

Surrey Heath Borough Council

Executive

5 December 2023

Calculation and setting of the Council Tax Base for 2024/25

Portfolio Holder:	Cllr Leanne MacIntyre, Performance & Finance
Strategic Director	Bob Watson, Finance & Customer Services
Report Author	Robert Fox, Revenues and Benefits Manager
Key Decision:	Yes
Portfolio Holder signed off the report	13 November 2023
Wards Affected:	All

Summary and purpose

The Council has a statutory duty to set a Tax Base for Council Tax purposes by 31 January each year under Section 67 of the Local Government Finance Act 1992. This report seeks approval of the Authority's Council Tax Base for 2024/25.

Recommendation

The Executive is advised to RESOLVE that

- (i) the calculations of the tax base in Annexes A to F summarised below be noted:

	Band D Equivalent Properties
Bisley	1,665.23
Chobham	2,085.13
Frimley and Camberley	25,194.66
West End	2,427.52
Windlesham	8,376.95
Surrey Heath Borough Council	39,749.49

- (ii) in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by Surrey Heath Borough Council as its Tax Base for the year 2024/25 shall be **39,749.5** Band 'D' equivalent properties; and
- (iii) no changes be made to the current Local Council Tax Support Scheme, except as required to incorporate any regulations laid down by the Department for Levelling Up, Housing and Communities.

The Executive is advised to RECOMMEND to Full Council that

- (i) with effect from 1 April 2024 the Empty Homes Premium be set at the maximum levels allowed in the legislation where the property has been empty for 1, 5 or 10 or more years as detailed in paragraph 1.8;
- (ii) the Council Tax Exceptional Hardship Policy remains unchanged for 2024/25, and the fund available be set at £30,000; and
- (iii) the Local Council Tax Support Scheme be amended to disregard 100% of War Disablement Pensions and War Widow's Pensions in the calculation of income with effect from 1 April 2024.

1. Background and Supporting Information

- 1.1 Surrey Heath Borough Council is legally required to set its Council Tax Base for 2024/25 by 31st January 2024.
- 1.2 The 2024/25 Council Tax for this Borough will be set at the Council meeting on 21st February 2024.
- 1.3 The tax base set in 2023/24 was 39,613.4. The proposed tax base of **39,749.5** is an increase in the tax base of **136.1** band D equivalent properties which is a rise of **0.34%**. The increase in the tax base takes into consideration 145 anticipated band D new property developments, pro rata, due for completion during 2024/25.
- 1.4 Surrey County Council stated in 2020/21 that any additional income generated by the reduction in empty property relief normally due to them would be returned to Districts to support community services. The 28-day unoccupied and substantially unfurnished discount scheme is currently used to fund the Surrey Heath Borough Council Climate Change Officer.
- 1.5 In February 2015, the Government included money to be provided to compensate parishes for the loss of income from the Local Council Tax Support Scheme (LCTSS) within the Council's Revenue Support grant. From 2017/18 the Revenue Support Grant was reduced to zero and hence the funding lost. Since 2017/18 the Council has been making a payment to Parishes equivalent to the 2016/17 funding.
- 1.6 The Executive voted on 21 June 2022 to discontinue this funding with effect from 1 April 2023. This subsidy is no longer paid over to the parishes.

Technical changes to Council Tax

- 1.7 Technical changes to Council Tax were introduced from April 2013 under the Local Government Finance Act 2012 which meant that Councils were empowered to set a number of changes to Council Tax discounts and exemptions as well as introduce a premium for long term empty properties.

1.8 The table below sets out the permitted range of relief categories, and the proposed relief for 2024/25.

Category	Permitted changes	2023/24 Reliefs	Proposed change in 2024/24
Empty Homes in need of or undergoing major repair or structural alterations	Discount of up to 100% for 12 months	No discount from day one	No change
Empty Homes that are unoccupied and substantially unfurnished	Discount of up to 100% for any period	0% Discount given for up to 28 days from the date a property first becomes unoccupied and substantially unfurnished.	No change
Furnished Homes not occupied as anyone's main home	Can discount up to 10%	No discount from day one	No change
Long term empty houses (over 1 year)	Discount of up to 50% for one year and ability to set a premium after 2 years, 5 years and 10 years of up to 100%, 200% or 300%	100% premium on full amount of council tax payable after 2 years of being empty, up to 5 years: Where the property has been empty for 5 years but less than 10, a premium of 200%: Where the property has been empty for 10 years or more a premium of 300%	100% premium on full council tax payable after 1 year of being empty, up to 5 years. No change No change

