



London Borough of Enfield

Report Title	Council Tax and Business Rate Base
Report to	Council
Date of Meeting	24 th January 2024
Cabinet Member	Councillor Tim Leaver
Executive Director / Director	Fay Hammond
Report Authors	Annette Trigg annette.trigg@enfield.gov.uk Bridgette Cowley bridgette.cowley@enfield.gov.uk
Ward(s) affected	All
Key Decision Number	KD5712
Classification	Part 1 Public
Reason for exemption	N/A

Purpose of Report

1. This report recommends the 2024/25 Council Tax Base and the 2024/25 Business Rates income estimate.

Recommendations

2. Council agrees in principle and in accordance with the Local Authorities (Calculation of the Tax Base) (England) Regulations 2012, that the amount calculated by the London Borough of Enfield as its Council Tax Base for 2024/25 shall be 97,786 Band D equivalents.
3. Council agrees in principle the non-domestic rating income estimate for 2024/25, excluding collection fund adjustments, of £127,764,130.
4. Council approve, in accordance with the Levelling Up and Regeneration Act 2023, the revised discretionary power to levy a Council Tax premium of 100% in relation to dwellings which have been unoccupied and substantially unfurnished for more than one year (but less than five years).
5. Council delegates authority to the Executive Director, Resources, in consultation with the Cabinet Member for Finance and Procurement, to adjust and finalise the figures

agreed in principle above in light of the feedback to the consultation on the proposed changes to the Council Tax Support Scheme which is currently underway.

2024/25 Council Tax base

6. The Council agrees the Council Tax Base and Business Rate income annually in January to allow precepting authorities to agree the Council Tax precept for 2024/25. The Council Tax base is calculated in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
7. The tax base is expressed in terms of “Band D Equivalents” (i.e. a property in Band A is equivalent to 2/3rds of a Band D property and a property in Band H is equivalent to double Band D). A table showing the calculation of the tax base is attached in Appendix A. The figures are based upon information in existing Council Tax records with adjustments considering the effect of estimated changes between now and March 2025.
8. There were no changes to the 2023 Autumn Statement relating to the core Council Tax increase limits. These remain as they are at 2.99% for 2024/25 and Adult Social Care precept at 2.00%. This continues to give local authorities the option of increasing Council Tax by a maximum of 4.99% in 2024/25, beyond which a local referendum would be required.
9. It is proposed that the local discretionary increase in the council tax premium on long-term empty homes from 1 April 2024 to March 2025 will change as follows.
 - 100% for those dwellings empty for 1 year and less than 5 years;
10. The premiums will therefore be:
 - 100% for those dwellings empty for 1 year and less than 5 years;
 - 200% for dwellings empty for at least 5 years but less than 10 years; and
 - 300% premium for dwellings empty for at least 10 years
11. In this report Council is asked to agree the council tax base and assumed collection rate upon which we will estimate our council tax income for next year's budget. We are recommending an increase of 992 in band D equivalent dwellings to use as the 2024/25 council tax base to 97,786 (96,794 in 2023/24). This reflects the following notable changes:
 - The increase incorporates a higher collection rate for 2024/25 of 96.75%, compared to 95.75% in 2023/24, reflecting on improved collection rates whilst taking account of how the economy has deteriorated and the current collection forecast for 2023/24.
 - Continued focus on reviewing all discounts including single person, students and second homes.
 - An increased emphasis on inspections and monitoring of newly built or extended properties.
12. The proposed schedule of discounts and premiums are shown in the table below. These will take effect from 1 April 2024

Type of Councils Discounts/Premium	Local/Statutory	Discount /Premium
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Single person discount	Statutory	-25%
All persons in the household disregarded	Statutory	-50%
Second Home discount	Local	0%
Empty property (unoccupied but furnished)	Local	0%
Empty unfurnished property for greater than one year and less than five years-continuing premium	Local	+100%
Empty unfurnished property for at least five years but less than ten years	Local	+200%
Empty unfurnished property for at least ten years-continuing premium	Local	+300%

13. The Council's Council Tax Discretionary Hardship policy is being reviewed and updated to ensure a consistent approach to assessment and award of relief across all eligible cases.

