

BARNSELY METROPOLITAN BOROUGH COUNCIL

REPORT OF: DIRECTOR OF FINANCE / S151 OFFICER

TITLE: CALCULATION OF COUNCIL TAX BASE 2024/2025

REPORT TO:	CABINET
Date of Meeting	10 January 2024
Cabinet Member Portfolio	Core Services
Key Decision	Yes
Public or Private	Public

Purpose of report

This report sets out the criteria to be considered in setting the 2024/25 Council Tax Base.

Council Plan priority

Growing Barnsley / Enabling Barnsley

Recommendations

That Cabinet: -

1. Approve the calculation of the Council's Tax Base for the year 2024/25.
2. Confirms that the Council Tax Base for the year 2024/25 shall be 66,800.90. This figure has been calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
3. Approve in principle the implementation of a 100% premium for substantially furnished second homes from 1 April 2025.
4. Calculated in accordance with the above regulations the Council Tax Base for the year 2024/25 in respect of each Parish being listed in the table below:

Parish Area	Band D equivalent chargeable properties	95% of Band D equivalent chargeable properties
Penistone	4,504.40	4,279.18
Billingley	94.40	89.68
Great Houghton	644.30	612.09
Little Houghton	177.60	168.72
Shafton	936.30	889.49
High Hoyland	69.20	65.74
Hunshelf	164.00	155.80

Langsett	106.20	100.89
Cawthorne	615.00	584.25
Dunford	252.40	239.78
Gunthwaite and Ingbirchworth	311.20	295.64
Thurgoland	802.90	762.76
Tankersley	750.10	712.60
Wortley	311.00	295.45
Oxspring	482.90	458.76
Silkstone	1,207.80	1,147.41
Stainborough	159.70	151.72
Barnsley and other Non-Parish areas	58,727.30	55,790.94
Total	70,316.70	66,800.90

1. INTRODUCTION

- 1.1 The Local Government Finance Act 1992 requires the Authority to calculate its Council Tax Base, before 31 January each year, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 1.2 The Valuation List dated 1 April 1993 shows domestic properties within the Borough subject to Council Tax and places each of them into a valuation band between A to H dependent upon a valuation as at an antecedent date of 1 April 1991.
- 1.3 The Council Tax Base is expressed in terms of band D equivalent properties and represents the estimated full year number of chargeable dwellings in the area after allowing for disabled persons relief, discounts, and other statutory adjustments.

2. PROPOSAL

- 2.1 It is proposed that the Council Tax Base for the year 2024/25 shall be **66,800.90**.
- 2.2 The relevant calculations for each parish or district are calculated by applying the following formula: -

$$G \quad \frac{(H + J) \times F}{9}$$

where:

H is the estimated number of chargeable dwellings in the area and band after the effect of exemptions and discounts.

J is the amount of any adjustments in respect of changes in the number of chargeable dwellings or discounts calculated by the authority for 2024/25 (see notes at 5.3 below).

F is the number appropriate to each band as set out in Section 5(1) of the Act.

G is the number appropriate to band D as set out in Section 5(1) of the Act. In all cases for 2024/25 this is 9.

- 2.3 In determining the figure used at point J of the calculations the following aspects have been considered: -
- i) a full survey of all properties within the authority's tax base was carried out at the commencement of council tax in 1993 to identify those properties entitled to discounts and/or exemptions. Each year further checks are made to ensure that the Council Tax database remains accurate.
 - ii) Each claimant's eligibility for discounts/exemptions is thoroughly investigated prior to being awarded, and an ongoing programme to review current recipients is undertaken.

- iii) An assessment of the housing growth needs of the borough in accordance with the Local Plan.
- iv) Local knowledge has been used to identify which parish will see an increase/decrease in the number of properties. This information is then used to obtain the revised number of band D equivalent properties in each area.

Long Term Empty Properties

- 2.4 In April 2021, the Council adopted the policy to charge owners a premium of 100% (or a 200% council tax charge) on unfurnished properties that had been left empty for 2 years or more. There are currently 205 empty properties being charged this premium (an increase of 1 since last year).
- 2.5 From April 2024, the Levelling up and Regeneration Act 2023 has updated this provision, and the 100% premium will be added to the unfurnished property after a period of 12 months or more, rather than after 2 years. The turnover of short-term empty properties is high, and most are not empty long enough to incur this additional premium. It is estimated that an additional 450 properties will be initially charged this premium.
- 2.6 After a period of five years or more, local authorities can increase the premium to 200% (or a 300% Council Tax charge) for any property left empty and unfurnished. There are currently 61 empty properties that have been empty more than five years and are charged this premium (an increase of 3 since last year).
- 2.7 Since 1 April 2021 the Council can also charge a premium of 300% (or a 400% Council Tax charge) for any properties left empty and unfurnished for a period of ten years or more. There are currently 32 properties being charged this premium (a decrease of 9 since last year).

