

Public
Key Decision - Yes

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Council Tax Base 2023/24

Meeting/Date: Chair of Corporate Governance Committee and Section 151 Officer – 6 December 2022

Executive Portfolio: Councillor B Mickelburgh – Executive Councillor for Finance and Resources

Report by: Revenues and Benefits Manager

Ward(s) affected: All

Executive Summary:

A Council Tax Base calculation for the whole of Huntingdonshire District Council's (HDC) area for the year 2023/24 has been carried out with data held at the relevant date (30 November in the preceding financial year).

The calculation has taken account of the number of new properties likely to be completed and banded for Council Tax purposes during the period December 2022 and March 2024 and the anticipated level of occupation. In addition, the predicted level of discounts and premiums have been applied as these have an impact on the Tax Base figure.

The resulting calculation equates to a Band D equivalent Tax Base of 66,193 properties before provision for losses on collection.

The Tax Base is reduced by a percentage which, in HDC's opinion, represents the likely losses on collection. This bad debt provision has been assumed to be 0.6%

On applying this reduction to the calculation, a net Tax Base figure of 65,795 is achieved which is an increase of 2% on 2022/23.

Recommendation(s):

The Chair of the Corporate Governance Committee and the Section 151 Officer are

RECOMMENDED

to approve a Council Tax Base of 65,795 for 2023/24.

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to set the Council Tax Base for 2023/24 as required by Section 33 of the Local Government Finance Act 1992 and in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Local Government Finance Act 1992 requires Billing Authorities (Huntingdonshire District Council) to calculate and approve a Tax Base for Council Tax purposes and to notify major preceptors of the outcome by 31 January in respect of the following financial year.

3. KEY IMPACTS / RISKS

- 3.1 At the time of writing, the issues that affected the building trade during the pandemic no longer apply and work is taking place on numerous sizeable developments across the District. The number of people claiming Council Tax Support is holding steady.

- 3.2 However, the coming years will see pressure that may impact on building, occupation and the level of Council Tax discounts and exemptions. The latest forecast from the Office of Budget Responsibility (November 2022) states that:

- 3.2.1 *Rising energy, food and other goods prices have pushed up the interest rates set by inflation-targeting central banks to levels not seen since the 2008 financial crisis*
- 3.2.2 *Consumer Price Index (CPI) inflation is set to peak at a 40-year high of 11 per cent in the current quarter*
- 3.2.3 *Rising prices erode real wages and reduce living standards by 7 per cent in total over the two financial years to 2023-24*
- 3.2.4 *The squeeze on real incomes, rise in interest rates, and fall in house prices all weigh on consumption and investment, tipping the economy into a recession lasting just over a year from the third quarter of 2022*
- 3.2.5 *Unemployment rises by 505,000 from 3.5 per cent to peak at 4.9 per cent in the third quarter of 2024*

- 3.3 Modelling the impact of these national forecasts into detailed breakdowns of properties at Parish level across the District of the annual calculation of the Tax Base is highly problematical. The approach taken is explained in Appendix 2. Officers will continue to monitor the situation over the coming months and will use this insight when setting the Tax Base for 2024/25.

- 3.4 All major preceptors will be advised of the Tax Base figure by 31 January deadline (including a split by Flood Defence Area for the County Council), similarly, all local councils will receive confirmation of their precept request, their respective Tax Base and Band D level for 2023/24.

- 3.5 The Tax Base figure is used to calculate the council tax charge for each major precepting authority and for local councils, i.e. towns and parishes for 2023/24. Appendix 1 shows how the Council Tax Base for 2023/24 is apportioned across the town and parish councils.

4. TIMETABLE FOR IMPLEMENTATION

- 4.1 The regulations stipulate that the Tax Base must be approved between 1 December and 31 January in the preceding financial year.

5. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES

- 5.1 The Tax Base must be calculated in accordance with regulations, but it is fundamental in establishing the level of Council Tax charged to local residents and consequently has budgetary implications impacting the priorities and objectives of HDC.

6. LEGAL IMPLICATIONS

- 6.1 There is no legal implication other than that for the timely decision to be formally determined in accordance with the regulations and for the major preceptors to be informed.

7. RESOURCE IMPLICATIONS

- 7.1 Following evaluation and modelling (Appendix 2), the 2023/24 Tax Base is recommended to be set at 65,795. When this is compared to the:
- i. current 2022/23 Tax Base (64,501), the 2023/24 Tax Base of 65,795 represents an increase of 2%.
 - ii. 2023/24 Tax Base of 65,662 that is included in the approved MTFS, this equates to an increase of 133 properties which is an increase of £20k in Council Tax income (based on the current Band D Council Tax of £150.86).