Houses in Multiple Occupation

14. New regulations came into force on 1 December 2023 providing that HMO's will be treated as a single dwelling for the purposes of Council Tax in England and that liability rests with landlords. This provision only affects HMO's under section 254 of the Housing Act 2004 and we do not anticipate that this will result in a significant change in the number of properties.

Council Tax collection rate

15. The lifetime collection percentage used in the calculation of the tax base in previous years and proposed for 2024/25 are as follows: -

Council Tax Year	Collection rate
2001/02	97.50%
2002/04	97.75%
2004/13	98.00%
2013/18	96.79%
2018/19	97.06%
2019/20	98.00%
2020/21	98.00%
2021/22	96.00%
2022/23	96.90%
2023/24	95.75%
2024/25 (proposed)	96.75%*

*The stated collection rate for 2024/25 will reduce to 94.60% if the changes to the Council Tax Support Scheme (which is currently subject to consultation) are implemented.

17. The last financial year has seen significant changes shaping a very different focus on collection with greater challenge to the Council's priorities. Whilst focusing on supporting our residents and businesses following the pandemic, we continue to see the impact of the Cost-of-Living crisis with the need to manage unprecedented external challenges as the economy recovers.

18. More support and extended payment arrangements are now offered as well as increased engagement before arrears cases become too great to deal with. For

those that we need to recover through the courts and pass to the enforcement agents for collection we are increasing the engagement at each stage.

19. For 2024/25 the overall collection percentage is estimated at % 96.75%. This has increased 1% from 2023/24, however it continues to reflect the current conditions and the impact that the rise in interest rates and associated cost-of-living crisis is having on the wider economy and individual households.
20. The ongoing cost-of-living crisis means we are seeing some residents struggling to pay their Council Tax, with a considerable proportion of these people falling into arrears for the first time. Support and sign posting are crucial during this time, with considerable numbers reaching out currently. Council Tax Support Claimants based on 31 December represent 28.6% of the tax base, having a lower rate of collection than non-CTS households, however we are finding that it is not only these residents that are asking for support but also residents that are working and require debt advice.

Council Tax Support

21. The current cost of Council Tax Support (CTS) is £40.74m which includes an estimated number of Band D Equivalents if the scheme is to remain unchanged for 2024/25 of 22,395.
22. Proposals to amend the Council Tax Support Scheme will be considered by Cabinet in February 2024 and, if agreed, will be referred on to Council subsequently for approval the next day. If agreed this would equate to an increase equivalent to 8,237 Band D Properties compared to the tax base for 2024/25 as recommended in this report.
23. The amount calculated by the London Borough of Enfield as its Council Tax Base for 2024/25 shall be 97,786 Band D equivalents – see Appendix A for property breakdown by band.
24. If the proposed Council Tax Support Scheme is agreed in February, the Council Tax base would reflect a Band D equivalent of 102,954 properties. See Appendix B for property breakdown by band.

2024/25 Business Rate base

25. The Local Government Finance Act 2012 introduced the business rates retention scheme (BRRS) in 2013. This BRRS scheme sees the move away from the central pooling of business rates to the sharing of risk and reward between central and local Government. The local share is split between the Greater London Authority and London boroughs, so the GLA receives 37% and Enfield 30% of business rate income.
26. During the year 2023/24 the rateable value has increased from £326m at the start of the list to £329m. (£328,975,649)
27. This increase in rateable value however is highly likely to lead to an equivalent proportion of appeals, and this has been anticipated with an appeals provision for 2024/25 of £4.9m, as advised by Analyse Local, experts in this field who assist local authorities to fulfil their obligation in preparing a sound and prudent estimate of its business rate income for the forthcoming financial year. Additional doubtful debt is likely to be another ramification, and hence the collection rate for 2024/25 has been prudently estimated at 96.0% (compared to 93.7% in 2023/24)