Property empty period	Additional Premium	Total Council Tax charge	Total No. of Properties
Up to 1 years	0	100%	-
1 to 5 years	100%	200%	450
5 to 10 years	200%	300%	61
10 years and over	300%	400%	32

Second Homes / Short Term Empty Properties (less than 1 years)

- 2.8 Local authorities have further discretion to charge Council Tax on second homes and empty properties. The Council’s current policy is to apply a 100% charge to all short-term empty properties (less than 2 years) and furnished second homes.
- 2.9 The Levelling Up and Regeneration Act 2023 will enable local authorities to charge an additional 100% (or a 200% council tax charge) for properties that are substantially furnished but are no one’s sole or main residence, a ‘second home’. At the time of preparing this report, the Government’s Department for

Levelling Up, Housing and Communities has yet to provide any official guidance, however, it is anticipated that there will be a requirement to give 12 months' notice of the decision to implement this additional premium. It is also expected that there will be some exemptions to be applied. The Council will seek to adopt this policy from 1 April 2025 and Members will be requested to approve this policy at that time.

- 2.10 The Council will continue to allow a discretionary one-month discount of 100% council tax to landlords with properties that are vacant. This discount is to allow a reasonable period for a landlord to find a new tenant for the vacant property.
- 2.11 These additional premiums are to encourage owners of second properties to bring them back into use. The Council's empty homes team will continue to support landlords to bring long term empty properties back into use.

Local Council Tax Support

- 2.12 The Council currently operates a Local Council Tax Support scheme (LCTS) that provides financial support to eligible claimants. Under the Council Tax Support provisions, the scheme for pensioners is determined by Central Government whereas the scheme for working age claimants is determined locally by the Council.
- 2.13 The Council introduced a new scheme for all eligible working age claimants during 2020. This new scheme provides more targeted support to those in most need and is provided based on a simple "income grid" model where different bands of entitlement are based on individual household circumstances and income.
- 2.14 This scheme is provided as a discount against the council tax due, the total estimated amount to be paid translates into a reduction in the tax base. The council tax base calculated at 2.1 above is net of the reduction made for the estimated cost of the support to be provided.
- 2.15 Since the Covid 19 Pandemic the number of households claiming Local Council Tax Support has increased significantly and these numbers are yet to reduce to pre-pandemic levels. It is anticipated that levels will start to decrease as inflation rates reduce along with other household commitments. Levels will continue to be carefully monitored throughout 2024/25.
- 2.16 As a result of the above the Council introduced a one year only cost of living additional discount to all claimants of LCTS in 2023. This additional discount effectively provided an 100% discount (i.e no council tax bill to pay) for the highest banded /lowest income households claiming LCTS.
- 2.17 Following the Chancellors 2023 Autumn Statement which announced that the National Living Wage would increase by £1.02 to £11.44 per hour and that Welfare Benefits would increase by 6.7% from 1st April 2024, therefore increasing the income of the poorest households, it is proposed that this cost-of-living discount will now be removed, and the scheme will return to 2022/23 levels of support i.e. a maximum discount of 92.8% for the lowest income households.

2.18 It is proposed to undertake a fundamental review of the existing LCTS scheme during 2024 with any new proposals being consulted upon prior to implementation on 1st April 2025 for the 25/26 financial year.

Council Tax Arrears and Collection

2.19 The additional support that has been offered by the Government and the Council for the poorest household since the Covid-19 Pandemic has now ended. The Council will continue to carefully monitor the collection rates during 2024/25 as lower than anticipated collections could impact the council tax base. This will be reported to Members accordingly.

Example of Calculation – Penistone Town Council

2.20 By way of example using the formula in paragraph 2.2 above, the table below shows the calculated tax base for the Penistone Town Council area.

