

CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

19 DECEMBER 2024

REPORT OF DIRECTOR (FINANCE AND IT)

A.1 COUNCIL TAX BASE 2025/26

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek the Finance and Governance Portfolio Holder's approval of the Council Tax Base for 2025/26.

EXECUTIVE SUMMARY

- The Council Tax base which the Council adopts will be the basis upon which this Council, Essex County Council, Police & Crime Commissioner for Essex and Essex Fire & Rescue will assess the rate of tax needed (in each case) to finance its estimated revenue expenditure. In order to provide a basis for Council Tax levies to cover parish precepts and special expenses, the Council must also analyse the tax base by parishes.
- The basis and proposals for the tax base calculation remains the same as last year and reflects the Council's decisions on 26 November 2024 regarding Council Tax discounts/premiums and the Local Council Tax Support (LCTS) scheme.
- The tax base calculation has been based on the September/October valuation list and Council Tax register, together with an allowance for subsequent changes (including non-collection), this has been assessed at 2.8%. This percentage is unchanged from the previous year.
- The calculation shows that the 2025/26 tax base for tax setting purposes will be 53,496.8 Band 'D' equivalent properties which is an increase of 1,630.8 (3.1%) over 2024/25.
- The introduction of a 100% second homes premium from 2025/26 is responsible for 535.3 (or 1.0%) of the tax base increase from prior year.

RECOMMENDATION(S)

- (a) That pursuant to this report, and in accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 2012, the amount calculated by the Council as its Council Tax Base for the year 2025/26 shall be 53,496.8.**
- (b) That in accordance with the said Act and Regulations, the amount calculated by the Council as the Council Tax Base for each parish and for the unparished area in the year 2025/26 shall be as set out in Appendix 1.**

REASON(S) FOR THE RECOMMENDATION(S)

To confirm the council tax amounts for 2025/26 in accordance with the Local Government Finance Act 1992.

ALTERNATIVE OPTIONS CONSIDERED

None.

PART 2 – IMPLICATIONS OF THE DECISION**DELIVERING PRIORITIES**

Setting the Council Tax is an integral part of the budget setting process. The budgets are prepared with the aim of directly and indirectly delivering the Council's priorities.

OUTCOME OF CONSULTATION AND ENGAGEMENT

None.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

Is the recommendation a Key Decision (see the criteria stated here)	Yes	If Yes, indicate which by which criteria it is a Key Decision	<input type="checkbox"/> Significant effect on two or more wards <input checked="" type="checkbox"/> Involves £100,000 expenditure/income <input type="checkbox"/> Is otherwise significant for the service budget
		And when was the proposed decision published in the Notice of forthcoming decisions for the Council (must be 28 days at the latest prior to the meeting date)	This item has been included within the Forward Plan for a period in excess of 28 days.

The arrangements for the setting and collection of council tax are defined in the Local Government Finance Act 1992.

The tax base has been calculated in accordance with the provisions set out in the Local Authorities (Calculation of Council Tax Base) Regulations 2012. The Corporate Finance and Governance Portfolio Holder has delegated powers to approve the Council Tax base (Part 3, Paragraph 4.3).

Yes The Monitoring Officer confirms they have been made aware of the above and any additional comments from them are below:

There are no additional comments over and above those set out elsewhere in this report. It is important to highlight that the formal resolutions necessary to implement the Executive's budget proposals and council tax levy will be presented to Full Council in February.

FINANCE AND OTHER RESOURCE IMPLICATIONS

The Tax Base for 2025/26 reflects procedures and assumptions used in earlier years. The calculation has been based on the September/October valuation list and Council Tax register, with an allowance for subsequent changes (including non-collection) of 2.8% together with the decisions made by Council on 26 November 2024 in respect of the Local Council Tax Support Scheme and Discretionary Council Tax Exemptions, Discounts and Premiums for 2025/26.

The tax base for 2024/25 has increased by 1,630.8, which provides additional income to support the Council's financial forecast. This position has been supported by the work of the Council's Fraud and Compliance Team who undertake a number of associated key actions and activities in respect of the council tax property base.

