

CABINET	AGENDA ITEM No. 7
18 DECEMBER 2023	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Cllr John Howard, Cabinet Member for Finance and Corporate Governance	
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COUNCIL TAX BASE 2024/25 AND COLLECTION FUND DECLARATION 2023/24

R E C O M M E N D A T I O N S	
FROM: Executive Director of Corporate Services and S151 Officer	Deadline date: 8 December 2023
<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> 1. Approve the calculation of the Council Tax Base for 2024/25 set at a level of 62,103.69 Band D equivalent properties based on the existing council tax support scheme. 2. Note the estimated position on the Collection Fund in respect of Council Tax as at 31 March 2024 being: £2.437m Deficit 3. Note the estimated position on the Collection Fund in respect of Business Rates as at 31 March 2024 being: £2.224m Deficit 4. Delegate authority to the Executive Director of Corporate Services and S151 Officer to amend the final estimated position on the Collection Fund in respect of Council Tax and Business Rates as at 31 March 2024 in accordance with the statutory Determination legislation and timescales. 	

1. ORIGIN OF REPORT

1.1 This report forms part of the preparation for setting the Council’s budget. It needs to be considered for the tax base and the Collection Fund balances to be used in setting the Council’s overall budget and Council Tax and can be notified to other affected authorities within the statutory deadlines for the same purpose.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is before Cabinet to consider under its delegated function No 3.2.7. ‘to be responsible for the Council’s overall budget and determine action required to ensure that the overall budget remains within the total cash limit’.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	YES	If yes, date for Cabinet meeting	18 December 2023
Date for relevant Council meeting	NA	Date for submission to Government Dept.	NNDR1 return: 31 January 2024 CTR1 return: 11 March 2024

4. BACKGROUND AND KEY ISSUES

Council Tax Base Calculation 2024/25 (Appendix A)

- 4.1 The Council Tax Base calculation is part of the budget process. The gross tax base for 2024/25 is estimated at 67,961.64 Band D equivalents. This is reduced by 1.5% to allow any in year variation from the estimates (e.g. for properties not being built or occupied, additional discounts being available or for losses on collection), to give a net council tax base of 66,946.27, which is 1% more than the equivalent tax base for 2023/24 of 66,154.63.
- 4.2 A further reduction to the tax base to reflect the changes to the funding of council tax benefits which came into effect for the first time in 2013/14 is necessary. The proposed tax base for 2024/25 therefore reduces to 62,103.69 (61,023.62 for 2023/24). This increase in taxbase is largely in line with the assumptions that the Council made within its Medium Term Financial Strategy .
- 4.3 The figure of 62,103.69 Band D equivalents reflects the best estimate, based on the latest position on the current council tax support scheme of 33%, which remains unchanged from the scheme proposals as agreed by Cabinet in February 2019.
- 4.4 The Council Tax premium charged for Long Term Empty properties will be increased from 1 April 2024, and the premium charged for Second Homes will increase from 1 April 2025, in line with the maximum amount outlined within the legislation. This will form part of the Budget report to be approved by full council on 21 February 2024.

Collection Fund

- 4.5 The Collection Fund surplus/deficit calculation is used by the precepting authorities in setting its budget for the forthcoming year. The figures in this report are provided for information as the Executive Director of Corporate Services will make the formal calculation for Council Tax on 15 January 2024 and notify the relevant bodies at that time and will return the final NNDR1 form by 31 January 2024.
- 4.6 The Collection Fund represents council tax and business rates income receipts and has separate calculations of the surplus/deficit at the year-end compared to the General Fund. Prior to 2013/14 the total amount of business rates was transferred to the government whereas under the new system it is shared between the Council, the Fire Authority and the Government.
- 4.7 The Collection Fund at 31 March 2024 in respect of council tax has been estimated to be in deficit by £2.437m from residential property growth and the impact of measures following the localisation of Council Tax support from 2013/14 and therefore will be shared between the Council, the Police, the Fire Authority and the Cambridgeshire & Peterborough Combined Authority in proportion to the band D council tax levels.
- 4.8 The collection fund deficit at 31st March 2024 in respect of business rates has been estimated at £2.224m. The values are based on information as at 31st October and will be updated to December figures prior to

submission of the National Non-Domestic Rates (NNDR1) form to be submitted to government by 31 January 2024. The NNDR1 form is used to inform the government and other relevant authorities of both the collection fund balance and the following year's business rate income. The surplus will be shared between the parties in the following proportions, Government 50%, Peterborough city council 49%, Cambridgeshire fire authority 1%

