

## **MAIDSTONE BOROUGH COUNCIL**

### **RECORD OF DECISION OF THE CABINET**

Decision Made: 24 January 2024

#### **Council Tax Base 2024/25 and Collection Fund Adjustment.**

##### **Issue for Decision**

To seek approval of the Council Tax Base for the year 2024-25 for the Council and Parish areas, and the 2023-24 council tax projection and proposed distribution.

##### **Decision Made**

That:

1. Pursuant to this report and in accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as its Council Tax Base for the year 2024-25 will be 68,263.55;
2. In accordance with the Local Authority (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by this Authority as the Council Tax Base for each parish area for the year 2024-25 will be as identified in Appendix 2 to this report; and
3. The 2023-24 Council Tax projection and proposed distribution detailed in Appendix 3 of this report be agreed.

##### **Reasons for Decision**

Setting the tax base is an integral part of the Council tax collection process which is a basic financial function of this Authority. It is essential for the efficient funding of all Local Authorities in the area. The income received from Council Tax, within the overall context of the budget process, provides resources for the achievement of all the Council's priorities.

Regulations prescribe that a decision on the tax base for the forthcoming financial year must be made between 1st November and 31 January.

The basis of the calculation of the tax base is the valuation information received from the Valuation Office on 11 September 2023 and the latest information on exemptions and discounts available as at 2 October 2023.

This information has been collated for the whole of the Borough area and for individual Parish areas. Information for the whole area has been supplied to the Government for their use in the monitoring of:

- The Local Council Tax Support Scheme;

- This Council's needs baseline for business rates; and
- Property changes that will be used to calculate the Council's New Homes Bonus award next year.

The tax base figure supplied to central government is given at Appendix 1 to the report. This shows a net tax base of 68,440.20 as at 2 October 2023. Starting from this figure an estimate of the tax base for 2024-25 can be made by considering movements that may occur in the factors that influence the tax base over the forthcoming year.

It is necessary that a realistic assessment is made of the potential changes to the tax base for 2024-25 as an under or over recovery of Council tax income will affect the Council's cash flow. If the tax base is overestimated, there will inevitably be a deficit on the collection fund which will need to be recovered through the Council tax in the following financial year. In addition, during the course of the year, the borrowing necessary to cover the under recovery of the tax would need to be paid for by this Council. If the tax base is underestimated there will be a surplus on the collection fund because the Council will have asked tax payers to contribute more than necessary in this financial year. The surplus would then be used to reduce the need for resources in the following year.

It is also necessary at this time to provide the parish councils, which set a precept, with the element of the tax base of the borough that equates to their area. Attached at Appendix 2 to the report is the detail of the calculation of the tax base for each parish. They reflect changes to the parish boundaries following the Community Governance Review (CGR).

### **Collection Fund Adjustment**

As a billing authority, this Council has a statutory obligation to maintain a Collection Fund for transactions relating to the collection of Council Tax and Business Rates from taxpayers and distribution to preceptors.

For proper maintenance of the Collection Fund, it is necessary to assess, on an annual basis, the projected balance as at 31 March of each year. Any balance, either positive or negative, must be taken into account in the following financial year. Under the statutory arrangements for the Collection Fund, the balance remaining does not become a credit or charge on this Council but is required to be distributed proportionately across the preceptors.

The regulations provide that, in estimating a surplus or deficit on the Collection Fund at the end of the year, account is taken of any difference between the amount estimated for the previous year and the amount shown as the surplus/deficit for that year in the accounts. Surpluses and deficits will be calculated separately for council tax and business rates.

These balances (surplus or deficit) will be distributed between the billing authority, i.e. Maidstone Borough Council, and major preceptors during 2024-25. The amounts are apportioned on the basis of the billing authority's demand, and each major precepting authority's precept, based on their respective band D Council tax bases to which the estimate relates i.e. the amounts to be distributed

during 2024-25 will be apportioned using the 2023-24 demand and precept amounts.

The Collection Fund Adjustment arising from business rates will be estimated at a later stage due to the statutory timetable for calculating the predicted closing balance. This will be reported to the Committee and Cabinet in February as part of the Medium Term Financial Strategy proposals.

No consultation is necessary on this specific issue but consultation has occurred with the public and with service committees on the wider issues relating to the budget and Council tax for 2024-25. The outputs of this exercise were included within a separate agenda item at Cabinet.

The matter was considered by the Corporate Services Policy Advisory Committee on the 17 January 2024, with support expressed for the report recommendations.

### **Alternatives considered and why rejected**

#### **Tax Base - Option 2**

It would be possible to vary some of the factors set out above. The exception is the figure from Appendix 1 to the report as this is reconciled to the District Valuers' records and has been reported to central government. The other figures given above are based on current known data, though they could rise or fall during the year.

The risks of making an inaccurate calculation are set out in paragraph 2.6 of the report above and as the data used in calculating Option 1 is accurate and evidenced any variation the committee may wish to make should be similarly evidence based.

#### **Tax Base - Option 3**

The do nothing option is not available to the Council as it has a statutory obligation to set a tax base each year.

#### **Collection Fund Adjustment - Option 2**

To vary the figures used in the estimate provided within the appendices. However, these are based on data from the revenues system, projections developed from past experience and known factors. They are considered to represent a reasonable basis for estimating the position on the collection fund at 31 March 2024.

If varying the data and distributing a different surplus or deficit was chosen, this could affect the balance on the collection fund and the Council's cash flows.

The apportionment methodology is defined in statute and therefore may not be altered.

#### **Collection Fund Adjustment - Option 3**

It is a statutory requirement that any adjustment be calculated annually and the

committee cannot choose to take no action in relation to this decision.

**Background Papers**

None

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.



Signed: \_\_\_\_\_  
Leader of the Council – Councillor David Burton

Full details of both the report for the decision taken above and any consideration by the relevant Policy Advisory Committee can be found at the following area of the [website](#)

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm on 2 February 2024**