

# Officer Decision Making

Tuesday, 30th January, 2024  
at 12 noon

This meeting is not open to the public

**Decision Maker**

EXECUTIVE DIRECTOR CORPORATE  
SERVICES & S151 OFFICER

**Contacts**

Snr Democratic Support Officer

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## AGENDA

Agendas and papers are available via the Council's website

### 1 **COUNCIL TAX BASE: 2024/25** (Pages 1 - 22)

Report of the Medium Term Financial Strategy and Revenue Manager detailing the amount calculated by Southampton City Council as its Council Tax base for the year commencing 1 April 2024.

Monday, 22 January 2024

Director of Legal and Governance

# Agenda Item 1

<b>DECISION-MAKER:</b>	<b>EXECUTIVE DIRECTOR CORPORATE SERVICES &amp; S151 OFFICER</b>		
<b>SUBJECT:</b>	<b>COUNCIL TAX BASE 2024/25</b>		
<b>DATE OF DECISION:</b>	<b>30 JANUARY 2024</b>		
<b>REPORT OF:</b>	<b>MTFS &amp; Revenue Manager</b>		
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title:</b>	<b>Executive Director Corporate Services &amp; S151 Officer</b>	
	<b>Name:</b>	<b>Mel Creighton</b>	<b>Tel: 023 80833528</b>
	<b>E-mail:</b>	<b>Mel.Creighton@southampton.gov.uk</b>	
<b>Author:</b>	<b>Title:</b>	<b>MTFS &amp; Revenue Manager</b>	
	<b>Name:</b>	<b>Stephanie Skivington</b>	<b>Tel: 023 80832692</b>
	<b>E-mail:</b>	<a href="mailto:Stephanie.Skivington@southampton.gov.uk">Stephanie.Skivington@southampton.gov.uk</a>	

<b>STATEMENT OF CONFIDENTIALITY</b>
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Not Applicable
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<b>BRIEF SUMMARY</b>
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The report discusses two areas, the setting of the council tax base for 2024/25 and an estimate of the Collection Fund Council Tax position at the end of the financial year.

1. THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2024/25

Council tax legislation sets out a procedure to be followed to set the council tax each year. The stages are

- i. Calculate the tax base;
- ii. Calculate the amount to be raised from the council tax; and
- iii. Divide the amount to be raised by the tax base to calculate the council tax rate for the year.

It is a legal requirement that the tax base is calculated and approved by 31 January each year.

2. COLLECTION FUND SURPLUS/DEFICIT 2023/24

Each billing authority is required to estimate the level of surplus or deficit on the Collection Fund at the end of the financial year in order that this amount can be included in the calculation of the council tax for the coming financial year.

The estimate for council tax must be made and notified to all precepting authorities by 15 January each year (or the first working day thereafter if it falls on a weekend). This has been completed and is included in this report for information.

**RECOMMENDATIONS:**

	(i)	It is recommended that the Executive Director Corporate Services & S151 Officer: Approves the amount calculated by Southampton City Council as its Council Tax Base for the year commencing 1 April 2024 as 66,989 equivalent Band D dwellings.
	(ii)	Notes the estimated Collection Fund cumulative council tax deficit for 2023/24 is £1.18M, of which Southampton City Council's share is £0.99M.

**REASONS FOR REPORT RECOMMENDATIONS**

1.	The report and recommendations have been prepared as part of the statutory requirement to set the Council Tax Base for the year commencing 1 April 2024.
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**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2.	No alternative options are relevant to this report.
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**DETAIL (Including consultation carried out)**

	<u><b>THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2024/25</b></u>
3.	Council Tax legislation sets out a procedure to be followed to set the council tax each year. The stages are