- 4.9 Following the introduction of the new business rates system in April 2013 the Police and Crime Commissioner does not receive any business rates income but receives alternative funding directly from government.

Council Tax

- 4.10 The following table outlines the elements of the estimated Collection Fund balance for 2023/24

	Total
Deficit brought forward as at 1st April 2023	(6,533,857)
Net Estimated Surplus 2023/24	4,096,528
Overall estimated Collection Fund position Surplus(+)/Deficit(-)	(2,437,329)
Breakdown of the Deficit	
Peterborough City Council	(1,984,922)
Cambridgeshire Police Authority	(338,300)
Cambridgeshire & Peterborough Fire & Rescue	(99,211)
Cambridgeshire & Peterborough Combined Authority	(14,896)

NNDR

- 4.11 The Collection Fund calculation is used by the precepting authorities in setting its budget for the forthcoming year. The figures in this report are provided for information as the Executive Director of Corporate Services will return the final NNDR1 form by 31 January 2024.

	Total
Deficit brought forward as at 1st April 2023	(4,096,043)
Net Estimated Surplus 2023/24	1,872,046
Overall estimated Collection Fund position Surplus(+)/Deficit(-)	(2,223,997)
Breakdown of the Deficit	
Peterborough City Council	(1,089,758)
Cambridgeshire & Peterborough Fire & Rescue	(22,240)
Central Government	(1,111,999)

5. CONSULTATION

- 5.1 Consultation is not required in making the calculations referred to in this report, however the Council is in contact with the Police and Fire authorities during the budget setting process.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That Cabinet proposes the calculation of the Council Tax Base, notes the position on the Collection Fund for both the Council Tax and Business Rates and notes that the final calculation of these balances is reserved to the Executive Director of Corporate Services.

7. REASON FOR THE RECOMMENDATION

7.1 The Council Tax Base could be set at a higher or lower level. However, this could have the effect of either inflating unnecessarily the amount of Council Tax to be set or setting the tax at a level insufficient to meet the Council's budget requirements. A similar position could arise if the surplus or deficit were set at a higher or lower level.

7.2 The calculation and return of the information included in the NNDR1 is a statutory requirement which can be formally delegated to an officer. As with council tax if the amount of business rates estimated to be collected is increased or reduced or the surplus or deficit is set at a higher or lower level then the amount of income available to the council will change with the consequent effect on service provision or council tax levels.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 This report covers calculations that are all prescribed by regulations with the effect that no other options need to be considered.

9. IMPLICATIONS

Financial Implications

9.1 The report recommendations feed into the budget process for 2024/25 by providing the basis of the calculation of Council Tax income and the estimated surplus or deficit on the Collection Fund.

Legal Implications

9.2 In accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 the Council Tax base for the authority must be agreed and notified to major precepting bodies. The proposals set out in this report will facilitate compliance with that requirement.

Equalities Implications

9.3 There are no equalities implications arising from the recommendations in the report.

Carbon Impact Assessment

9.4 This is a statutory report setting the Council Tax base for 2024/25 and determining the estimated surplus or deficit on the Collection Fund for 2023/24 and has no impact on Carbon related issues.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 Local Government Finance Act 1988
Local Government Finance Act 1992
Local authority (Funds) (England) Regulations 1992
Local Government Act 2003
The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012
The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003.
Council Tax Banding List
The Non-Domestic Rating (Rates Retention) Regulations 2013
The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020

11. APPENDICES

11.1 Appendix A - Council Tax base for tax setting purposes 2024/25