

COUNCIL TAX BASE AND BUSINESS RATES FORECAST 2024/25

Reporting Officer: Corporate Director of Finance

SUMMARY

This report sets out the proposed Council Taxbase and Business Rates Forecast for 2024/25 in accordance with the legislation for approval by the Council. The Council is required to calculate both its Council Taxbase as at 30 November 2023 by 31 January 2024 and the Business Rates forecast for the forthcoming year by 31 January 2024.

RECOMMENDATIONS: That:

- a) The report of the Corporate Director of Finance for the calculation of the Council Taxbase and the Business Rates Forecast be approved.
- b) In accordance with the Local Authorities (Calculation of Council Taxbase) (England) Regulations 2012 the amount calculated by the London Borough of Hillingdon as its Council Taxbase for 2024/25 shall be 104,668.
- c) Authority be delegated to the Corporate Director of Finance to submit the 2024/25 NNDR1 return to the Department of Levelling Up, Housing & Communities (DLUHC) and the Greater London Authority (GLA).
- d) The continuation of the Council's policy of passporting Government discounts and reliefs applied to Business Rates to the ratepayer be approved.

COUNCIL TAXBASE

The calculation of the Council Taxbase is prescribed under the Local Authorities (Calculation of Council Taxbase) (England) Regulations 2012 and represents the equivalent number of Band D Properties within the Borough. The calculation of the Council Taxbase is based upon the following formula:

$$((H-Q+E+J)-Z) \times (F \text{ divided by } G)$$

Where:

H is the number of chargeable dwellings for the band on the relevant day less the number of exempt dwellings on that day;

Q is a factor to take account of the discounts to which the amount of council tax payable was subject on the relevant day;

E is a factor to take account of premiums, if any, to which the council tax payable, was subject on the relevant day;

J is the amount of any adjustment in respect of changes in the number of chargeable dwelling or premiums calculated by the authority;

Z is the total amount that the authority estimates will be applied as a result of the introduction of the Council Tax Reduction Scheme expressed as an equivalent number of chargeable dwellings in that band;

F is the number appropriate to that band which is used in determining the Band D equivalent (i.e., Band A = 6, Band B = 7, Band C = 8, Band D = 9, Band E = 11, Band F = 13, Band G = 15 and Band H = 18;

G is the number applicable to Band D i.e., 9.

Table 1 sets out a summary of the Council Taxbase for 2024/25 including the estimated collection rate and allowance made for contributions in lieu of Council Tax in respect of Forces Barracks and Married Quarters. The detailed calculation is set out in Appendix 1 to this report.

Table 1: Total Number of Band D equivalent properties

Band	Number of properties
A	897
B	3,331
C	18,854
D	40,179
E	20,215
F	13,034
G	7,637
H	888
Total Equivalent	105,035
Equivalent number adjusted for the estimated collection rate (99%)	(1,050)
Plus, the contribution in Lieu of Council Tax in respect of Forces Barracks and Married Quarters	683
Council Taxbase for 2024/25	104,668

Changes in the Council Taxbase since 2023/24

In calculating the Council Taxbase for 2024/25, the authority has to estimate the various changes that will occur during the financial year, which are expected to result in a net increase of 1,043 Band D equivalent properties from the 2023/24 Taxbase. The Council is forecasting a 276 Band D equivalent decrease in the taxbase due to slower growth in 2023/24 meaning the Council needs to realign the 2024/25 taxbase due to the in-year pressure, with this decrease being offset by two key factors, turning this position around into an overall net increase:

- Firstly, a 798 increase is projected in respect of the Council Tax Reduction Scheme as demand is forecast to continue to reduce to pre-pandemic levels.
- Secondly, the collection rate allowance has been adjusted upwards by 0.5% to 99% due to experience in 2023/24 and inflation rates decreasing from 6.7% in September to 4.6% in October, with the impact on collection rates increasing the taxbase by the equivalent of 521 properties to net down the Council Taxbase by a total of 1,057 to 104,668.

