

Report title	Council Tax: Determination of Tax Base for 2024/25 and Estimated Collection Fund Surplus or Deficit at 31 March 2024
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Department	
Exempt?	No

Purpose of report:

To resolve

Synopsis of report:

This report sets out the calculations to determine the Council Tax base for 2024/25 and the estimated surplus or deficit on the Collection Fund at the end of 2023/24, including the respective shares notifiable to the precepting bodies.

Recommendations:

- 1. That the tax base (showing the estimated number of Band D equivalent dwellings within the Borough for the financial year 2024/25) be approved at 35,495.8, and**
- 2. The estimated surplus on the Collection Fund for 2023/24 be declared at £415,403 to be split amongst precepting authorities as set out in the report, in accordance with the relevant statutory requirements**

1. Council Tax Base

- 1.1 The Council is required to undertake a formal calculation of its Council Tax base annually, in accordance with the requirements of the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 and to notify precepting bodies of this figure by 31 January.
- 1.2 The tax base is an estimate of the number of chargeable dwellings within Runnymede for the year ahead, which will be used in each preceptor’s budget-setting process to determine the total amount of Council Tax each will expect to receive in the following year.
- 1.3 While the methodology for calculating the tax base is determined by statute, there is an element of local judgement applied in determining the final tax base. The starting point for the calculation is the statutory Council Tax Base form (CTB1) completed in October each year, which takes the number of dwellings in each tax band according to the Valuation Office’s list, and then applies adjustments for various discounts and exemptions and the application of the Council’s Localised Council Tax Support

Scheme. The numbers of dwellings under each Council Tax Band are then converted into an equivalent number of Band D properties to provide a single tax base figure.

- 1.4 When determining the final tax base figure to use for budget setting purposes, the Council can make judgements as to the likelihood of changes to the tax base after the point at which the CTB1 form is submitted, such as future growth or demolition, and the effect of the prevailing economic climate on housebuilding and the take up of Council Tax support.
- 1.5 The other main area to consider is the collection rate to be applied. This allowance is made to provide for the expected level of uncollectible tax. Council Tax nationally has very high levels of collection and Runnymede's own collection rates have remained consistently high, even throughout the Covid-19 pandemic, achieving 97.8% against an estimated 96%. Collection rates will inevitably come under pressure during times when rising costs of living are felt most acutely by households. Year-end collection rates for Runnymede over the past 4 years are set out below:

Year	% collection rate	YOY change
2019/20	98.44%	
2020/21	97.80%	- 0.64%
2021/22	98.29%	+0.49%
2022/23	97.91%	- 0.38%

As at October 2023, collection rates for the current year were marginally below the level achieved by October 2022, at 65.87% compared to 66.23%, a decrease of 0.36%

- 1.6 Given that collection rates in the current year are behind those of the previous year, and on-going economic pressures are likely to be experienced in 2024/25, it is proposed to retain the collection rate for tax base estimation purposes at 97.5%.
- 1.7 On average the tax base reported in the CTB1 each October has grown 1.38% per annum after adjusting for discounts, exemptions and the application of the Council Tax Support Scheme but before any allowance for non-collection. The reduction in tax base as a result of Council Tax Support is shown as relatively static in Oct 2023 when compared to Oct 2022. Taking these factors into account, it is proposed to add 200 Band D equivalents to the reported CTB1 tax base to allow for some modest growth while also reflecting the potential for an increase in support to be required. This will take the CTB1 reported figure from 36,162.4 to 36,362.4 and provides a tax base for 2024/25 of 35,495.8 as set out below.

	2022/23	2023/24	2024/25
Tax base after allowing for Council Tax Support	35,182	35,712.4	36,362.4
Estimated Collection rate	98%	97.5%	97.5%
Tax base net of non-collection estimate	34,478	34,819.6	35,453.3
Add Armed Forces Accommodation*	46	45	42.5
Total estimated tax base	34,524	34,864.6	35,495.8

*These properties are not subject to a collection rate reduction

2. Calculation of the Council Tax Surplus or Deficit for 2023/24

- 2.1 As the Billing Authority, the Council administers the Collection Fund on behalf of itself, Surrey County Council and Surrey Police and is responsible for collecting the

total Council Tax due from Runnymede residents and ensuring the correct distribution of the Fund between these bodies. Each year an estimate of the amount of Council Tax each will receive is made by multiplying the tax base, as set out in section 1 of this report, by the level of Council Tax each body sets for a Band D dwelling. In the following year, the Billing Authority must estimate the amount over or under recovered against this estimate and share any surplus funds with preceptors, or recoup any deficit, in accordance with their shares.

- 2.2 The Local Government Finance Act 1992 (as amended) requires the Council to determine the estimated surplus or deficit on the Collection Fund in respect of Council Tax by 15 January. This will enable the precepting authorities to factor in their share of any surplus or deficit before finalising their precepts for the following year.
- 2.3 As with determination of the tax base, the calculation of the surplus or deficit is set out in statutory regulations although some element of judgement is also required to estimate the final income position at the year-end due to the timing of the calculation.
- 2.4 The calculation is required to take account of the overall position on the collection fund, as reported in the Council's Statement of Accounts for the prior year, adjusted for payments in and out of the fund in the current year, the estimated closing position on the fund and any changes to collection rates.
- 2.5 The tables below show the estimated surplus on the Collection Fund generated in 2023/24. Based on the latest collection data, these tables show that an estimated £76,128,175 will be collected during 2023/24, compared to original estimates of £75,676,055, producing an estimated in-year surplus of £452,120. This is largely due to the increase in Council Tax base as more dwellings become liable for council tax.

