

**CABINET
7 JANUARY 2025**

COUNCIL TAX CALCULATION OF TAX BASE 2025/26

**Responsible Cabinet Member – Councillor Mandy Porter,
Resources Portfolio**

**Responsible Director – Elizabeth Davison,
Executive Director - Resources and Governance**

SUMMARY REPORT

Purpose of the Report

1. To determine the Council's tax base for 2025/26.

Summary

2. In accordance with Section 33 of the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the Council has to decide its tax base by 31 January in the year preceding that for which the tax base applies. This has then to be notified to any precepting authorities and is used in the calculation and setting of the Council Tax. The relevant tax base calculations are shown in **Appendices 1 and 2**.

Recommendations

3. It is recommended that:-
 - (a) The report for the calculation of the Council's tax base for the year 2025/26 be approved.
 - (b) The tax base for the Council of 35,904.5 and the individual tax base for the parishes as set out at Appendix 2 be approved.

Reason

4. The recommendations are supported to comply with statutory requirements, enabling the Council Tax for 2025/26 to be set by Council in February 2025.

**Elizabeth Davison
Executive Director of Resources and Governance**

Background Papers

- (i) Council Tax regulations
- (ii) Council Tax database

Judith Murray: Extension 5401

Council Plan	This report has no implications for the Council Plan.
Addressing inequalities	There are no issues relating to inequalities
Tackling Climate Change	There are no climate change implications
Efficient and effective use of resources	The reports does not have any efficiency implications
Health and Well Being	There are no health and well being issues
S17 Crime and Disorder	This report has no implications for crime and disorder
Wards Affected	The proposals affect all wards
Groups Affected	The proposals affect everyone liable for Council Tax
Budget and Policy Framework	The report does not represent a change to the Budget or Policy framework
Key Decision	This is not an Executive decision
Urgent Decision	This is not an Urgent decision.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers.

MAIN REPORT

Information and Analysis

5. The tax base is the total number of domestic properties in the Borough, calculated as a weighted average 'Band D equivalents'. The amount of Council Tax payable for properties in each of the eight valuation bands A to H is statutorily determined as proportions of Band D. The tax base is adjusted for discounts, exemptions and estimated changes over the coming year. An estimate of the collection rate is also applied. The tax base represents the amount of revenue that it is estimated will be raised by each £1 of band D Council Tax. It is, therefore, an important part of setting the Council Tax.
6. The council tax base is, for the purpose of calculating a billing authority's and a major precepting authority's council tax, the taxable capacity of an area or part of an area. The amounts are calculated for each financial year and represent the estimated number of chargeable dwellings after allowing for reductions and discounts and adjusted to take account of the authority's collection rate.
7. The regulations changed the formula for calculating the council tax base so as to take account of any reductions which will be made under the local council tax reduction scheme or increases for local premiums for empty or long-term empty dwellings and second homes.
8. Under the previous council tax benefit system, billing authorities received payment to cover 100% of the cost of council tax benefit paid. The council tax base was therefore unaffected by changes in council tax benefit granted because the billing authority did not forgo any council tax income from dwellings in receipt of council tax benefit.
9. However, under the local council tax support scheme, the council tax base is affected by whether a dwelling is in receipt of a council tax reduction awarded under the scheme, as the authority is foregoing council tax income from these dwellings.
10. Local council tax support reductions need to be reflected in the calculation of the council tax base, in order to calculate the correct amount of Band D council tax for the billing or major precepting authority area. If the council tax base did not reduce, authorities would set their council tax bills based on an incorrect level of taxable capacity. The outcome being that dwellings where an occupier was eligible to receive a reduction under the local authority's council tax reduction scheme would not be required to pay the full amount of council tax and the authority would not therefore be able to collect the correct amount of council tax to meet its council tax requirement, with a deficit being created on the collection fund.
11. Similarly, the tax base is increased by the premium generated through the empty and long term empty homes scheme whereby the consequent increase in the council tax base is used to lower council tax bills.
12. The actual calculation of the tax base is prescribed in the above regulations and has several components. Calculations must be made of the 'relevant amount' for the year, for each of the eight valuation bands as shown in the Council's Valuation List submitted by the Listing Officer (HM Revenue and Customs) on 30 November 2024 and the Band A(-)

category introduced with effect from 1 April 2000 to provide relief to disabled persons residing in Band A properties. The relevant amount for each band represents the number of chargeable dwellings, as adjusted for exemptions, disabled reductions, discounts and also estimated changes up to 31 March 2026. The final total for each band has to be converted to the equivalent number of Band D dwellings.

