

**Report for: Cabinet**

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| Date of Meeting:     | 12 <sup>th</sup> November 2024                                      |
| Subject:             | Tax Base Calculation 2025/26  |
| Cabinet Member:      | Cllr James Buczkowski Cabinet Member for Governance, Finance & Risk |
| Responsible Officer: | Andrew Jarrett s151 & Deputy CEO                                    |
| Exempt:              | None  |
| Wards Affected:      | All   |
| Enclosures:          | None  |

**Section 1 – Summary and Recommendation(s)**

This paper details the statutory calculations necessary to determine the Tax Base for the Council Tax. The calculations made follow a formula laid down in Regulations.

**Recommendation(s): Cabinet recommend to Council:**

- 1. That the calculation of the Council's Tax Base for 2025/26 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at 30,732.91 an increase of circa 510.81 Band D equivalent properties from the previous financial year.**
- 2. That the current collection rate of 97.5% remain the same detailed in Section 2.**
- 3. Cabinet are asked to note the premium charges in 3.7 & 3.8. The premium element of 3.7 will be used to support additional housing activity/projects.**

**Section 2 – Report**

**1.0 Introduction**

- 1.1** Every year each billing authority is required to calculate and approve its Band 'D' Equivalent Council Tax base. For 2025/26 this technical calculation is as follows:

**2.0 The Collection Rate calculation (A)**

2.1 It is necessary to estimate a 'collection rate', which is the proportion of Council Tax due that will actually be paid. It is recommended that a collection rate of 97.5% be estimated for the year 2025/26, which remains the same as the previous year's collection rate.

2.2 Any variation from the collection rate of 97.5% is pooled in a collection fund, which is distributed in the next financial year to all Precepting Authorities.

### **3.0 Calculation of the relevant amount (B)**

3.1 **Number of Properties per Valuation Band.** The starting point will be the total number of properties within Mid Devon set out in the Valuation List.

3.2 **Less Exemptions.** Properties are exempt from Council Tax under certain circumstances. The calculated tax base uses the information currently held in deciding the level of exempt properties that are likely to apply for 2025/26.

3.3 **Add Appeals, new properties and deletions from the Valuation List.** The Valuation Officer has dealt with the vast majority of Council Tax appeals to date and so no further allowance is believed to be necessary at this time. At the **14 October 2024** we have estimated a net increase in properties within Mid Devon of **73** properties to go live on or before 1st April 2025 and a further **319** properties during the financial year, totalling **392**. This estimate is based on the current number of reports outstanding with the Valuation Officer.

3.4 **Disabled Allowance (move down a Band).** Where a disabled resident has made alterations to their property to help with their disability or they use a wheelchair internally at the premises, the property is entitled to a reduction and which is applied by charging the property to the next lowest band to its current banding. Existing Band A properties are also entitled to a reduction by reducing the banding from 6/9ths charge down to 5/9ths charge.

3.5 **Less 25% Discounts - Single Persons Discounts.** If only one (adult) person lives in the dwelling as their "sole & main residence" then a discount of 25% is allowed.

3.6 **Less 50% discount.** A discount of 50% is allowed where two or more persons who can be disregarded for Council Tax purposes occupy the property, e.g. care workers.

3.7 **Second homes.** From 1<sup>st</sup> April 2025, second homes will pay a 100% council tax premium, as agreed 21 February 2024 at Full Council.

3.8 **Long Term Empties.** After a three month free period no further discount is allowed; and empty dwellings that remain empty after one year attract a premium, as agreed 21 February 2024 at Full Council.

3.8.1 If a property remains empty of furniture and residents for one year or more, the Council is allowed to apply an additional 100% premium to the Council tax

charge, so the Charge payer will have to pay 200% of the Council Tax charge. With effect from the 1st April 2020 a premium of 200% can be levied so the Charge payer will have to pay 300% of the Council Tax after a period of five years and with effect from the 1st April 2021 a premium of 300% can be levied so the Charge payer will have to pay 400% of the Council Tax. The Regulations detailing the additional premium are Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 as amended.

