIONS**

14.1. There are no Human Resource implications in this report.

### **15. APPENDICES**

15.1 Appendix A – Council Tax Base by Parish 2024/2025

15.2 Appendix B – Example of Council Tax Base calculation for Letchworth Garden City

### **16. CONTACT OFFICERS**

16.1 Geraldine Goodwin, Revenues Manager  
[Geraldine.goodwin@north-herts.gov.uk](mailto:Geraldine.goodwin@north-herts.gov.uk); ext. 4277

16.2 Johanne Dufficy, Service Director - Customers  
[Johanne.dufficy@north-herts.gov.uk](mailto:Johanne.dufficy@north-herts.gov.uk); ext. 4555

16.3 Ian Couper, Service Director – Resources  
[ian.couper@north-herts.gov.uk](mailto:ian.couper@north-herts.gov.uk); ext. 4243

16.4 Rachel Cooper, Controls, Risk and Performance, Manager  
[Rachel.cooper@north-herts.gov.uk](mailto:Rachel.cooper@north-herts.gov.uk) ext.4606

16.5 Jo Keshishian, HR Operations Manager  
[Jo.keshishian@north-herts.gov.uk](mailto:Jo.keshishian@north-herts.gov.uk) ext.4314

16.6 Isabelle Alajooz, Acting Legal Manager and Deputy Monitoring Officer  
[Isabelle.alajooz@north-herts.gov.uk](mailto:Isabelle.alajooz@north-herts.gov.uk) ext.4346

16.7 Ellie Hollingsworth, Policy and Strategy Trainee  
[Ellie.hollingsworth@north-herts.gov.uk](mailto:Ellie.hollingsworth@north-herts.gov.uk) ext. 4220

### **17. BACKGROUND PAPERS**

17.1. None