

TITLE OF REPORT: Council Tax Base and Business Rates Forecast 2024/25

REPORT OF: Darren Collins, Strategic Director, Resources and Digital

Purpose of the Report

1. This report asks Cabinet to agree the council tax base for 2024/25 for the Parish of Lamesley and the whole of the Borough of Gateshead. Cabinet is also requested to agree a Business Rate forecast for 2024/25.

Background

2. The Council is required to calculate and set a new council tax base each year. This council tax base must be forwarded to the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority by 31 January 2024. It is also used for the Council's own purposes in the calculation of the 2024/25 council tax level.
3. The council tax base reflects the amendments contained within the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2012. These amendments require the tax base to reflect any changes introduced from the Council's Local Council Tax Support Scheme.
4. The Business Rates retention scheme was implemented 1 April 2013, and this allows local authorities to retain 49% of the actual business rates receipts. For Enterprise Zones & New Development Deals, authorities retain 100% of growth in business rates receipts.
5. The Business Rates base for 2024/25 is required to be notified to the Department for Levelling Up, Housing and Communities using form NNDR1 and responsibility for certification of this form is delegated to the Strategic Director, Resources and Digital under the constitution of the Council (Part 3 Schedule 5) as follows:

"To manage the Gateshead Collection Fund in accordance with statutory requirements, including annual approval and certification of the NNDR1 form, prior to its submission to the Department for Levelling Up, Housing and Communities, setting out the local tax base for business properties for each forthcoming year".
6. Based upon the information provided by central government the business rates forecast for 2024/25 is £41.284 million. This figure will be reviewed as part of the completion of the NNDR1 form, which is due by 31 January 2024. This estimate will

then be varied by the Strategic Director, Resources and Digital under the delegation contained within the Council's constitution.

Proposal

7. The factors that need to be considered in fixing the council tax base are set out in Appendix 1. The proposed council tax base for Gateshead is 54,041.1 an increase of 686.2 on the current base. This increase is due to an increase in the number of Band D equivalents after taking account of forecast numbers of newly built properties, demolitions, the estimated number of exemptions and discounts, the impact of reviewing entitlements to discounts and reflecting the impacts of the Local Council Tax Support Scheme. The proposed council tax base for Lamesley is 1227.7 an increase of 30.3 on the current base.
8. The provisional business rates forecast for 2024/25 is £41.284 million in line with government estimates.

Recommendations

9. It is recommended that Cabinet agree:
 - (i) pursuant to this report and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment)(England) Regulations 2012 the amount calculated by Gateshead Council as its council tax base for the year 2024/25 shall be 54,041.1.
 - (ii) pursuant to this report and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment)(England) Regulations 2012 the amount calculated as being the Parish Council of Lamesley's council tax base for the year 2024/25 shall be 1,227.7.
 - (iii) That the business rates forecast for 2024/25 is £41.284 million

For the following reasons:

- (i) To assist the Council in its financial planning and budget setting
- (ii) To set a council tax base and a business rates forecast for 2024/25 in accordance with statutory requirements.

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Policy Context

1. The proposals in this report are consistent with Council priorities and in particular ensuring that effective use is made of Council resources to support the framework for “making Gateshead a place where everyone thrives”.

Background

2. The council tax base is the total number of Band D equivalent households in the Borough which will be liable to pay council tax in the forthcoming year.
3. The formal decision to fix the council tax base must be taken by 31 January each year.

Consultation

The Leader of the Council has been consulted in the preparation of this report.

Alternative Options

4. There are no alternative options proposed.

Implications of Recommended Options

Calculation of Relevant Amount

5. There are 95,167 domestic properties in Gateshead, which have been placed in one of eight bands (from A to H, see Appendix 2) according to the price at which the property might reasonably have been sold on the open market on 1 April 1991, assuming vacant possession and in a state of reasonable repair.
6. For setting the level of council tax for 2024/25, the total number of properties must be recalculated into a common base of Band D equivalents and assumes that there are two or more liable adults living in each property. This recalculation and the adjustments set out in paragraph 7 below are then applied in accordance with the requirements of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment)(England) Regulations 2012 and the resultant figure is known as the ‘relevant amount’.
7. The adjustments that need to be considered for each band of property are: -
 - i) the anticipated number of new dwellings which will be completed during 2024/25;
 - ii) the anticipated number of dwellings to be demolished during 2024/25;
 - iii) the anticipated number of exempt dwellings during 2024/25;
 - iv) the anticipated number of dwellings where the liable person qualifies for a disabled reduction during 2024/25;
 - v) the anticipated number of dwellings where the liable person qualifies for a discount or exemption during 2024/25;

- vi) reviewing entitlement to discounts and exemptions during 2024/25;
 - vii) the adjustment required in respect of the impact for the Council Tax Support Scheme during 2024/25.
 - viii) the adjustment required in respect of the impact for the proposed changes in empty property premiums commencing from 2024/25.
8. Applying the adjustments in paragraph 7 has the effect of reducing the total number of properties to a common base for each band, in terms of full year equivalents.
9. The proposed empty property premium charge changes have been adjusted for as follows to calculate the band D equivalent –
- Property empty for more than 2 years but less than 5 years charged an additional 100% council tax charge.
 - Properties empty form more than 5 years but less than 10 years charged an additional 200% council tax charge.
 - Properties empty for more than 10 years charged an additional 300% council tax charge.
10. To arrive at a common base of Band D equivalents, i.e., the ‘relevant amount’, the appropriate fraction prescribed by Regulation 4 of the Local Authorities (Calculation of Council Tax Base) (Amendment)(England) Regulations 2012 is applied to each band, resulting in a Band D equivalent of 55,285 for the whole of Gateshead as set out in Appendix 3.
11. The Band D equivalent calculations for Lamesley are 1,256 and are set out in Appendix 4. The figures are relevant to the additional expenditure in this area by the Parish Council.