Yes **The Section 151 Officer confirms they have been made aware of the above and any additional comments from them are below:**

There are no comments over and above those set out in this report.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	There are no direct implications. However the council tax base forms part of the Council's financial forecasting processes which support the wider delivery of financial sustainability and use of resources.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	

MILESTONES AND DELIVERY

The tax base is required to be agreed as soon as possible after the statutory date of 1 December each year to inform the detailed budget setting process, the final step being a number of resolutions being agreed by Full Council in February each year as part of agreeing the council tax levy and following year's budget.

ASSOCIATED RISKS AND MITIGATION

The risk associated with this decision is that Council Tax collection will fall short of the budgeted level. This is addressed via an allowance for non-collection which in 2025/26 is forecast at 2.8%. This percentage is unchanged from the previous year.

Any shortfall (or surplus) will be shared between the main precepting authorities (this Council, Essex County Council, Police & Crime Commissioner for Essex and Essex Fire & Rescue) and considered as part of future budget setting.

EQUALITY IMPLICATIONS

There are no direct implications.

SOCIAL VALUE CONSIDERATIONS

There are no direct implications.

IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050

There are no direct implications for the above headings however determining the funding from Council Tax is an integral part of the budget setting process which provides specific budgets for the above areas

OTHER RELEVANT CONSIDERATIONS OR IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	There are no direct implications.
Health Inequalities	
Area or Ward affected	

PART 3 – SUPPORTING INFORMATION**BACKGROUND**

Full details of the tax base calculations are shown in the attached Appendix.

The basic calculation in respect of the 2025/26 tax base takes as its starting point the list of properties supplied by the Valuation Office on 15 September 2024 and the categories of occupation as shown on the Council Tax register as at 7 October 2024 (this information is also supplied to central government).

The discounts agreed by Council are applied to all affected properties and the effect of the LCTS scheme is applied to the tax base.

Judgement is then made to take account of an estimate of subsequent changes in respect of occupation, number of properties and collection performance. This results in an estimate of the true potential of the tax base on which precepting authorities, including Tendring, can make their calculations in respect of Council Tax levies for 2025/26.

A 2.8% reduction in the tax base is being proposed to allow for these factors. This percentage is unchanged from the previous year. The calculation set out in the attached appendix shows that the tax base for tax setting purposes is 53,496.8 for 2025/26.

The Council has determined the Local Council Tax Support scheme and the discounts and premiums to apply for 2025/26 and in accordance with delegated powers the Finance and Governance Portfolio Holder has authority to approve the Council's Tax base using those discounts and premiums.

PREVIOUS RELEVANT DECISIONS

None.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None.

APPENDICES

1 Council Tax Base for each parish and unparished area 2025/26.

2 Calculation of Council Tax Base 2025/26.

REPORT CONTACT OFFICER(S)

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COUNCIL TAX BASE FOR EACH PARISH AND UNPARISHED AREA 2025/26

Parish	Unscaled Tax Base	Tax Base for Tax Setting
Alresford	1,065.2	1,035.4
Ardleigh	1,244.6	1,209.8
Beaumont-cum-Moze	134.6	130.8
Great Bentley	1,162.7	1,130.1
Little Bentley	124.9	121.4
Bradfield	511.1	496.8
Brightlingsea	3,186.3	3,097.1
Great Bromley	454.0	441.3
Little Bromley	106.8	103.8
Little Clacton	1,127.3	1,095.7
Elmstead	1,000.2	972.2
Frating	286.9	278.9
Frinton and Walton	9,146.2	8,890.1
Harwich	5,914.7	5,749.1
Lawford	1,876.4	1,823.9
Manningtree	359.2	349.1
Mistley	1,367.5	1,329.2
Great Oakley	406.8	395.4
Little Oakley	402.7	391.4
Ramsey and Parkeston	810.1	787.4
St Osyth	2,107.1	2,048.1
Tendring	320.0	311.0
Thorpe-le-Soken	996.4	968.5
Thorrington	573.9	557.8
Weeley	925.0	899.1
Wix	354.7	344.8
Wrabness	238.1	231.4
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	36,203.4	35,189.6
Clacton (unparished area)	18,834.5	18,307.2
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	55,037.9	53,496.8