	<ul style="list-style-type: none"> <li>i) Calculate the tax base;</li> <li>ii) Calculate the amount to be raised from the council tax; and</li> <li>iii) Divide the amount to be raised by the tax base to calculate the council tax rate for the year.</li> </ul>
4.	This report deals with the first of those stages. The Council has delegated authority to the Executive Director Corporate Services & S151 Officer, following consultation with the Cabinet Member for Finance & Change, to approve the Council Tax Base for the City Council (Officer Scheme of Delegation 11.6). It is a legal requirement that the tax base is calculated and approved by 31 January each year.
5.	The Council Tax Base has two components. The first is an estimate of the number of equivalent Band D dwellings within the city that will be subject to a Council Tax charge in 2024/25, adjusted to reflect the local Council Tax Reduction Scheme.
6.	The second component is an estimate of the proportion of those charges that the City Council expects to collect, both during the year and in future years.
7.	. This calculation needs to allow for both bad debts eventually written off and variations in the estimates for exemptions, discounts, new and demolished properties.
8.	The Council Tax collection rate for 2024/25 is 98.25%, which is the proportion of charges for that year expected to be collected during the year and in future years. This is a reduction of 0.25% compared with the previous year. The council achieved a lifetime collection rate of 98.5% based on past experience. However, some of this experience predates when council tax support was localised in 2013/14 which has impacted on collection rates and the estimated rate for 2024/25 has been reduced by 0.25% to reflect this.
9.	The calculations in Appendix 1 set out the total level of discounts and exemptions that are expected to be granted in the year and premiums that are expected to be applied in the year in order to come to a total equivalent number of dwellings. This includes the estimated impact of charging a premium on properties that are empty for more than 12 months that has been consulted upon as part of the budget process – responses to the consultation on additional premiums are summarised at appendix 3 (due to a typographical error, the additional premium on empty properties will be introduced in 2024/25, not 2025/26 as indicated in the consultation question). The Council then makes assumptions about the number of new and demolished properties during the year to give a revised total number of properties that equates to 93,637 for 2024/25.
10.	The Council Tax Base needs to be adjusted for the local Council Tax Reduction Scheme, which has been analysed across the property Bands accordingly to give a reduced Council Tax Base of 82,519.
11.	This figure is then converted into a Band D equivalent figure by applying the ratios shown in Appendix 1. This equates to 68,183. The Collection Rate percentage outlined in Paragraph 8 is then applied to this figure to give the final Council Tax Base of 66,989. This is a reduction of 68 (0.1%) compared with the 2023/24 Council Tax Base, as a result of revising the collection rate.
12.	The Tax Base, once determined, is notified to the Fire and Police authorities to inform their funding calculations for 2024/25.

<b><u>COUNCIL TAX COLLECTION FUND SURPLUS/DEFICIT 2023/24</u></b>													
13.	Each billing authority is required to estimate the level of surplus or deficit on the council tax element of the Collection Fund at the end of the financial year in order that these amounts can be included in the calculation of the council tax for the coming financial year.												
14.	These estimates must be made by the 15 January each year (or the first working day thereafter if it falls on a weekend) and then be notified to all precepting authorities.												
15.	Appendix 2 shows a revised estimate of the council tax element of the Collection Fund surplus/deficit and is summarised in Table 1 below.												
<b><u>Table 1 Estimated council tax surplus/deficit 2023/24</u></b>													
<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><b>£M</b></th> </tr> </thead> <tbody> <tr> <td>Net income and expenditure for 2023/24</td> <td style="text-align: right;">0.58</td> </tr> <tr> <td>Contribution towards previous year's estimated deficit</td> <td style="text-align: right;">(0.31)</td> </tr> <tr> <td><b>Estimated deficit for the year</b></td> <td style="text-align: right;"><b>0.28</b></td> </tr> <tr> <td>Deficit brought forward from 2022/23</td> <td style="text-align: right;">0.90</td> </tr> <tr> <td><b>Estimated deficit carried forward</b></td> <td style="text-align: right;"><b>1.18</b></td> </tr> </tbody> </table> <p style="text-align: center;">Numbers in the table are rounded</p>			<b>£M</b>	Net income and expenditure for 2023/24	0.58	Contribution towards previous year's estimated deficit	(0.31)	<b>Estimated deficit for the year</b>	<b>0.28</b>	Deficit brought forward from 2022/23	0.90	<b>Estimated deficit carried forward</b>	<b>1.18</b>
	<b>£M</b>												
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Deficit brought forward from 2022/23	0.90												
<b>Estimated deficit carried forward</b>	<b>1.18</b>												
16.	This deficit will be shared between the precepting authorities as shown in Table 2:												
<b><u>Table 2 Council tax estimated deficit shares 2023/24</u></b>													
<table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><b>£M</b></th> </tr> </thead> <tbody> <tr> <td>Southampton City Council</td> <td style="text-align: right;">0.99</td> </tr> <tr> <td>Hampshire and IOW Police &amp; Crime Commissioner</td> <td style="text-align: right;">0.14</td> </tr> <tr> <td>Hampshire and IOW Fire &amp; Rescue Authority</td> <td style="text-align: right;">0.05</td> </tr> <tr> <td><b>Total estimated deficit to be recouped in 2024/25</b></td> <td style="text-align: right;"><b>1.18</b></td> </tr> </tbody> </table>			<b>£M</b>	Southampton City Council	0.99	Hampshire and IOW Police & Crime Commissioner	0.14	Hampshire and IOW Fire & Rescue Authority	0.05	<b>Total estimated deficit to be recouped in 2024/25</b>	<b>1.18</b>		
	<b>£M</b>												
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Hampshire and IOW Fire & Rescue Authority	0.05												
<b>Total estimated deficit to be recouped in 2024/25</b>	<b>1.18</b>												
17.	The City Council's £0.99M share of the deficit will be taken into account in setting the council tax for 2024/25.												
<b>RESOURCE IMPLICATIONS</b>													
<b><u>Capital/Revenue</u></b>													
18.	The revenue implications are contained in the main report and there are no capital implications.												
<b><u>Property/Other</u></b>													
19.	None.												
<b>LEGAL IMPLICATIONS</b>													
<b><u>Statutory power to undertake proposals in the report:</u></b>													
20.	The Local Authorities (Funds) (England) Regulations 1992.												

