

REPORT TO:	Corporate Director of Resources – Jane West
SUBJECT:	Calculation of the Council Tax Base 2023/24, and Determination of the 2022/23 Collection Fund Deficit for Council Tax
LEAD OFFICER:	Andrew Lord – Interim Finance Consultant

1. Recommendations

- 1.1 Note that the Local Council Tax Reduction (Support) Scheme (CTS) is revised following review and due regard to the statutory consultation feedback from 1st April 2023.
- 1.2 The Executive Mayor in Cabinet will recommend to full Council to agree to remove the minimum income floor for disabled working claimants, change the amount the income bands are to be increased to match the increase in Council Tax and to introduce non-dependant deductions for disabled not working claimants, excluding cases where the non-dependant is in receipt of carers allowance for the claimant.

Delegated Approval

- 1.3 By the delegation granted to the appointed S151 Officer by the Corporate Services Committee on 7th January 2004, I determine that the 2023/24 Council Tax Base for the London Borough of Croydon be **137,230.9 Band D equivalent properties**.
- 1.4 That the forecast Council Tax Collection Fund deficit for the financial year 2022/23 is estimated to be **£2,427,987 – of which the Council's share would be £1,985,867, and the GLA's share would be £442,120**.

Jane West
Corporate Director of Resources (section 151 officer)

Dated: January 31 2023

2. Purpose of Report and Executive Summary

- 2.1 Section 33 of the Local Government Finance Act (2012) and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 require the Council as the Billing Authority to calculate a Council Tax Base for

its area after 30th November and before 31st January in the previous financial year and duly notify precepting authorities (the GLA) within the same timescales.

- 2.2 In calculating the tax base regard is given to the number of hereditaments (properties) existing on the taxbase at the time of determination; anticipated future changes over the course of the remaining current financial year and throughout the future financial year; impact of discounts and exemptions (either nationally determined or locally set); premia (as relating to long-term empty hereditaments); anticipated collection rates; and prescribed proportions of property for each Council Tax Band in relation to a standard Band D charge.
- 2.3 The annual determination of the taxbase is by necessity an “*estimate*” for the forthcoming financial year and will differ from that experienced over the next year. Regulations require that as well as calculating the future year taxbase, a forecast surplus or deficit against the in-year Collection Fund position is calculated and reported to precepting bodies.
- 2.4 The calculations set out in the body of this report estimate a council tax base of **137,230.9 Band D equivalent** properties for 2023/24. This is an increase of 860 Band D equivalents over that approved for 2022/23 and, at the £1,570.07 Band D charge approved by Croydon Council, for 2022/23, represents a positive **movement against base budget of £1.350m** (this being prior to a Council decision on setting the 2023/24 Band D charge).
- 2.5 The detailed tax base calculation is shown by component and individual banding in Appendix 1. The calculation is based on data provided by Croydon to the Department for Housing Levelling-Up and Communities in the October 2022 CTB1 return with an allowance made for an increase of 2,108 in the number of new dwellings. The underlying increase in the 2023/24 tax base is 1.13% which is in line with the historic 5-year average increase.
- 2.6 The latest data is used to model the estimated discounts provided through the CTS with allowance made for a trend increase of 10 Band D equivalents per month. When the Council set the 2022/23 budget an incremental saving of £1.2m was modelled for 2023/24 regarding previously approved changes to the CTS. The updated CTS is now in operation and reflected within the CTS discount figures set out in Appendix 1. The CTS discounts now modelled for 2023/24 are 16,393 compared to 16,955 in 2022/23 – a benefit of 562 properties equivalent to saving of approximately £0.9m.
- 2.7 The forecast collection rate for 2023/24 is modelled at 97.5% compared to 98.5% for 2022/23. The increase in the cost-of-living is impacting on the current in-year collection rate and this trend is likely to continue in 2023/24. The 1% reduction in the collection rate is equivalent to a reduction of 1,387 Band D equivalents.

2.8 A summary of the movement in the forecast 2023/24 taxbase is set out below:

	Band D Equivalents
2022/23 Council Tax Base	136,370.8
Allowance for new dwellings	2,108
Reduction in forecast collection rate from 98.5% to 97.5%	-1,387
Other movements including discounts and exemptions	139.1
2023/24 Council Tax Base	137,230.9

Prior Year Collection Fund Deficit

2.9 Due to the Covid-19 pandemic national council tax collection rates were less than expected in 2020/21. In a measure designed to help local authorities the government announced that local authorities could spread their estimated 2020/21 collection fund deficit over 3 years rather than, as normal, just the following year. 2023/24 will be the last year that this historic deficit will need to be written out and the Croydon share is £2.504m with the GLA share £0.572m.

2.10 At the end of 2021/22 the actual deficit on the collection fund was £1.239m compared to a forecast deficit of £1.887m. This net improvement of £0.648m will partially offset the deficit relating to the final year of the Covid deficit. For 2022/23 in-year collection is on target and no additional surplus or deficit is estimated.

2.11 The net position regarding the prior year collection fund deficit is set out below:

	Croydon	GLA	Total
Third Year of the spreading adjustment re the forecast Covid deficit	£2,503,201	£572,466	£3,075,667
Surplus regarding the 2021/22 collection fund outturn (deficit less than previously forecast)	(£517,334)	(£130,346)	(£647,680)
In-Year forecast 2022/23 collection fund deficit	£0	£0	£0

Total Prior Year Collection Fund Deficit chargeable to 2023/24	£1,985,867	£442,120	£2,427,987
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Appendix 1 – Council Tax Base for 2023/24

2023/24 Council Tax Base	Disabled (no.)	Band A (no.)	Band B (no.)	Band C (no.)	Band D (no.)	Band E (no.)	Band F (no.)	Band G (no.)	Band H (no.)	Total (no.)
Dwellings as per CTB1	-	4,150	23,611	51,438	41,268	23,689	11,768	7,494	654	164,072
Allowance for new dwellings		53	303	661	530	304	151	96	8	2,108
Less Exemptions	-	(64)	(376)	(697)	(463)	(312)	(100)	(56)	(7)	(2,075)
Chargeable Dwellings	-	4,140	23,538	51,402	41,335	23,681	11,819	7,535	655	164,105
Disabled Adjustments (Net)	1	16	124	87	13	(88)	(31)	(94)	(27)	0
Single-Person Discounts (25%)	-	(563)	(3,250)	(4,903)	(2,644)	(1,214)	(502)	(257)	(14)	(13,347)
Other Discounts (50%)	-	(1)	(4)	(13)	(13)	(9)	(14)	(21)	(11)	(84)
Family Annexe Discount	-	(4)	(0)	-	-	-	-	-	-	(4)
Empty Dwellings Premium	-	33	110	146	125	33	19	21	4	493
Local C/Tax Reduction Scheme	-	(882)	(4,526)	(6,021)	(3,527)	(1,074)	(261)	(99)	(3)	(16,393)
Net Chargeable Dwellings	1	2,739	15,993	40,698	35,289	21,330	11,029	7,086	604	134,769
Prescribed Band D Proportion	5/9ths	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths	9.40/9ths
Total Relevant Amount	1	1,826	12,439	36,176	35,289	26,070	15,931	11,810	1,208	140,750
Assumed Collection Rate	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%
Council Tax Base 2023/24	0.5	1,780.7	12,127.7	35,271.6	34,407.2	25,418.1	15,532.8	11,514.3	1,178.0	137,230.9