CALCULATION OF COUNCIL TAX BASE 2025/26

1. The Council Tax base which the Council adopts will be the basis upon which this Council, Essex County Council, Essex Fire & Rescue and Police & Crime Commissioner for Essex will assess the rate of tax needed (in each case) to finance its estimated net revenue expenditure. The tax bases for County, Fire and Police will be the sum of those of all appropriate District Councils.
2. Each domestic property in the district has been valued by the Valuation Office and allocated to one of eight valuation bands. The Council Tax levied against each band is weighted according to a proportionate variation from Band D as set out below. The process outlined in the report, and described in more detail in this Appendix enables the Council to set a tax base in terms of a Band D dwelling, and subsequently to levy the Council Tax on each dwelling. Properties entitled to disabled relief are charged at one band lower than would normally apply based on value.

Property Valuation / Band	Band	Fraction
Band A Entitled to Disabled Relief	@	5/9
Up to £40,000	A	6/9
Over £40,000 to £52,000	B	7/9
Over £52,000 to £68,000	C	8/9
Over £68,000 to £88,000	D	9/9
Over £88,000 to £120,000	E	11/9
Over £120,000 to £160,000	F	13/9
Over £160,000 to £320,000	G	15/9
Over £320,000	H	18/9

3. The tax base for tax setting purposes is assessed from an unscaled tax base which excludes any allowance for collection performance or changes during the year in numbers, banding and occupation of dwellings. In response to requirements of the Local Government Finance Acts 1988 (section 139A) and 1992 (section 68), the unscaled tax base has been supplied to central government, calculated directly from the list of bandings which the Valuation Office supplied on 15 September 2024. In order to arrive at the Band D equivalent value of each dwelling this is combined with categories of occupation from the Council Tax register (in order to apply appropriate discounts and exemptions). Information extracted from the Council Tax register must reflect the position as it was known on 7 October 2024.

4. Households in which there is only one adult who is neither a student nor exempt for any other reason attract a discount of 25%. Dwellings occupied only by exempt persons and certain unoccupied dwellings attract two discounts (a total of 50%). Dwellings of which all occupiers are students, and some other unoccupied dwellings do not attract Council Tax. The Council determined that no discount be given on second homes or empty properties and that premiums would be applied to long term empty or second home properties. The tax base has been calculated on this basis.
5. The localisation of council tax support has resulted in Council Tax Benefit being treated as a discount within the council tax system and therefore this reduces the tax base. This reduction has been calculated in accordance with the Local Council Tax Support scheme determined by Council.

Table A below shows the numbers of dwellings in each band and category of occupation from which the unscaled tax base was calculated.

TABLE A - Number of Dwellings										
Band	Paying 100%	Paying 75%	Paying 50%	2nd Homes / Empty 100%	Empty Home Premiums	Second Home Premiums	Exempt 0%	Total Exc. LCTS	LCTS Scheme	Total
@	10	5	0	0	0	0	0	15	(3)	12
A	4,457	7,538	26	1,009	162	147	655	13,994	(2,958)	11,036
B	9,503	7,344	41	739	121	129	308	18,184	(2,237)	15,947
C	13,217	7,511	57	766	85	176	371	22,183	(1,802)	20,381
D	8,388	3,210	42	385	43	96	187	12,351	(456)	11,895
E	4,436	1,229	35	175	17	34	87	6,013	(110)	5,903
F	1,631	360	29	82	13	21	29	2,165	(34)	2,131
G	751	122	32	46	4	15	17	987	(9)	978
H	43	3	6	8	4	2	0	66	0	66
Total	42,436	27,322	268	3,210	449	620	1,653	75,958	(7,609)	68,349

The total number of dwellings in the valuation list is 75,958 (The corresponding total for October 2024 was 74,504). The effect of the LCTS scheme has been shown separately.