	The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
<b>Other Legal Implications:</b>	
21.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
22.	<p>There is a risk that each of the components that comprise the tax base – number of dwellings, number of discounts, premiums and exemptions, additional net dwellings, reduction as a result of the Local Council Tax Support Scheme and collection rate may be different to what has been assumed. For example, a 5% increase in Council Tax Support claimants compared to what has been estimated would reduce the tax base by 399 Band D equivalents (after applying the estimated collection rate), (£0.69M based on the current £1,726.47 Band D charge) ; a 1% reduction in the collection rate would reduce the tax base by 679 band D equivalents (£1.17M based on the current Band D charge).</p> <p>Any difference between the actual and estimated tax base for 2024/25 will contribute to a surplus or deficit on the Collection Fund at the end of the year, which will need to be taken into account in setting the council tax for 2025/26. Any difference between the estimated deficit on the council tax element of the Collection Fund for 2023/24 and the outturn position would also need to be taken into account in setting the council tax for 2025/26. The risk in a deficit arising on the Collection Fund will be considered in assessing the level of risk based reserves held by the council at the time of setting the budget</p>
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
23.	The report has been prepared in accordance with the statutory requirements with respect to the setting of the Council Tax Base for 2024/25 and the estimation of the surplus/deficit on the council tax element of the Collection Fund for 2023/24.

<b>KEY DECISION?</b>	Yes
<b>WARDS/COMMUNITIES AFFECTED:</b>	All
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	Council Tax Base 2024/25
2.	Council Tax Estimated Surplus/Deficit 2023/24
3.	Budget Consultation Council Tax Proposals Feedback

**Documents In Members' Rooms**

1.	None
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**Equality Impact Assessment**

<b>Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.</b>	No
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<b>Privacy Impact Assessment</b>		
<b>Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.</b>		<b>No</b>
<b>Other Background Documents</b> <b>Other Background documents available for inspection at:</b>		
<b>Title of Background Paper(s)</b>	<b>Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</b>	
<b>1.</b>		



**Council Tax Base 2024/25**

	<b>A Reduced</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>Total</b>
Total number of Dwellings on the Valuation List	0	36,525	35,757	23,678	9,715	3,178	1,409	450	34	<b>110,746</b>
Total number of Exempt, Demolished and Disabled Relief Dwellings on the Valuation List	88	(3,236)	(1,620)	(1,583)	(564)	(223)	(56)	(29)	(27)	<b>(7,249)</b>
Number of Chargeable Dwellings	88	33,289	34,137	22,095	9,151	2,955	1,353	421	7	<b>103,497</b>
Less: Estimated discounts, premiums, exemptions and disabled relief	(8)	(4,797)	(2,818)	(1,512)	(533)	(168)	(65)	(17)	(2)	<b>(9,919)</b>
Total equivalent number of dwellings after discounts, premiums, exemptions and disabled relief	80	28,492	31,319	20,584	8,618	2,787	1,289	404	5	<b>93,577</b>
Estimate of Additional Net Dwellings in 2024/25		26	3	28	2					<b>59</b>
Total Number of Properties	80	28,518	31,322	20,612	8,620	2,787	1,289	404	5	<b>93,637</b>
Less: Reduction in tax base as a result of Local Council Tax Support Scheme (LCTSS)	(32)	(6,364)	(3,422)	(990)	(253)	(44)	(11)	(2)	0	<b>(11,118)</b>
<b>Total after LCTSS and other adjustments</b>	<b>48</b>	<b>22,154</b>	<b>27,901</b>	<b>19,622</b>	<b>8,367</b>	<b>2,743</b>	<b>1,278</b>	<b>401</b>	<b>5</b>	<b>82,519</b>
Factor stipulated in regulations	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
<b>Band D Equivalents</b>	<b>27</b>	<b>14,769</b>	<b>21,700</b>	<b>17,442</b>	<b>8,367</b>	<b>3,352</b>	<b>1,846</b>	<b>669</b>	<b>10</b>	<b>68,183</b>
Multiplied by estimated collection rate										<b>98.25%</b>
<b>COUNCIL TAX BASE</b>										<b>66,989</b>