28. The transitional relief scheme started in 2023/24 continues in 2024/25 and limits increases for the smallest properties to 10%, medium sized properties to 25% and the largest properties to 40% in the second year. Businesses seeing lower bills because of the revaluation will benefit from that decrease in full straight away, due to the abolition of the downwards transitional relief caps. Small businesses who lose eligibility for Small Business Rate Relief because of the new property revaluations will see their bill increases capped at £50 a month from the amounts paid in 2023/24 through the; Supporting Small Business (SSB)
29. The Chancellor announced in the autumn statement that the relief for 230,000 businesses in retail, hospitality and leisure sectors remains at 75% in 2024/25. This provides relief of up to £110,000 per business and is subject to subsidy caps.
30. The inflation factor of 6.7% (CPI September 2023) was applied to the standard multiplier for 2024/25 increasing it from 51.2p to 54.6p but not to the small multiplier which remains at 49.9p and for which Central government will be providing a s31 grant to cover the local Council's loss due to this freezing of the small business multiplier.

Prior years surplus

31. There is an estimated surplus for the Business Rates element of the collection fund, brought forward from prior years, of £1.843m . This is held within the collection fund and increases funds available for 2024/25 accordingly.

Retained business rates

32. In summary the non- domestic rating income estimate for 2024/25, excluding collection fund adjustments, is £127,764,130 in accordance with the calculation in the NNDR1 return shown. Enfield's rate retention share will be £38,329,239 based on a 30% allocation.

Improvement Relief

33. The government introduced improvement relief for certain businesses who improve their premises. This relief provides that the improvements will have a 12-month rate free period from when the improvement is completed. There are additional conditions which include the business must remain in occupation and this relief is awarded based on a certificate provided to the local authority by the Valuation Officer

Non Domestic Rating Act 2023

34. The Non Domestic Rating Act 2023 was given Royal assent on 26 October 2023. It introduced various changes to liabilities, reliefs, information provision between ratepayers, the valuation officer and the billing authority. It also introduced administrative changes in business rates.

Conclusion

35. The Council Tax and Business Rate tax bases must be agreed and notified to the Secretary of State and any precepting authorities (the Greater London Authority in London) by the 31st January of each financial year.

Relevance to Council Plans and Strategies

36. Council Tax and Business Rate income are two of the major sources of income that fund essential Council services.
37. The Council Tax and Business Rates income represents over 80% of the Council's general fund revenue income. This funding supports the delivery of priorities set out in the Council's Plan 2023-26:

Clean and green places
Strong, healthy and safe communities
Thriving children and young people
More and better homes
An economy that works for everyone

Financial Implications

38. The financial implications of the Business Rate and Council Tax base proposals are reflected in the medium-term financial plan.
39. The Council Tax band D equivalent figure of 97,786 properties, represents an increase in the Band D equivalents compared to the prior year estimate.
40. The potential for a further increase from the Council Tax Support scheme is noted in paragraphs 22 to 24 above.
41. For Business rates, £38.3m (Enfield's share of 2024/25 business rates plus the £1.8m surplus brought forward) has now been factored into the 2024/25 budget build and MTFP position, ahead of the February budget report.