Young people who have left care (care leavers) until their 25th birthday.	Section 13A LGFA 1992 permits reduction of council Tax liability for prescribed classes to nil	100% relief	No change
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- 1.9 The biggest single discount given on Council Tax is the “single person’s discount” which gives a reduction of 25% on Council Tax for those properties with one occupier. Surrey Heath had, as of 3 October 2023, 10,128 dwellings in receipt of single person discount. The ability to vary this discount remains with the Government.
- 1.10 There are 157 properties that are currently subject to the Empty Homes Premium of 100%, 17 properties subject to the 200% premium and 6 properties empty over 10 years subject to the 300% premium.
- 1.11 A reduction of 88 properties has been made in respect of the 100% Empty Homes Premium based on the prospect of gaining full payment of the liability due in 2024/25.

Local Council Tax Support Scheme

- 1.12 On 1 April 2022 the Council introduced a new Local Council Tax Support Scheme (LCTSS) to replace the local scheme that was introduced 1 April 2021 to replace the national Council Tax Benefit scheme, for working age claimants.
- 1.13 The cost of the LCTSS is taken into account as foregone band D equivalent properties in the setting of the Council Taxbase.
- 1.14 Expenditure on the LCTSS for 2023/24 is currently £3,364,952 compared to an outturn of £3,194,402 in 2022/23.
- 1.15 Entitlement to LCTSS for working age claimants is calculated with reference to income relative to set income bands. The income bands were increased by 10% for 2023/24 due to the cost-of-living crisis. This has increased the foregone income from council tax collection by £170,550.
- 1.16 The recommendation is to maintain the current scheme for working age claimants, except as required to incorporate any regulations laid down by the Department for Levelling Up, Housing and Communities.
- 1.17 The approved LCTSS for the financial year 2024/2025 be published on the Council’s website and in any additional manner determined by the Strategic Director for Finance and Customer Services in consultation with the Portfolio Holder for Finance.

Support to Parishes

- 1.18 The introduction of the LCTSS in April 2013 had the effect of reducing the Council Tax base since it operates as a discount rather than a benefit.
- 1.19 In order to recognise the effect that this would have on parishes the Government provided a grant in 2013/14 to Councils to give to parishes to ensure they were no worse off because of the introduction of the LCTSS. This money was subsequently included within the revenue support grant (RSG) but as the Council's RSG is now zero it is reasonable to assume that this funding has been withdrawn.
- 1.20 Despite not receiving any funding from Government the Council recognised the impact the LCTSS had on parishes and in the spirit of partnership and supporting parishes has continued to compensate parishes for some of their loss.
- 1.21 The Executive voted on 21 June 2022 to withdraw this additional funding to Parishes as part of the savings made during the "Star Chamber" budget review process.
- 1.22 The annual saving of £19,943.44 will be realised from 1 April 2023
- 1.23 Attached in Annexes A to F of this report are detailed breakdowns of the calculations of the Tax Base for each part of the Borough, i.e. the 4 parishes and the urban area of Frimley and Camberley. In addition, Annexe F includes a breakdown of the calculation of the Tax Base for the whole area. The format of the Annexes meets statutory requirements.
- 1.24 Annexes A to F assume that there will be no change to the discounts and exemptions given nor to overall level of expenditure on LCTSS.
- 1.25 The Executive should note that Tax Base calculation, which must be calculated for each area of the Borough for bands A to H, reflects the following:
 - a) The number of chargeable properties on the Listing Officer's Valuation List, as adjusted for discount, premiums, exempt properties, LCTSS and disabled relief.
 - b) Discounts where there are one or no residents in a property reflect the position as at 2nd October 2023.
 - c) The Ministry of Defence will be making a contribution in respect of its properties which are exempt under Council Tax. The equivalent number of band D properties is added into the Frimley and Camberley calculations.
 - d) No change is anticipated in the number of discounts given during 2024/25.
 - e) The losses on collection allowance remains unchanged at 1.5%, an allowance for the LCTSS is made and these seek to avoid creating a deficit on the collection fund.

2. Reasons for Recommendation

2.1 The setting of the Council Tax Base is a statutory requirement.

3. Proposal and Alternative Options

3.1 The Executive can accept, amend or reject any part of the proposal. It should be noted that the Council has a statutory duty to determine its Tax Base by 31 January 2024.