Demand for the Council Tax Reduction Scheme (CTRS) has continued to track above pre-pandemic levels in 2023/24, which has been declining steadily at a rate of 3% despite the cost-of-living crisis. While current data indicates that this decline will continue, with the current economic climate and businesses struggling with the relatively high inflationary environment, the Council will continue to closely monitor demand for this service going forward. For planning purposes, it has been assumed that the current elevated demand for CTRS will continue to reduce for the remainder of the year, as has been the case throughout 2023/24.

Impact on 2024/25 General Fund Budget

The actual impact of the new Council Taxbase on Hillingdon's General Fund budget for 2024/25 is an increase of 1,043 Band D equivalents properties, increasing Council Tax revenue by £1,383k. This position will be compounded by the proposed increases in Council Tax and the Adult Social Care Precept. This position reflects the outlook presented within the draft budget considered by Cabinet on 14 December 2023.

Section 106 of the Local Government Finance Act 1992

It is noted that this report falls within the provisions of the Local Government Finance Act 1992. Any member who is two or more months in arrears with his/her Council Tax must declare the fact and not vote on the recommendations in this report.

BUSINESS RATES INCOME FORECAST

The Local Government Finance Act 2012 introduced a mechanism whereby local authorities retain a proportion of business rates as a revenue funding stream and as a result, the business rates income forecast for 2024/25 has a direct impact upon the Council's finances and is therefore submitted to Council for approval alongside the Council Taxbase.

For 2024/25 The standard Business Rates multiplier is being frozen with the higher multiplier set to increase by September's CPI rate of 6.7%, the freeze on the lower multiplier will be fully funded by the Government via an under-indexation grant paid to local authorities.

The Business Rates Income forecast for 2024/25 has been derived from the local rating list. Following allowance for the current levels of both mandatory and discretionary reliefs, the Council anticipates a gross yield of £382,844k made up of a combination of rate payers' liabilities and Section 31 Grant income paid by Government to fund national reliefs.

The Local Government Act 2012 permitted the retention of 30% of revenues generated by London Boroughs, with the remainder being split between Central Government (33%) and the Greater London Authority (37%). This retained sum is reduced through tariff and levy mechanisms, with Hillingdon's share of projected 2024/25 income amounting to £68,276k, which is made up of the baseline rates income of £52,270k plus retained growth of £16,006k.

The Council is required to submit a certified NNDR1 return, containing a more detailed analysis of this business rates forecast, to both DLUHC and GLA by 31 January 2024. A recommendation to delegate authority to the Corporate Director of Finance to submit this return is included in this report, with the return to be based on the latest available intelligence.

Impact on 2024/25 General Fund Budget

The £68,276k income retained by the Council will be reflected in the budget presented to Cabinet for approval in February 2024, an increase of £7,606k from 2023/24 due to the Council releasing much of the benefit of the 2023/24 revaluation that was previously held back to fund appeals against the new list, with this position now more firmed up, but remaining any area that will be reviewed throughout 2024/25. This

position reflects the outlook presented within the draft budget considered by Cabinet on 14 December 2023.

Proposed Retail Rate Relief

In his Autumn Statement 2023 the Chancellor announced that retail relief of 75% would be awarded to businesses within the retail, hospitality and leisure sectors on rates bills up to £110k against their 2024/25 liability per business will continue for a further year in 2024/25. An estimate for the local cost of this scheme along with all other Government reliefs will be included in the NNDR1 returned to DLUHC on this basis. In line with other Government-directed discounts, the Council will be reimbursed for lost income through a Section 31 Grant.

FINANCIAL IMPLICATIONS

The forecasts outlined in this report for both Council Tax and NNDR revenues in 2024/25 were included within the draft budget published for public consultation in December 2023, with the recommendation in this report to delegate authority to the Corporate Director of Finance to submit an NNDR1 being on the basis of the position presented in this report, which mirrors the position presented to December Cabinet. Income collected during 2024/25 will be closely monitored and any variation from the projections outlined above captured through future refreshes of the Medium Term Financial Forecast process.