The number of equivalent full charge properties in each band is calculated by taking the appropriate proportion of the number of properties in each discount range as set out in **Table B** below. For example, 7,510 Band A properties with a 25% discount are equivalent to 5,632.5 (7,510 x 75%) properties at the full charge. Exempt properties are excluded since there is no liability for Council Tax.

TABLE B - Equivalent Number of Properties

Band	Paying 100%	Paying 75%	Paying 50%	2nd Homes / Empty 100%	Empty Home Premiums	Second Home Premiums	Exempt 0%	Total Exc. LCTS	LCTS Scheme	Total
@	10.0	3.8	0.0	0.0	0.0	0.0	0.0	13.8	(3.0)	10.8
A	4,457.1	5,653.5	13.0	1,009.0	352.0	147.0	0.0	11,631.6	(2,958.0)	8,673.6
B	9,502.5	5,508.0	20.5	739.0	264.0	129.0	0.0	16,163.0	(2,237.0)	13,926.0
C	13,217.0	5,633.2	28.5	766.0	179.0	176.0	0.0	19,999.7	(1,802.0)	18,197.7
D	8,388.0	2,407.5	21.0	385.0	94.0	96.0	0.0	11,391.5	(456.0)	10,935.5
E	4,436.0	921.8	17.5	175.0	38.0	34.0	0.0	5,622.3	(110.0)	5,512.3
F	1,631.0	270.0	14.5	82.0	26.0	21.0	0.0	2,044.5	(34.0)	2,010.5
G	751.0	91.4	16.0	46.0	8.0	15.0	0.0	927.4	(9.0)	918.4
H	43.0	2.3	3.0	8.0	9.0	2.0	0.0	67.3	0.0	67.3
Total	42,435.6	20,491.5	134.0	3,210.0	970.0	620.0	0.0	67,861.1	(7,609.0)	60,252.1

The figures in **Table B** above are converted to equivalent Band D dwellings by multiplying the total equivalent number of properties in each band by the appropriate fraction set out in paragraph 2. For example, a total of 15,901.3 Band B properties at full charge are equivalent to 12,367.7 Band D properties (15,901.3 x 7/9). The number of equivalent Band D properties is shown in **Table C** below (showing the effect of the LCTS scheme separately).

Band	Propn.	Total Exc. LCTS	LCTS Scheme	Total
@	5/9	7.7	(1.7)	6.0
A	6/9	7,754.4	(1,971.7)	5,782.7
B	7/9	12,571.2	(1,739.9)	10,831.3
C	8/9	17,777.5	(1,601.8)	16,175.7
D	9/9	11,391.5	(456.0)	10,935.5
E	11/9	6,871.7	(134.4)	6,737.3
F	13/9	2,953.2	(49.1)	2,904.1
G	15/9	1,545.7	(15.0)	1,530.7
H	18/9	134.6	0.0	134.6
Total		61,007.5	(5,969.6)	55,037.9

6. In order to arrive at the tax base for tax setting purposes, the Council must make an appropriate provision for doubtful debt, for possible reduction in the tax base following successful appeals against banding and for changes in occupation between the valuation list dated 15 September 2024 (for number of dwellings) or 1 October 2024 (for details of occupation) and 31 March 2024. These changes could consist of:
- a) New dwellings;
 - b) Movement or change in status of individual members of households and / or status of the property, which might result in changes in entitlement to discounts / premiums.

7. In **Table D** below is the unscaled tax base calculated from **Table C**, followed by recommended allowances for doubtful debt and changes in the valuation list (banding) or category of occupation. Based on current experience of collection performance the provision for 2025/26 has been set at 2.8%. This percentage is unchanged from the previous year.

TABLE D - Council Tax Base for Tax Setting Purposes - Band 'D' Equivalent Properties		
2024/25		2025/26
53,360.1	Unscaled Tax Base	55,037.9
(1,494.1)	Provision for changes in Valuation List, Discounts and Non-Collection	(1,541.1)
<u>51,866.0</u>	Council Tax Base for Tax Setting Purposes	<u>53,496.8</u>