3.2 It is proposed that the Executive:

- (i) note the calculations of the tax base in Annexes A to F summarised below;

	Band D Equivalent Properties
Bisley	1,665.23
Chobham	2,085.13
Frimley and Camberley	25,194.66
West End	2,427.52
Windlesham	8,376.95
Surrey Heath Borough Council	 39,749.49

- (ii) that from 1 April 2024 the local property related discounts available to be set by Surrey Heath Borough Council using the freedoms given in the Local Government Finance Act 2012 and relevant statutory instruments in respect of the Empty Homes Premium of 100% be changed from those set in 2023/24
- (iii) Recommend that the Council Tax Exceptional Hardship Policy remains unchanged for 2024/25 and the fund available be £30,000.

4. Contribution to the Council's Five Year Strategy

4.1 By setting the tax base and thus raising the correct level of Council Tax the Council is able to support all its corporate objectives.

5. Resource Implications

5.1 Failure to set the Council Tax Base would result in the Council being unable to meet the statutory requirement to notify precepting authorities of the Council Tax Base by 31 January 2024. It may also delay the calculation of the Council Tax charge and the billing and collection processes for 2024/2025.

5.2 Over estimation of the council tax base would result in a deficit in the tax collected which would need to be made good in full from the council tax in subsequent years. Under estimation would result in a council tax higher than necessary. Failure to agree the Taxbase for 2024/25 would compromise the Council's ability to set its Council Tax for 2024/25.

6.0 Levelling-up and Regeneration Bill

6.1 The Levelling Up and Regeneration Act 2023 received Royal Assent on 26 October 2023. The Act allows for the long-term Empty Home Premium of 100% to commence at 12 months rather than 24 months.

6.2 This is because the bill amends section 11B of the Local Government Finance Act 1992, (higher amounts for long-term empty dwellings: England) and will come into effect from 1 April 2024.

6.3 To amend our current 2-year period to 1 year, the decision needs to be made before the start of the financial year the change is to come in to effect. In addition, the decision to vary the period must be published in a local newspaper within 21 days of making the decision.

6.4 Based on our current stock of long-term empty property the change, if agreed, would increase the collectable liability by £260,000, of which 11% or £28,600 would be retained by Surrey Heath.

6.5 The Act also allows for a council tax premium to be charged for dwelling occupied periodically.

6.6 This is because the bill amends section 11C of the Local Government Finance Act 1992, (higher amounts for dwellings occupied periodically: England).

6.7 A billing authority's first determination under this section must be made at least one year before the beginning of the financial year to which it relates.

6.8 As we are still awaiting the required guidance from the Secretary of State, that we are obliged to have regard to No recommendation is made for the introduction of this change.

6.9 If the guidance is published the Portfolio Holder will be consulted as to the recommendation to be made to Full Council regarding any change effective from 1 April 2025.

7. Section 151 Officer Comments:

7.1 Agreement of the Council Tax Base 2024/25 supports sound financial planning within the authority.

7.2 For the financial year 2024/25 it is assumed **98.5%** of the council tax will eventually be collected.

8. Legal and Governance Issues

- 8.1 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.
- 8.2 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.
- 8.3 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.
- 8.4 The Council is under an obligation to notify major precepting authorities of the calculation.

9. Monitoring Officer Comments:

- 9.1 No matters arising.

10. Other Considerations and Impacts

Environment and Climate Change

- 10.1 There are no specific environmental implications directly arising from this report.

Equalities and Human Rights

- 10.2 Every effort will be made to ensure that Council Tax payers, particularly those who are from disadvantaged groups, receive prompt and accurate Council Tax bills, and that those who are eligible for exemptions and discounts - such as the disabled people, single people and those on low incomes, are encouraged to claim them.

Risk Management

- 10.3 The planning and production of the Taxbase setting report for the December 2023 Executive minimises the risk of the Taxbase not being agreed by the statutory 31 January 2024 deadline.
- 10.4 The Committee Timetable allows for an additional Executive meeting should the Taxbase not be agreed at the December 2023 meeting.