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**COLLECTION FUND COUNCIL TAX (SURPLUS)/DEFICIT 2023/24**

	Estimate 2023/24 £M	Revised Estimate 2023/24 £M	Variance Adverse / (Favourable) 2023/24 £M
<b>Council Tax</b>			
<b><u>Income</u></b>			
Income from Council Tax Payers	(139.40)	(138.70)	0.70
Transfers from the General Fund - Hardship Relief	(0.73)	(0.73)	0.00
	<b>(140.13)</b>	<b>(139.43)</b>	<b>0.70</b>
<b><u>Contributions towards Previous Years C.Tax (Surplus )/Deficit:</u></b>			
Southampton City Council	(0.26)	(0.26)	0.00
Hampshire Police	(0.04)	(0.04)	0.00
Hampshire and IOW Fire & Rescue	(0.01)	(0.01)	0.00
	<b>(0.31)</b>	<b>(0.31)</b>	<b>0.00</b>
<b>Total Council Tax Income</b>	<b>(140.44)</b>	<b>(139.73)</b>	<b>0.70</b>
<b><u>Expenditure</u></b>			
Precepts:			
Southampton City Council	115.77	115.77	0.00
Hampshire Police	16.86	16.86	0.00
Hampshire and IOW Fire & Rescue	5.39	5.39	0.00
	<b>138.03</b>	<b>138.03</b>	<b>0.00</b>
Bad and Doubtful Debts	2.10	1.98	(0.12)
<b>Total Council Tax Expenditure (incl. precepts)</b>	<b>140.13</b>	<b>140.01</b>	<b>(0.12)</b>
<b>Council Tax Deficit/(Surplus) for the Year</b>	<b>(0.31)</b>	<b>0.28</b>	<b>0.58</b>
Council Tax Deficit/(Surplus) Brought Forward	0.31	0.90	0.59
<b>Council Tax Deficit/(Surplus) Carried Forward</b>	<b>0.00</b>	<b>1.18</b>	<b>1.18</b>
<b>Council Tax (Surplus)/Deficit</b>			
Contribution (to)/ from Southampton City Council		0.99	
Contribution (to)/ from Hampshire and IOW Police		0.14	
Contribution (to)/ from Hampshire and IOW F&RS		0.05	
Council Tax Collection Fund Balance c/f		1.18	

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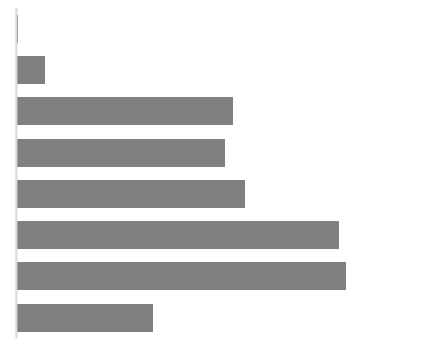