	2023/24
	£
Due to collect as at 31 October 2023	78,080,179
Assumed collection rate	97.5%
	<u>76,128,175</u>

	2023/24
	£
Precepts:	
Surrey County Council	58,400,994
Surrey Police & Crime Commissioner	10,827,899
Runnymede Borough Council	6,447,162
	<u>75,676,055</u>
Probable tax collected	76,128,175
In-year estimated surplus / (deficit)	452,120

- 2.6 This calculation feeds into the table below and is combined with the opening balance on the Collection Fund and other payments to and from the Fund, to produce the anticipated balance at the close of 2023/24.

Estimated Surplus/Deficit calculation 2023/24		
	£	£
Balance on the Collection Fund relating to Council Tax as at 31 March 2023 after provision for bad debt		2,627,088
Less: Surplus paid in 2023/24 (based on forecast made in previous year)		
Surrey County Council	2,061,278	
Surrey Police & Crime Commissioner	375,677	
Runnymede Borough Council	226,849	2,663,804
		- 36,717
Add: Estimated surplus in 2023/24		452,120
Estimated surplus at 31 March 2024 for distribution in 2024/25		415,403

- 2.7 The calculation shows an estimated £415,403 surplus to be distributed to preceptors in 2024/25, allocated to preceptors based on their shares of the Council Tax during 2023/24. The following table sets out the total share of the surplus to be distributed to each authority, and to be included in their budget estimates for 2024/25.

Share of Surplus			
	2023/24 Band D Council Tax	Share	Total share to be distributed in 2024/25
	£	%	£
Surrey County Council	1,675.08	77.2%	320,577
Surrey PCC	310.57	14.3%	59,437
Runnymede BC	184.92	8.5%	35,390
	2,170.57		415,403

- 2.8 The effect on the Council's budget will be an additional £35,390 flowing into the general fund in 2024/25.

3. Policy framework implications

- 3.1 The setting of the Council Tax base and the calculation of the surplus or deficit on the Collection Fund form part of the budget-setting process and inform the medium-term financial forecast which supports the production of the Medium-Term Financial Strategy.

4 Resource implications

- 4.1 The increase in the Council Tax base from 34,864.6 to 35,495.8 will increase the expected Council Tax income due to the Council by £116,722 before any increase in the actual level of Council Tax is considered. The Council will set its final Council Tax level, taking into account Government announcements on referendum limits, at its budget-setting meeting in February. An additional £35,390 will also be released into the General Fund from the Collection Fund as part of the annual surplus calculation, providing additional resources to support the provision of services in 2024/25. The estimated surpluses due to Surrey County Council and the Office of the Police and

Crime Commissioner for Surrey, will be distributed during 2024/25 alongside precept payments.

5. Legal implications

- 5.1 Under the Local Government Finance Act 1992 (as amended) and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 the Council is required to calculate its Council Tax base for the following financial year by 31st January of the preceding year, and to determine the surplus or deficit on its Collection Fund by 15th January, informing the relevant precepting bodies within 7 days of that date.

6. Equality implications

- 6.1 While Equality Impact Assessments are completed in respect of any changes to the Council's Localised Council Tax Support Scheme or to any discretionary Council Tax discount, exemption or premium, there are no direct equality implications pertaining to the calculations set out in this report.

7. Environmental/Sustainability/Biodiversity implications

- 7.1 There are no direct environmental, sustainability or biodiversity implications arising from this report.

8. Risk Implications

- 8.1 The risk of error in the calculation of the Council Tax base or the Surplus or Deficit on the Collection Fund is mitigated to a large extent by adherence to the relevant legislation. However, small variations in the collection rate or changes in the taxbase can have a significant financial impact, particularly for major preceptors.
- 8.2 While Council Tax is a very stable tax, there may be greater volatility in collection rates in the months ahead due to the economic conditions and the effect of the cost-of-living crisis on residents' ability to pay their Council Tax. A prolonged period of high inflation or suppressed housing growth may restrict growth in the tax base while any increased uptake of Council Tax Support will also have a negative impact. These factors have all been considered within this report.
- 8.3 Should the actual tax base for 2024/25 prove to be lower than that estimated, or the surplus anticipated not materialise in full, then this may result in a deficit on the Collection Fund in the future, which will need to be met proportionally by each of the precepting bodies.

9. Timetable for Implementation

- 9.1 As noted in the report, the Council is required to set its tax base for 2024/25 by 31st January 2024 and declare the surplus or deficit on its collection fund by 15th January 2024. Surplus payments to preceptors will be distributed during 2024/25 alongside payment of precepts.

10. Conclusions

- 10.1 The Committee is recommended to approve a Council Tax base of 35,495.8 for the year 2024/25 and to declare a surplus on the Collection Fund of £415,403 for the

year ending 31 March 20234 to be distributed in relevant proportions to preceptors during 2024/25.

11. Background papers

- None

12. Appendices

- None