LEGAL IMPLICATIONS

The legal implications are contained in the body of the report.

BACKGROUND PAPERS: The Council's Budget: MTFF 2024/25 - 2028/29 - 14 December 2023.

Calculation of the Council Taxbase 2024/25

Appendix 1

CALCULATION OF 'H' (The number of chargeable dwellings on valuation list)	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
Number of properties in the valuation list as at 13.12.23	1,817	6,501	27,938	47,286	18,752	10,033	5,291	485	118,103
Exempt Properties	(96)	(291)	(672)	(1,014)	(499)	(332)	(480)	(9)	(3,393)
Properties re Disabled Persons relief - Drop a Band		(8)	(56)	(206)	(130)	(90)	(44)	(20)	(554)
Properties re Disabled Persons relief - Drop a Band	8	56	206	130	90	44	20		554
Value of 'H'	1,729	6,258	27,416	46,196	18,213	9,655	4,787	456	114,710
CALCULATION OF 'Q' (the value of discounts allowed)									
Equivalent number of properties entitled to single occupancy discount/ Disregard (i.e. actual number x 25%)	(200)	(875)	(2,834)	(2,441)	(939)	(472)	(176)	(8)	(7,943)
Equivalent number of properties entitled to 50% discount as all residents disregarded (i.e. actual number x 50%)	(1)	(11)	(15)	(12)	(8)	(8)	(11)	(3)	(68)
Empty Property Discount	0	0	0	0	0	0	0	0	0
Value of 'Q'	(201)	(885)	(2,849)	(2,453)	(947)	(480)	(187)	(11)	(8,011)
CALCULATION of 'E' (Any premiums payable on empty properties)									
Calculation of Premiums applicable	8	12	48	38	9	10	12	5	142
Value of 'E'	4	14	58	99	39	21	11	1	246
CALCULATION OF 'J' (Expected adjustments to number of properties on valuation list)									
New properties added to valuation list since 13.12.22	0	0	0	0	0	0	0	0	0
Properties completed but not yet shown on valuation list	130	42	148	42	12	6	9	2	391
Properties known to be on valuation list but to be taken out of list as demolished	(5)	(1)	(5)	(23)	(7)	(3)	(1)	0	(45)
Assumed increase in no of properties over year									0
Estimated in year changes to discounts	1	3	9	8	3	2	1	0	25
Estimate change in Empty Property Premium	0	0	0	0	0	0	0	0	0
Estimated in year changes to exemptions	1	2	5	6	3	2	3	0	22
Value of J	126	46	156	33	11	7	12	2	393
Value of (H+Q+E+J)	1,658	5,432	24,782	43,875	17,316	9,202	4,623	449	107,338
CALCULATION of 'Z' (Band adjustment due to Council Tax Reduction (CTR) Scheme)									
Equivalent Band reduction based upon estimated monetary values of Council Tax Support Grant	(361)	(1,325)	(4,118)	(4,523)	(896)	(206)	(47)	(5)	(11,481)
Estimated in year changes	48	176	547	827	119	27	6	1	1,750

Value of 'Z'	(313)	(1,149)	(3,571)	(3,696)	(777)	(179)	(41)	(4)	(9,731)	
Value of H+Q+E+J-Z	1,345	4,283	21,211	40,179	16,539	9,024	4,582	444	97,607	
Convert to band D equivalent properties (F/G) where G = 9 and F = number shown in column.	6	7	8	9	11	13	15	18		
Band D Equivalent properties by Band Value of ((H+Q+E+J)-Z)*(F/G)	897	3,331	18,854	40,179	20,215	13,034	7,637	888	105,035	
Collection rate allowance 2022/23	99.0%							1.0%		(1,050)
Estimated Collectable Band D Properties										103,985
Ministry of Defence properties										683
COUNCIL TAX BASE 2022/23									104,668	