PENISTONE

Area 9

BAND		A-	A	B	C	D	E	F	G	H	TOTAL
H	=	1.82	1185.05	877.06	955.26	805.40	534.15	276.18	149.94	3.00	4787.86
J	=					69.00					69.00
F	=	5.00	6.00	7.00	8.00	9.00	11.00	13.00	15.00	18.00	
G	=	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	
(H+J) x F/G		1.00	790.00	682.20	849.10	874.40	652.90	398.90	249.90	6.00	4504.40

COUNCIL TAX CALCULATED IN ACCORDANCE WITH PARAGRAPHS 5.2 & 5.3 OF THE REPORT 4504.40 x 95%= **4279.18**

Council Tax base for 2024/25

2.21 Appendix A shows the relevant amount for each area. The total of the relevant amounts for 2024/25 for each of the valuation bands is summarised as follows:-

<u>Property Value</u>	<u>Band</u>	<u>Ratio</u>	<u>Band D equivalent chargeable properties</u>
Up to £40,000 with disabled reduction	A-	5/9	110.00
Up to £40,000	A	6/9	28,471.90
£40,001 to £52,000	B	7/9	12,258.00
£52,001 to £68,000	C	8/9	11,214.70
£68,001 to £88,000	D	9/9	10,225.30
£88,001 to £120,000	E	11/9	4,674.00
£120,001 to £160,000	F	13/9	2,203.30
£160,001 to £320,000	G	15/9	1,095.00
More than £320,000	H	18/9	64.50
			70,316.70

2.22 The regulations require the authority to adjust the total relevant amount by a proportion which reflects the following: -

- i) Total amounts expected to be paid to the authority under the Local Government Finance Act 1992 less the total of any Council Tax Reductions for the year.
- ii) Total of amounts in respect of Council Tax Reductions pursuant to directions under Section 98(5) and 98(4) of the 1998 Act.

2.23 It is estimated that the appropriate proportion in this respect is 95% and that the Estimated Council Tax Base for the 2024/25 financial year is therefore: -

$$70,316.70 \times 95\% = 66,800.90$$

2.19 The council tax collection rate applied is considered prudent and considers the anticipated ongoing impact of the cost-of-living crisis. Any surplus or deficit as compared to the target collection rate, falls into the Council's Collection Fund and will ultimately impact positively or negatively on the Council's General Fund Budget.

3. IMPLICATIONS OF THE DECISION

3.1 Financial and Risk

The estimated Tax Base of 66,800.90 is used to determine the total Council Tax yield available to support the 2024/25 budget.

The Council Tax Base is a key variable in determining the resources estimated to be available to fund Council services. Consequently, the risk of variations to the Council Tax Base, including the ongoing impact of the cost-

of-living crisis, has been factored into the 2024/25 Service & Financial Planning process as far as is possible. In addition, the Council Tax Base will be subject to robust monitoring throughout the 2024/25 financial year to identify at an early stage any differences likely to make a material difference to the Council's spending plans.

3.2 Legal

None

3.3 Equality

Not applicable – This is a statutory requirement.

3.4 Sustainability

There are no implications of sustainability for the Borough in this cabinet report

3.5 Employee

None

3.6 Communications

Major Preceptors (South Yorkshire Fire and Rescue, South Yorkshire Police and Crime Commissioner and individual Parish Councils) are required to be notified of this decision.

4. CONSULTATION

Not applicable

5. ALTERNATIVE OPTIONS CONSIDERED

Not applicable

6. REASONS FOR RECOMMENDATIONS

Statutory requirement

7. GLOSSARY

None

8. LIST OF APPENDICES

Appendix A – Summary of Relevant Tax Base by Parish
Appendix B – Estimated Increase in Chargeable Dwellings
Appendix C – Summary of Relevant Amounts

9. BACKGROUND PAPERS

The Local Government Finance Act 1992
The Local Authorities (Calculation of Council Tax Base) Regulations 1992
The Local Authorities (Calculation of Council Tax Base) SI 3012 (2003)
The Levelling up and Regeneration Act 2023

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made

10. REPORT SIGN OFF

Financial consultation & sign off	Senior Financial Services officer consulted and date <i>Neil Copley</i> <i>12/12/23</i>
Legal consultation & sign off	Legal Services officer consulted and date <i>Sukdave Ghuman 18/12/23</i>

Report Author: Neil Copley
Post: Director of Finance and Section 151 Officer
Date: 12 December 2023