13. The relevant amounts for the individual bands are then totalled and the estimated collection rate for the year is applied. The collection rate is based on the proportion of the amount payable into the Collection Fund for the year, including appropriate adjustments for benefits and any transitional relief, which the Council believes will ultimately be collected. The resulting figure, plus any contributions in lieu from the Ministry of Defence in respect of forces accommodation, is the Council's tax base for its area for the year concerned.
14. The estimates and calculations outlined above in respect of the tax base for 2025/26 are shown in **Appendix 1**. Members will see that the calculations produce a total Band D equivalent of 36,235.1 (line 18) which, when combined with an estimated collection rate of 99.0% and contributions in lieu, results in an overall tax base figure of 35,904.5 which is a 1.71% increase on 2024/25.
15. Similar calculations also need to be made in respect of the parishes and in particular the same estimated collection rate must be applied as that used for the whole of the Council's area. The tax base calculations for each parish are as shown in **Appendix 2**.

Outcome of Consultation

16. This is a technical report, which follows a prescribed format. There has been no consultation in compiling this report.

ESTIMATED TAX BASE 2025/26 – EXPLANATION OF TERMS

	Each column shows the totals for each Council Tax band A to H. The TOTAL column is the total for the whole Council. The Band A(-) column is the total in Band A where a disabled band relief applies.
Lines	
Line 1	The number of dwellings in each Council Tax band as per the Valuation List, as at 30/11/2024.
Line 2	The number of dwellings in each band where a disabled band relief applies
Line 3	The number of dwellings in each band after the disabled band relief has been applied
Line 4	The net number of dwellings in each band after the disabled band relief has been applied (Line 3 - Line 2)
Line 5	The number of dwellings in each band that are exempt from Council Tax (where an exemption applies), to be deducted from the total number of dwellings
Line 6	The number of dwellings in each band where a single (25%) discount applies
Line 7	The number of dwellings in each band where a double (50%) discount applies
Line 8	The adjustment for each band where a discount applies (Line 6 x 25%) + (Line 7 x 50%)
Line 9	The number of properties that have been unoccupied or unfurnished for a period between one and two years which attract a 100% Premium.
Line 10	The number of properties that have been unoccupied or unfurnished for a period between two and five years and which attract a 100% Premium.
Line 11	The number of properties that have been unoccupied or unfurnished for a period between five and ten years and which attract a 200% Premium.
Line 12	The number of properties that have been unoccupied or unfurnished for a period in excess of ten years and which attract a 300% Premium
Line 13	The equivalent number of chargeable dwellings before the application of the Council Tax Reduction Scheme
Line 14	The equivalent number of properties in receipt of council tax benefit in each band
Line 15	The equivalent number of properties after the application of the Council Tax Reduction Scheme
Line 16	The estimated number of additional band D equivalent dwellings that will be included in the tax base during 2025/26
Line 17	The band D multiplier that is applied to the number of chargeable dwellings in each band (this multiplier is prescribed in law)
Line 18	The adjusted number of chargeable dwellings in each band after applying the multiplier (Line 15 + Line 16) x Line 17
Line 19	The estimated percentage collection rate
Line 20	The estimated number of band D equivalent dwellings for contributions in lieu. (Armed Forces Accommodation)
Line 21	The Council Tax Base for 2025/26 (Line 18 x Line 19) + Line 20

PARISH COUNCILS – ESTIMATED TAX BASE 2025/26

Parish	Current Parish Tax Base (1)	Adjusted Band D Equivalent 25/26 (2)	Collection Rate	Parish Tax Base
Bishopton	178.1	182.3	99.0%	180.5
Heighington	1,116.1	1,132.9	99.0%	1,121.6
High Coniscliffe	111.1	113.6	99.0%	112.4
Hurworth	1,544.3	1,617.9	99.0%	1,601.7
Low Coniscliffe and Merrybent	349.7	352.2	99.0%	348.7
Middleton St. George	2,080.6	2,135.5	99.0%	2,114.1
Neasham	246.0	251.8	99.0%	249.3
Piercebridge	63.3	62.5	99.0%	61.9
Sadberge	307.2	312.0	99.0%	308.9
Whessoe	582.8	668.7	99.0%	662.0

PARISH COUNCILS ESTIMATED TAX BASE 2025/26 – EXPLANATION OF TERMS

Columns	
Current Parish Tax Base (1)	The current Council Tax base for each Parish, using the methodology set out in Appendix 1, for 2024/25
Adjusted Band D Equivalent 25/26 (2)	The calculated Council Tax base for each Parish, using the same methodology set out in Appendix 1, and after the estimated changes for 2025/26 have been applied
Collection Rate	The estimated percentage collection rate
Parish Tax Base	The Council Tax Base for 2025/26 for each Parish