***With effect from 1<sup>st</sup> April 2019 an additional 100% premium after 2 years***  
***With effect from 1<sup>st</sup> April 2020 an additional 200% premium after 5 years***  
***With effect from 1<sup>st</sup> April 2021 an additional 300% premium after 10 years***  
***With effect from 1<sup>st</sup> April 2024 an additional 100% premium after 1 year***

#### **4.0 Estimated cost of the Council Tax Reduction Scheme (CTR)**

- 4.1 Before we convert the properties to Net Band D equivalents we must reduce the total properties by the estimated cost of the Council Tax Reduction (CTR) Scheme
- 4.2 The criteria for the CTR scheme is that those claimant's in the lowest income band do not have to pay anything; thereafter the percentage payable ranges from 35% to 75% of the charge (with the exception of those protected by legislation namely pensioners in receipt of guaranteed pension credit).
- 4.3 The main criteria of the scheme are:
- Support is increased up to 100% i.e. those claimants who are least able to pay due to the current financial crisis.
  - Support is restricted to Band D charges so claimants in a higher banded property will receive CTR up to 100% of a band D and be required to pay the balance of the additional banding in full.
  - Savings limited to £6,000.
  - Changes were made to the CTRS in April 2017 to align it with Universal Credit.
- 4.4 For your information Mid Devon's CTR scheme for 2025/26, is estimated to cost in the region of **£4.905m**, based on the scheme criteria.
- 4.5 CTR has been included within the tax base calculation and applied to each band and parish individually then a band D equivalent calculation has been used to arrive at a final figure.
- 4.6 The cost of the CTR scheme must be reflected in the Tax Base calculation so the following calculation is carried out for each valuation band to arrive at the net chargeable Dwellings:

## Calculation of the Relevant Amount

|   | 2024/25          | 2025/26          |
|---|------------------|------------------|
| Number of properties per valuation list   | 37,894.00        | 38,466.00        |
| Exemptions  | -604.00          | -672.00          |
| Single occupiers and 25% disregards   | -3,049.25        | -3,099.50        |
| 50% discount  | -41.00           | -50.00           |
| Empty property 50% exempt   | -30.00           | -32.50           |
| Empty property 100% exempt  | -238.00          | -222.00          |
| Additional long term empty at 100%  | +86.00           | +268.00          |
| Additional long term empty at 200%  | +48.00           | +60.00           |
| Additional long term empty at 300%  | +69.00           | +69.00           |
| Family Annexe Discount  | -25.00           | -27.50           |
| <b>Chargeable dwellings before conversion to Band D equivalent</b>                  | <b>34,109.75</b> | <b>34,759.50</b> |
| Additional net new properties   | +429.40          | +392.00          |
| *Local council tax support adjustment and local discounts                           | +173.00          | +166.50          |
| <b>Chargeable dwellings after growth and before conversion to Band D equivalent</b> | <b>34,712.15</b> | <b>35,318.00</b> |

\*Adjustment reflects part year support only and additional premiums charged.

### Conversion to Band D equivalents

- 4.7 The net chargeable dwellings are then converted to Band D equivalents. This is carried out by multiplying the Net chargeable dwellings by the appropriate factor (A=6, B=7, C=8, D=9, E=11, F=13, G=15, H=18) for the band and dividing by that for Band D (9). The Table below details the Net Chargeable Dwellings converted to Band D equivalents.
- 4.8 The calculation shows the estimated annual cost of the CTR scheme, shown as the number of Band D equivalents. For the 2025/26 year this is estimated as 2,136.77 Band D equivalent properties.
- 4.9 The Tax Base is finally calculated by applying the collection rate to the total Band D equivalents when summarised below for the 2025/26 financial year.
- 4.10 An @ band dwelling is a band A property with a disabled banding reduction applied:

| Band | Chargeable Dwellings | Multiplier | Band D equivalent properties | Less CTR properties | Revised properties |
|------|----------------------|------------|------------------------------|---------------------|--------------------|
| @    | 8.50                 | 5/9        | 4.73                         | 2.73                | 2.00               |
| A    | 5,513.95             | 6/9        | 3,676.01                     | 845.64              | 2,830.37           |
| B    | 8,474.45             | 7/9        | 6,591.24                     | 695.88              | 5,895.36           |
| C    | 6,840.90             | 8/9        | 6,080.80                     | 321.07              | 5,759.73           |
| D    | 6,281.05             | 9/9        | 6,281.05                     | 158.73              | 6,122.32           |
| E    | 4,740.75             | 11/9       | 5,794.23                     | 71.55               | 5,722.68           |
| F    | 2,486.65             | 13/9       | 3,591.84                     | 33.26               | 3,558.58           |
| G    | 917.25               | 15/9       | 1,528.78                     | 6.85                | 1,521.93           |
| H    | 54.50                | 18/9       | 109.00                       | 1.06                | 107.94             |
|      | <b>35,318.00</b>     |            | <b>33,657.68</b>             | <b>2,136.77</b>     | <b>31,520.91</b>   |

4.11 To clarify, the table detailing the **Calculation of the Relevant Amount** is based on actual properties and the final calculation above is based on a Band D equivalent of actual properties.

## 5.0 Assumptions

5.1 In line with current Council Tax Referendum limits the impact of any changes to the assumptions used in the calculations are shown below:

| Variable Assumption | Assumption                                      | Change | Impact on dwellings* |
|---------------------|---|--------|----------------------|
| Collection rate     | 97.5%   | +0.5%  | 157.61               |
| Growth              | 20% of 1595 properties with planning permission | +1%    | 14.51                |

\*If both changes above were adopted, this would result in an increase to the budget of circa £41k.

## 6.0 Calculation of the Tax Base

6.1 Based on the above detailed calculations in accordance with SI 2914 of 2012 the Tax Base is to be calculated as: Total relevant amounts (A) **31,520.91** multiplied by the estimated collection rate (B) (97.5%)

6.2 Mid Devon District Council's Council Tax Base for 2025/26 will be **30,732.91**. N.B. This figure is calculated by applying the estimated collection rate to the total relevant amount for each parish individually, so could differ slightly when compared to the estimated collection rate being applied to the total shown in 6.1 above.

## Financial Implications

Mid Devon District Council is a Statutory Billing Authority and must set its Council Tax each year. If it were not to set a Council Tax then the Authority and all Precepting Authorities would be unable to raise money to pay for all the services they provide.

Consideration has been made with regards to the autumn statement announcement on 30/10/2024. There are no implications on the Taxbase as detailed within this report.

## Legal Implications

This is a statutory function and is a legal requirement. The Council must now set its budget annually using Council Tax information each year in accordance with The Local Authorities( Calculation of Council Tax Base)(England) Regulations 2012 calculating the relevant amount by applying the formula set out in the above regulations.

The autumn statement of 30/10/2024 has been considered and there are no legal implications on the taxbase as shown within this report.

## **Risk Assessment**

If the Council fails to carry this duty out then the Council Tax cannot legally be set. In accordance with the LGF Act 2012 above and SI 2914 of 2012 The Local Authorities( Calculation of Council Tax Base)(England) Regulations 2012,

## **Impact on Climate Change**

No implications arising from this report.

## **Equalities Impact Assessment**

The Council Tax Base calculation includes a deduction for the Council Tax Reduction scheme within its Tax Base calculation.

## **Relationship to Corporate Plan**

This report sets out how the Tax Base is calculated for 2025/26. This calculation is then used as a basis to set the Council's budget for the forthcoming year in line with the Council's Corporate Plan objectives.

## **Section 3 – Statutory Officer sign-off/mandatory checks**

**Statutory Officer:** Andrew Jarrett

Agreed by or on behalf of the Section 151

**Date: 31 October 2024**

**Statutory Officer:** Maria De Leiburne

Agreed on behalf of the Monitoring Officer

**Date: 31 October 2024**

**Chief Officer:** Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

**Date: 31 October 2024**

**Performance and risk:** Stephen Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

**Date: 31 October 2024**

**Cabinet member notified: yes**

## **Section 4 - Contact Details and Background Papers**

**Contact:** Paul Deal - Corporate Manager for Finance, Property & Climate Change

Email: [pdeal@middevon.gov.uk](mailto:pdeal@middevon.gov.uk)

Telephone: 01884 234254

**Background papers:** CTB1 and supporting documentation