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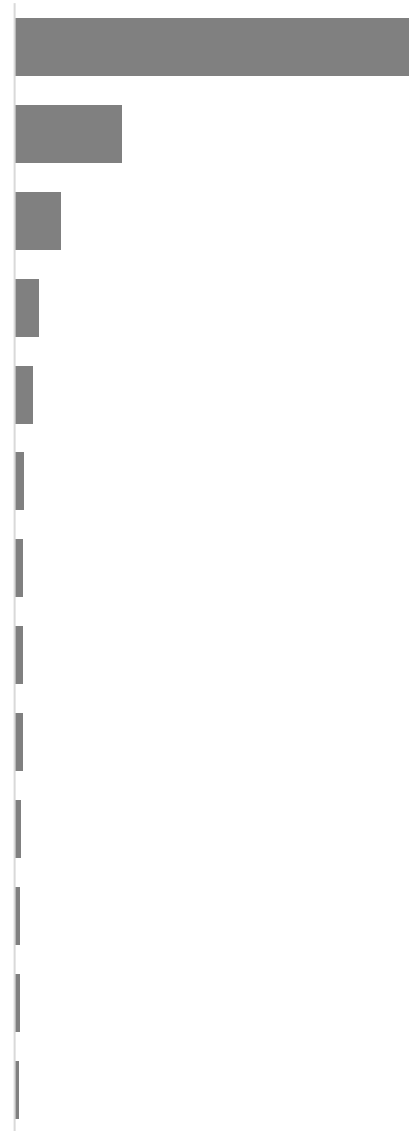
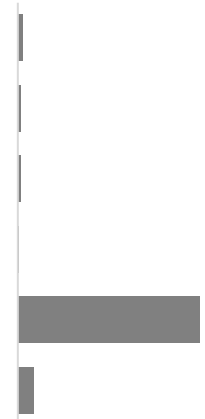
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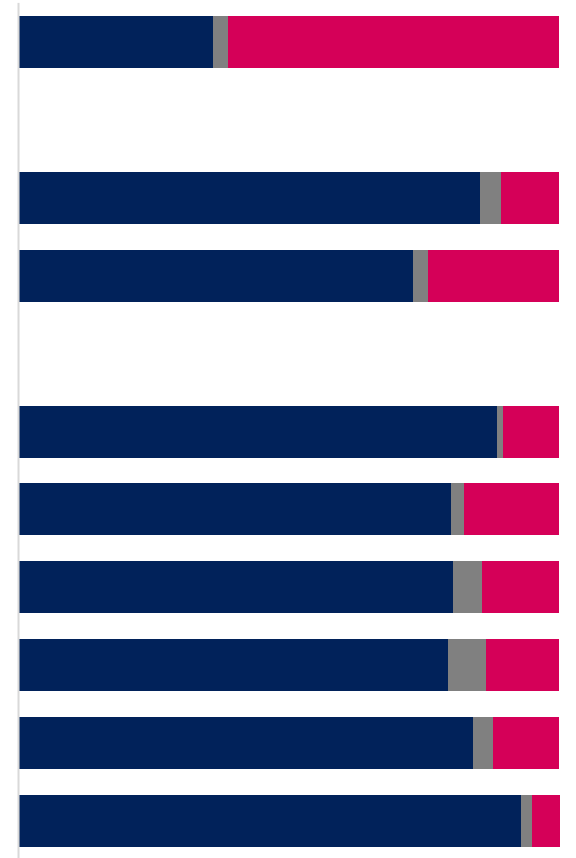
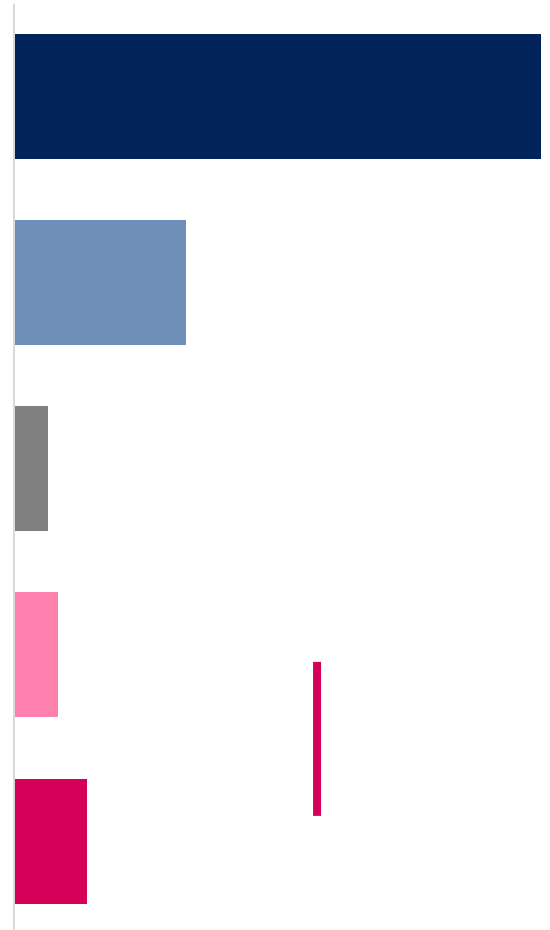


