

<b>Calculation of the Council Tax Base 2025/26</b>	
<b>Executive Summary</b>	The Council must set its Council Tax Base each year between 1st December and 31st January. It must notify its precepting authorities before 31 January what the taxbase is. This is required by The Local Government Finance Act 1992 in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
<b>Options considered</b>	None – this is a statutory requirement
<b>Consultation(s)</b>	None
<b>Recommendations</b>	It is <u>recommended that</u> Full Council approve that the Council Tax Base for 2025/26 be set at 45,024.1 Band D equivalent properties.
<b>Reasons for recommendations</b>	<p>The Council has a statutory obligation to set a tax base and to notify precepting authorities. To not set a tax base would mean a breach of the statutory requirement and there would be no basis on which to set a Council Tax for 2025/26.</p> <p>Setting the Council tax base is the first step in determining the Council Tax for 2025/26.</p> <p>The tax base must be determined and notified to other relevant bodies by 31st January each year.</p>
<b>Background papers</b>	

<b>Wards affected</b>	All wards
<b>Cabinet member(s)</b>	Councillor Lucy Shires
<b>Contact Officer</b>	Tina Stankley Director of Resources and s151 Officer tina.stankley@north-norfolk.gov.uk

<b>Links to key documents:</b>	
Corporate Plan:	Strong Responsible & Accountable Council.
Medium Term Financial Strategy (MTFS)	The setting and approval of the Council Tax Base for 2025/26 is the first step in setting the Council Tax for 2025/26. Council Tax income is one of the funding streams that is required to set the balanced budget for 2025/26 which forms the basis for future years of the MTFS.
Council Policies & Strategies	Budget Setting & Medium-Term Finance Strategy.

<b>Corporate Governance:</b>	
Is this a key decision	Yes
Has the public interest test been applied	Yes and this is not a confidential report.
Details of any previous decision(s) on this matter	

## **1. Purpose of the report**

- 1.1. To set out and approve the calculation of the Council's 2025/26 tax base as required by The Local Government Finance Act 1992 in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. Subheading as necessary.

## **2. Background and Proposal**

- 2.1. The Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the council tax base regulations), specify the formulae for calculating the council tax base, which must be set each year between 1st December and 31st January.
- 2.2. The 'billing authority' i.e. North Norfolk District Council (NNDC) must calculate the tax base by reference to dwellings shown on the Valuation List for the authority as at the 15 September 2024, and by reference to the number of discounts, exemptions, and premiums on the first Monday in October (i.e. Monday 7 October 2024) in respect of those dwellings.
- 2.3. The tax base calculations for NNDC are also used by Norfolk County Council as well as the Norfolk Police and Crime Commissioner to determine their respective levies for 2025/26. Additionally, the figures are used by the local parish and town councils throughout the district.
- 2.4. The council tax base is a measure of the number of dwellings on which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating an authority's band D council tax. The tax base calculation takes into account the impact of the Local Council Tax Support Scheme (LCTSS).
- 2.5. Under the LCTSS, the council tax base is affected by whether persons living in a dwelling within an authority area are in receipt of a council tax reduction awarded under the scheme, as the billing authority foregoes council tax income from those dwellings. These local council tax reductions are reflected in the calculation of the council tax base, to calculate the correct amount of band D council tax for the billing and precepting authorities in the area.
- 2.6. For Council Tax purposes, properties are placed in different property 'bands' based broadly on the value of the property, using April 1991 as the baseline valuation date. There are 8 council tax bands from A through to band H. The property band is used to determine the Council Tax levied for that property.
- 2.7. The Council's basic tax figure is calculated in respect of band D. Other bands are then calculated as a fraction of the tax at band D. The fractions applicable to the various Council Tax bands are as follows:

Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths

- 2.8. The tax base calculation is determined by identifying the number of properties liable to be levied and the banding in which the properties are placed and then applying relevant exemptions, discounts, including the local council tax support scheme, premiums and banding reductions. The information is compiled for each parish and the authority's tax base is built up from these bands. The resultant figures are then adjusted to the number of band D equivalents by applying the proportions shown above.
- 2.9. The Council has had the option to charge a 100% premium on second homes for the first time in 2025/26. The districts that opted to charge this premium and the County Council have been in discussions around the use of the income that this would generate for the County Council. The County Council's element from North Norfolk District Council charging this premium would equate to £5-6m alone. It has now been agreed that 25% of this additional income that the County Council will receive will in part be set aside for projects to support the provision of housing in North Norfolk amongst other projects. It has also been agreed that 25% of the County Council's Collection Fund surplus will be made available for the same purpose as well. The discussions have only just been concluded which has resulted in this late extraordinary meeting needing to take place so that a council tax base can be set by the statutory deadline of 31 January 2025.
- 2.10. The total number of dwellings in North Norfolk is 56,598. Once adjusted for discounts, exemptions, premiums and band reductions this figure reduces to 50,896. The figure is then adjusted for the local Council Tax Support scheme this reduces the figures to 46,224. The total is then converted into the number of band D equivalents, which is 42,568.2.
- 2.11. The final band D equivalent figure above is then further adjusted to allow for forecasted provisions of; housing growth (new builds), housing reduction (demolition), Seasonal Prohibitions (Chalets) and anticipated losses on collection from avoidance or occupant change in circumstances and also for the first time the 100% second homes premium. This gives a final tax base figure of 45,024.1 band D equivalent properties.
- 2.12. Regulations under the Localism Act enacted as an amendment to LGFA 1992 state that a Council should calculate a tax base. The tax base being recommended is 45,024.1 properties, net of reduction, discounts and growth. This tax base shows an increase in band D equivalents of 3,522.4 properties compared to the tax base set for 2024/25 of 41,501.7. This in turn will result in additional income for all preceptors.
- 2.13. The increase of 3,522.4 on the 2024/25 tax base is due in part to a significant increase in the New Homes Bonus numbers which are taken in account in the taxbase calculation, but then largely due to the introduction of the aforementioned 100% second homes premium in 2025/26, which has increased the taxbase by 3,059.3.
- 2.14. Under the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, Councils have been given the power, by amending the Local Government Finance Act 1992, to increase the long term empty premium to 100% from 2019/20 where the property has been empty for more than 2 years.

- 2.15. The calculation of this tax base has been adjusted due to the implementation of the powers contained in section 11 of the Local Government Finance Act 1992 (which is amended at section 11b by the 208 Act).

### **3. Corporate Priorities**

- 3.1. Financial Sustainability and Growth – a balanced budget based on savings that are achievable will ensure the Council's financial sustainability over the medium term Subheading as necessary

### **4. Financial and Resource Implications**

- 4.1. It is a statutory requirement to set a taxbase between the 1 December and 31 of January each year for the forthcoming financial year. Setting the taxbase is the first stage of calculating the council tax that North Norfolk District Council can set. This will be approved at full Council on 19 February 2025 of the financial year 2025/26.

#### **Comments from the S151 Officer:**

*Full Council approving the tax base at this meeting will ensure that the council meets its statutory obligations.*

### **5. Legal Implications**

- 5.1. The setting of the council tax base is a legal requirement. This meeting to approve the Council tax base will fulfil the Council's legal obligations.

#### **Comments from the Monitoring Officer**

This report covers the obligation of the Council set an annual council tax base

### **6. Risks**

- 6.1. If members do not approve the council taxbase then the council tax cannot be set and income cannot be collected.

### **7. Net ZeroTarget**

- 7.1. None

### **8. Equality, Diversity & Inclusion**

8.1. None

## **9. Community Safety issues**

9.1. None

## **Conclusion and Recommendations**

It is proposed that the council tax base be set at 45,024.1 for the financial year 2025/26. This tax base incorporates the inclusion of the 100% second homes premium, which has increased the tax base by 3,059.3 Band D equivalent properties.