Community Engagement

10.5 Not applicable

Annexes

Council Tax Base calculations for Surrey Heath and Parishes

Background Papers

None

Annex A

2024-25 Surrey Heath										
		BANDS								
	@	A	B	C	D	E	F	G	H	TOTAL
1. Total number of dwellings on the Valuation List		703	2633	6333	10206	6870	5938	5271	533	38487.00
Number of dwellings exempt		84	50	259	196	255	104	79	12	1039.00
2. Adjusted number of chargeable dwellings		619	2583	6074	10010	6615	5834	5192	521	37448.00
Number of chargeable dwellings subject to disabled reduction		0	4	19	38	29	38	33	10	
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	0	4	19	38	29	38	33	10	0	
3. Adjusted number of chargeable dwellings	0	623	2598	6093	10001	6624	5829	5169	511	37448.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	0	327	1458	2486	2951	1549	998	735	50	10554.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	63.75	8.00	3.00	5.75	2.00	5.00	11.00	5.00	103.50
4. Adjusted number of chargeable dwellings	0	509.4	2229.5	5470.0	9260.4	6235.8	5577.0	4979.8	496.0	34757.75
Number of dwellings in line 4 classed as empty and being charged the Empty Homes 100% Premium	0	1	9	16	24	5	4	6	3	68.00
Number of dwellings in line 4 classed as empty and being charged the Empty Homes 200% Premium	0	0	8	6	1	0	1	1	0	17.00
Number of dwellings in line 4 classed as empty and being charged the Empty Homes 300% Premium	0	1	3	1	1	0	0	0	0	6.00
5. Adjusted number of chargeable dwellings	0.0	513.4	2263.5	5501.0	9289.4	6240.8	5583.0	4987.8	499.0	34877.8
Reduction in taxbase as a result of local council tax support	0.00	102.90	445.50	525.70	438.10	100.90	27.90	18.10	0.40	1,659.50
6. Adjusted number of chargeable dwellings	0.00	410.48	1,818.00	4,975.30	8,851.28	6,139.85	5,555.10	4,969.65	498.60	33,218.25
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	0	273.7	1414.0	4422.5	8851.3	7504.3	8024.0	8282.8	997.2	39769.7
Adjustment for expected new properties at Band D										145.0
Less										
Allowance for loss on collection of 1.5%										598.72
MOD PROPERTIES										433.56
Tax Base after adjustment										39,749.49

Annex D

2024-25 Frimley and Camberley	BANDS									
	@	A	B	C	D	E	F	G	H	TOTAL
1.Total number of dwellings on the Valuation List	0	489	2078	4802	7246	4067	3044	3419	132	25277.00
Number of dwellings exempt	0	70	43	232	161	222	81	59	11	879.00
2. Adjusted number of chargeable dwellings	0	419	2035	4570	7085	3845	2963	3360	121	24398.00
Number of chargeable dwellings subject to disabled reduction	0	0	3	14	25	20	19	21	5	125.00
Number of dwellings effectively subject to council tax for this band by virtue of disabled relief	0	3	14	25	20	19	21	5	0	125.00
3. Adjusted number of chargeable dwellings	0	422	2046	4581	7080	3844	2965	3344	116	24398.00
Number of dwellings in line 3 entitled to a single adult household 25% discount	0	262	1086	1730	2009	851	465	487	6	6896.00
Number of dwellings in line 3 entitled to a 50% discount including Annexes	0	34.25	4.00	3.00	2.75	1	3	10	2	60.00
4. Adjusted number of chargeable dwellings	0	339.4	1772.5	4147.0	6576.4	3630.8	2847.3	3217.3	113.5	22644.00
Number of dwellings in line 4 classed as empty and being charged the Empty Homes 100% Premium	0	0	8	10	22	2	1	1	0	44.00
Number of dwellings in line 4 classed as empty and being charged the Empty Homes 200% Premium	0	0	5	4	1	0	0	0	0	10.00
Number of dwellings in line 4 classed as empty and being charged the Empty Homes 300% Premium	0	0	2	0	0	0	0	0	0	2.00
5. Adjusted number of chargeable dwellings	0	339.4	1,796.5	4,165.0	6,600.4	3,632.8	2,848.3	3,218.3	113.5	22714.00
Reduction in taxbase as a result of local council tax support	0.00	76.90	367.69	368.29	294.57	53.28	11.23	10.40	0.00	1,182.36
6. Adjusted number of chargeable dwellings	0.00	262.48	1,428.81	3,796.71	6,305.81	3,579.47	2,837.02	3,207.85	113.50	21,531.64
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Total number of band D equivalents after allowance for council tax support	0	175.0	1111.3	3374.9	6305.8	4374.9	4097.9	5346.4	227.0	25013.2
Adjustment for expected new properties at Band D										125.0
Less										
Allowance for loss on collection of 1.5%										377.07
MOD PROPERTIES										433.56
Tax Base after adjustment										25,194.66