8. REASONS FOR THE RECOMMENDED DECISIONS

- 8.1 The recommendation is based on information held as at 30 November 2022 and used estimates contained in working papers held within the Revenues and Benefits Team.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – 2023/24 Tax Base Calculation by Town / Parish Council area
Appendix 2 – Methodology and factors considered in calculating the Tax Base

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Appendix 1: 2023/24 Tax Base Calculation by Town / Parish Council area:

Based on the information contained within this report, it is recommended that pursuant to the Revenues and Benefits Manager's report and in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amounts calculated by the Huntingdonshire District Council as their (net) Tax Base for the whole District for the year 2023/24 be 65,795 and shall be as listed below for each Town and Parish of the District:

Abbotsley	268
Abbots Ripton	139
Alconbury	545
Alconbury Weston	296
Alwalton	123
Barham & Woolley	30
Bluntisham	773
Brampton	2528
Brington & Molesworth	189
Broughton	101
Buckden (incorporating Diddington)	1337
Buckworth	53
Bury	782
Bythorn & Keyston	156
Catworth	166
Chesterton	66
Colne	392
Conington	75
Covington	47
Denton & Caldecote	30
Earith	604
Easton	84
Ellington	241
Elton	298
Farcet	536
Fenstanton	1343
Folksworth & Washingley	355
Glatton	133
Godmanchester	3144
Grafham	234
Great & Little Gidding	126
Great Gransden	506
Great Paxton	375
Great Staughton	344
Haddon	22
Hail Weston	244
Hamerton & Steeple Gidding	56
Hemingford Abbots	330
Hemingford Grey	1299
Hilton	451
Holme	257

Holywell-cum-Needingworth	1075
Houghton & Wyton	809
Huntingdon	7732
Kimbolton & Stonely	605
Kings Ripton	84
Leighton Bromswold	81
Little Paxton	1611
Morborne	13
Offord Cluny & Offord D'Arcy	549
Old Hurst	104
Old Weston	107
Perry	263
Pidley-cum-Fenton	197
Ramsey	3161
St Ives	6059
St Neots	11404
Sawtry	2046
Sibson-cum-Stibbington	237
Somersham	1410
Southoe & Midloe	158
Spaldwick	257
Stilton	797
Stow Longa	73
The Stukeleys	1266
Tilbrook	129
Toseland	38
Upton & Coppingford	94
Upwood & The Raveleys	450
Warboys	1608
Waresley-cum-Tetworth	145
Water Newton	39
Winwick	56
Wistow	228
Woodhurst	158
Woodwalton	82
Wyton-on-the-Hill	442
Yaxley	2997
Yelling	153
	65795

Appendix 2: Methodology and factors considered in calculating the Council Tax Base

- Visits have been made to the majority of housing developments within the District to determine, in conjunction with the developers, how many properties are likely to be completed during the period used to calculate the Tax Base (December 2022 to March 2024).
- Feedback from the majority of developers is that the building of new developments is buoyant. Despite uncertainty about the impact on mortgages of the current interest rate increases, sales are steady. Some of the smaller developers have reported issues in the lack of trades, in particular the supply of windows and this has all been taken into account when calculating the Tax Base.
- A number of significant new builds are underway in Huntingdon, Godmanchester, Brampton, The Stukeleys, St Neots, Bury, Ramsey and Sawtry. There are also elements of growth in the majority of other towns and parishes across the District.
- For the purpose of calculating the Tax Base, the most important factors are forecasting the month that properties will be completed and the valuation bands that the properties will fall into. As in previous years, the trend continues for new developments to consist of houses rather than flats. As houses tend to fall into higher bands, this has a positive impact on the Tax Base.
- Assumptions have been made as to the level of exemptions and discounts that will be applied, e.g. Single Person Discounts attract a 25% reduction in liability.
- Council Tax Support (CTS) is a means tested benefit to help people on low incomes meet their Council Tax liability and is treated as a discount for Council Tax purposes. The level of CTS expenditure has been estimated for 2023/24 based on known factors.
- The bad debt provision has been reviewed but will be maintained at 0.6%. It is anticipated that the overall Council Tax collection rate will remain in line with current performance. This is because the methods of recovery that can be used to collect Council Tax debt are wide-ranging and different approaches are taken depending on the taxpayer's individual circumstances. Prior years' debts across all years continues to steadily reduce.