Calculation of Council Tax Collection Rate

12. To set the council tax at a level which will realise enough income to meet the Authority’s budget requirements, an appropriate percentage collection rate must be applied to the ‘relevant amount’ for Band D equivalent properties, in Gateshead and Lamesley respectively.
13. Challenges remain for residents due to the cost of living and energy crisis. The Council has during 2023/24 been able to maintain positive collection rates. For the year 2024/25 it is proposed to retain the 97.75% collection rate.

Calculation of Council Tax Base

14. To calculate the Authority’s council tax base for both precepting purposes and council tax setting purposes, the relevant amounts as shown in Appendices 3 and 4 must be multiplied by the Authority’s estimated collection rate (97.75%) which in terms of Band D equivalents equates to 54,041.1 for Gateshead and 1,227.7 for Lamesley.

Business Rates Forecast

15. Gateshead receives 50% of business rates income and pays 1% of the total amount to the Tyne and Wear Fire and Rescue Authority. The Gateshead element of the estimated business rates base for 2024/25 is £41.284 million, based on central government estimates. The final business rates figure will be assessed as part of the NNDR1 form which is due to be returned by 31 January 2024.
16. **Resources:**
 - a) **Financial Implications** – These are set out in this Appendix. The Strategic Director, Resources and Digital confirms that the agreed council tax base will be used when calculating the amount to be raised from council tax in 2024/25, and the business rates forecast submitted to government will be used for setting the Council's budget for 2024/25.
 - b) **Human Resource Implications** – Nil
 - c) **Property Implications** – Nil
17. **Risk Management Implications** – There is a risk that the tax base is set at a level which results in a shortfall of income when council tax rates are set, particularly in the current economic climate. However, this has been minimised through the work that has been carried out in estimating the adjustments described in paragraph 7 and the application of the collection rate described in paragraph 12, which is based on actual experience during the first three quarters of 2023/24.
18. **Equality and Diversity Implications** – Nil
19. **Crime and Disorder Implications** – Nil
20. **Climate Emergency and Sustainability** – Nil
21. **Human Rights Implications** – Nil
22. **Ward Implications** – The tax base covers the whole of Gateshead. The tax base for Lamesley covers the parish of Lamesley.

APPENDIX 2

STATEMENT OF NUMBERS AND BANDS OF ALL DOMESTIC PROPERTIES

SHOWN IN THE VALUATION LIST FOR GATESHEAD COUNCIL AS AT

29 November 2023

Band	Value	Numbers
A	Up to £40,000	56,238
B	£40,001 to £52,000	13,127
C	£52,001 to £68,000	15,806
D	£68,001 to £88,000	5,946
E	£88,001 to £120,000	2,716
F	£120,001 to £160,000	897
G	£160,001 to £320,000	388
H	Over £320,000	49
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		95,167

APPENDIX 3

CALCULATION OF RELEVANT AMOUNT (FULL YEAR BAND D PROPERTIES)

FOR GATESHEAD COUNCIL

Band	No. of Properties	Adjustments (Para. 7)	No. of Properties	Appropriate Fraction	Band D Equivalent Properties
A (disabled reductions)	0	160	160	5/9	89
A	56,238	-19,872	36,366	6/9	24,244
B	13,127	-2,489	10,638	7/9	8,274
C	15,806	-1,887	13,919	8/9	12,372
D	5,946	-548	5,398	9/9	5,398
E	2,716	-209	2,507	11/9	3,064
F	897	-71	826	13/9	1,193
G	388	-21	367	15/9	611
H	49	-29	20	18/9	40
	<hr/> 95,167	<hr/> -24,966	<hr/> 70,201		<hr/> 55,285
					Base after collection rate at 97.75% to 1 decimal place 54,041.1

APPENDIX 4

CALCULATION OF RELEVANT AMOUNT (FULL YEAR BAND D PROPERTIES)

FOR LAMESLEY

Band	No. of Properties	Adjustments (Para. 7)	No. of Properties	Appropriate Fraction	Band D Equivalent Properties
A (disabled reductions)	0	4	4	5/9	2
A	827	-336	491	6/9	327
B	347	-79	268	7/9	209
C	428	-52	376	8/9	334
D	203	-11	192	9/9	192
E	85	-12	73	11/9	89
F	50	-6	44	13/9	64
G	23	-1	22	15/9	37
H	2	-1	1	18/9	2
	1,965	-494	1,471		1,256
	Base after collection rate at 97.75% to 1 decimal place				1,227.7