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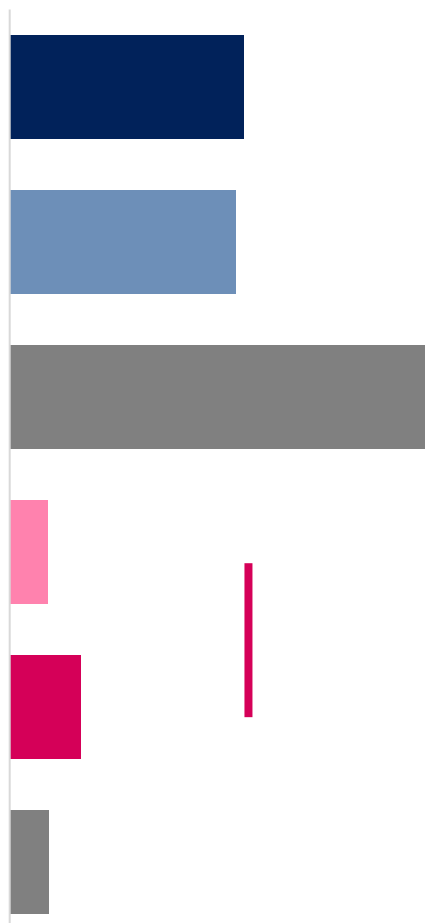