Legal Implications

42. The Council is required by section 33 of the Local Government Finance Act 1992 ("the Act") to calculate for each financial year the basic amount of its council tax. The basic amount of council tax must be calculated from the Council Tax base. This base is created by applying a prescribed formula under the Local Authorities (Calculation of Council Tax Base) Regulations 2012.
43. The Council is required to submit its council tax base to the GLA between 1 December and 31 January in the financial year preceding the financial year for which the calculation of council tax base is made. If the Council does not submit its council tax base to the GLA, then the GLA is required to determine the calculation for itself, in the manner prescribed in the above Regulations.
44. There is a requirement to publish notice of the amount set for Council Tax in at least one local paper within 21 days of the Council's decision under section 38(2) of the Local Government and Finance Act 1992.
45. Pursuant to The Local Government Finance Act 2012 (as amended by subsequent regulations) a billing authority has power to set discounts on dwellings of a kind set out in regulations. Billing authorities are also able to charge an 'empty homes premium' in respect of dwellings which have been empty or on second homes for various periods of time.
46. The Council is currently consulting on proposed changes to the Council Tax Reduction Scheme. Feedback to that consultation and an assessment of the equality impacts of the proposed changes will be considered by the Executive Director, Resources, and Cabinet Member for Finance and Procurement when the consultation closes on 21st January. In the event that the Executive Director

proposes to recommend changes to the scheme following consideration of the feedback and equality impact assessment then she will exercise the authority delegated to her by Council under this report to adjust and finalise the calculations described herein prior to their submission and prior to the setting of the Budget and Council Tax. Any changes to the Council Tax reduction Scheme itself will also require Full Council approval.

Equalities Implications

47. There are no direct equalities implications as a result of this report.

Report Author: Annette Trigg
Strategic Head of Corporate Finance
Annette.Trigg@enfield.gov.uk
0208 132 0142

Appendices

Appendix A - The Council Tax-base with the current CTS Scheme

Appendix B - The Council Tax-base with the CTS scheme currently under consultation.

Background Papers

None

Council Tax Base 2024/25 – No changes to Council Tax Support Scheme

2024/25 - Council Tax Base										
Band	A*	A	B	C	D	E	F	G	H	Total
Dwellings (Line 1)		5,099	12,277	35,272	37,240	21,545	9,599	6,025	1,012	128,069
Less Exemptions (Line 2)		(113)	(315)	(558)	(507)	(298)	(129)	(63)	(6)	(1,989)
Disabled Relief- Less (Line 5)		(1)	(8)	(68)	(140)	(145)	(60)	(58)	(18)	(498)
Disabled Relief- Plus	1	8	68	140	145	60	58	18	0	498
Chargeable Dwellings	1	4,993	12,022	34,786	36,738	21,162	9,468	5,922	988	126,080
Discounts- 25% (Line 8 & 9)		(615)	(1,713)	(3,482)	(2,609)	(1,236)	(454)	(222)	(27)	(10,358)
Discounts- 50% (Line 10)	(0.5)	(2.0)	(2.5)	(20.5)	(29.5)	(21.0)	(16.0)	(19.0)	(8.0)	(119)
Discount- Family Annex (Line 21)		(0.9)	(2.5)	0.0	0.0	0.0	0.0	0.0	0.0	(3.4)
Discounts- CTS (line 28)	(0.5)	(1,770.3)	(3,696.9)	(7,904.9)	(6,281.0)	(2,159.0)	(461.0)	(119.5)	(2.5)	(22,395.1)
Chargeable Dwellings After Discounts	0	2,604	6,607	23,378	27,819	17,746	8,536	5,561	951	93,203
Empty Homes Premium		32	57	166	80	45	21	9	6	416
Net Chargeable Dwellings		2,636	6,664	23,544	27,899	17,791	8,557	5,570	957	93,619
Weightings		<u>6</u> 9	<u>7</u> 9	<u>8</u> 9	<u>9</u> 9	<u>11</u> 9	<u>13</u> 9	<u>15</u> 9	<u>18</u> 9	
Band D Equivalents		1,758	5,183	20,928	27,899	21,745	12,360	9,284	1,914	101,071
Effective Collection Rate										96.75%
Net Council Tax Base 2024/25										97,786
Net Council Tax Base 2023/24										96,794
Difference (Band D Equivalents)										1,330

Council Tax Base 2024/25 – With changes to Council Tax Support Scheme