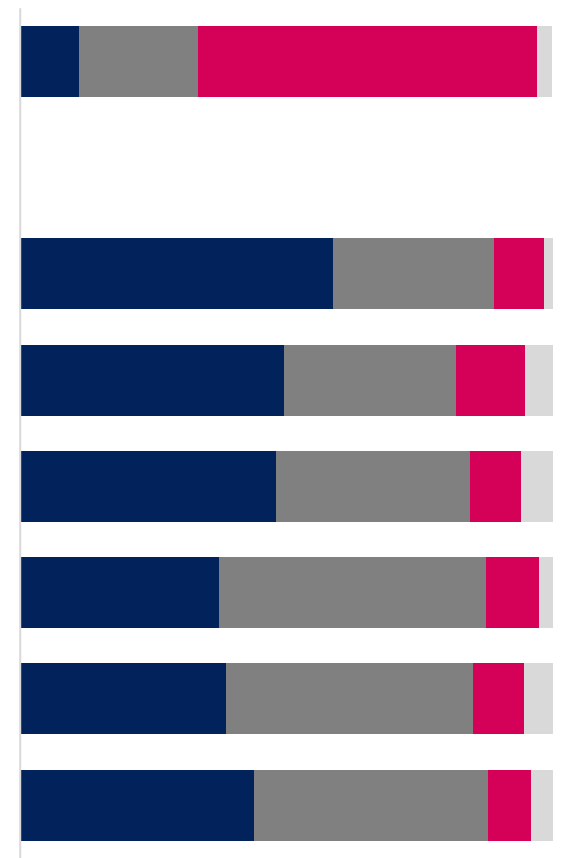


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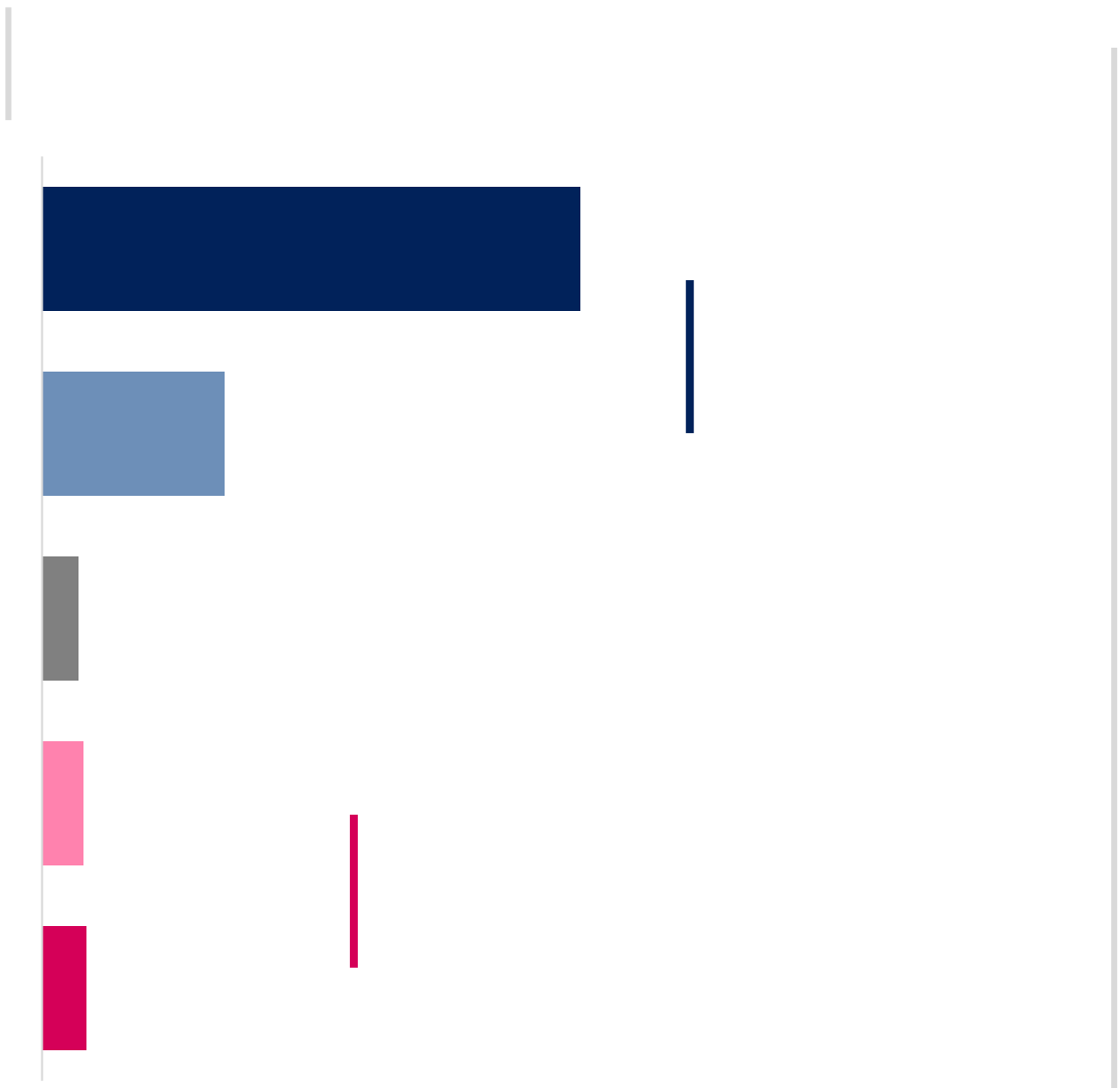


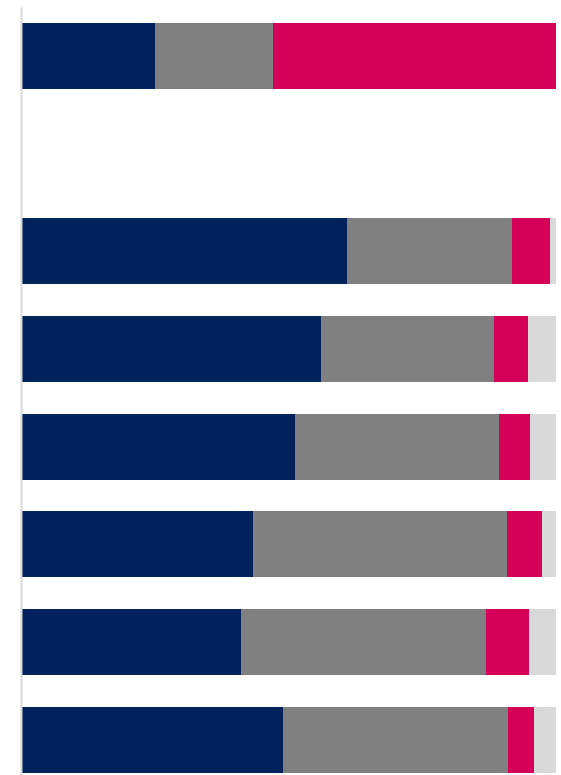
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