	General Purposes Committee 15 January 2025
	Report from the Corporate Director, Finance and Resources
	Lead Member - Deputy Leader & Cabinet Member for Finance and Resources (Councillor Mili Patel)
Calculation of Council Tax Base 2025/26	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	None
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1.0 Executive Summary

- 1.1 This report is presented to enable the Council to fulfil its statutory role to set a council tax base for 2025/26. The Local Government Finance Act (LGFA) 1992, as amended by the LGFA 2003 & LGFA 2012 requires the Authority to formally calculate the council tax base for 2025/26 and pass this information to

precepting authorities by 31 January 2025. The tax base must be set between 1 December 2024 and 31 January 2025.

2.0 Recommendation(s)

- 2.1 Agree that the Band D equivalent number of properties is calculated, as shown, in accordance with the Government regulations;
- 2.2 Agree that the collection rate for council tax for 2025/26 is set at 97.0%; and
- 2.3 Subject to (2.1) and (2.2) above, a council tax Base for 2025/26 of 108,617 Band D equivalent properties (after collection rate allowance deduction) be approved, as per (7.1).
- 2.4 Agree to delegate authority to the Corporate Director, Finance and Resources to approve the revised tax base per (7.3), in the circumstances specified in (7.2).

3.0 Contribution to Borough Plan Priorities & Strategic Context

- 3.1 Council tax is one of the main sources of funding for the Council's revenue budget, representing 42% of the Council's core funding in 2024/25, up from 31% in 2014/15. The increase in relative importance of Council Tax in the past decade has been the result of income from grants provided by central government not increasing in line with increases in costs and demand for services.
- 3.2 In 2024/25, the actual Council Tax yield for Brent was £162.1m. This means that increases to the tax base since 2015/16 have contributed £32.5m to the revenue budget. This is income that has been generated locally and has contributed to keeping the savings to a minimum and enabling continued investment in the services that Brent's residents rely on. Table 1 shows how the tax base has grown since 2015/16, Table 2 shows how the tax base increase has contributed additional Council Tax income to the revenue budget and Table 3 shows the total increase in Council Tax yield split between the increase to the precept and the increase in the tax base.

Table 1: Growth in Council tax base since 2015/16

Year	Tax base preceding financial year	Tax base current financial year	Increase in tax base	% increase in tax base
2016/17	82,799	89,254	6,455	7.8%
2017/18	89,254	93,319	4,065	4.6%
2018/19	93,319	95,677	2,358	2.5%
2019/20	95,677	96,639	962	1.0%
2020/21	96,639	97,605	966	1.0%
2021/22	97,605	98,450	845	0.9%
2022/23	98,450	98,730	280	0.3%

2023/24	98,730	101,187	2,457	2.5%
2024/25	101,187	103,577	2,390	2.4%

Table 2: Contribution of increase in Council tax base to additional income in revenue budget

Year	Increase in tax base	Cumulative increase in tax base	Band D Council Tax (Brent Share) Current Year (£)	Cumulative additional Council Tax income due to increase in tax base (£m)	Additional Council Tax income in year due to increase in tax base (£m)
2016/17	6,455	6,455	1,101.24	7.1	7.1
2017/18	4,065	10,520	1,145.16	12.0	4.9
2018/19	2,358	12,878	1,202.30	15.5	3.5
2019/20	962	13,840	1,262.30	17.5	2.0
2020/21	966	14,806	1,312.70	19.4	1.9
2021/22	845	15,651	1,378.30	21.6	2.2
2022/23	280	15,931	1,419.50	22.6	1.0
2023/24	2,457	18,388	1,490.30	27.4	4.8
2024/25	2,390	20,778	1,564.70	32.5	5.1

Table 3: Total increase in Council Tax yield split between precept increase and increase to tax base

Year	Actual Council Tax Yield Preceding Year (£m)	Increase in Council Tax due to increase in Brent precept (£m)	Increase in Council Tax due to increase in tax base	Actual Council Tax Yield Current Year (£m)
2016/17	87.7	3.5	7.1	98.3
2017/18	98.3	3.6	4.9	106.9
2018/19	106.9	4.7	3.5	115.0
2019/20	115.0	5.0	2.0	122.0
2020/21	122.0	4.2	1.9	128.1
2021/22	128.1	5.4	2.2	135.7
2022/23	135.7	3.4	1.0	140.1
2023/24	140.1	5.9	4.8	150.8
2024/25	150.8	6.2	5.1	162.1
Total		41.9	32.5	

3.3 Cumulatively, the Council Tax yield for Brent Council has increased by £74.4m between 2015/16 and 2024/25, which is 19% of Brent's net revenue budget for 2024/25 (£386.7m). The increase in the tax base alone since 2015/16 is

contributing 8% to the net revenue budget in 2024/25. Therefore, it is possible to draw the following conclusions:

- i) It is of strategic importance to the Council to set an appropriate level of Council Tax which enables the delivery of the priorities and objectives within the Borough Plan, while protecting the services that the residents rely on.
- ii) The effect of changes to the tax base is material to the ability of the Council to set a level of Council Tax which complies with i).
- iii) If the actual tax base is lower than the tax base calculated by the Council for budget setting purposes, this would result in a deficit on the Collection Fund, which would be material to the revenue budget in future years. It is therefore also of strategic importance to the Council to set an appropriate tax base as part of the budget setting process, taking account of all known risks.

3.4 The following sections set out the Council's statutory calculation of the proposed tax base for budget setting purposes for 2025/26 and the considerations made in making the recommendation.

4.0 Calculating the Tax Base

4.1 The calculation of the tax base is one of the technical stages in the process of setting the council tax, which is scheduled for the Full Council Meeting on 27 February 2025.

4.2 The Local Government Finance Act (LGFA) 1992, as amended by the LGFA 2003 & LGFA 2012, requires the Authority formally to calculate the council tax base for 2025/26 and pass this information to precepting authorities by 31 January 2025. The tax base must be set between 1 December 2024 and 31 January 2025.

4.3 Brent, like all Local Authorities, has to work out how much next year's Band D council tax should be so that the total tax that will be collected equals the budget required to pay for its services. To work out the Band D tax, the budget requirement is divided by a figure called the council tax base, which is calculated in this report. In effect, the tax base represents the aggregate taxable value of all residential property in Brent. As well as Brent, the Greater London Authority also needs the tax base figure to work out how much they need to add on to Brent's council tax to pay for their services. This is formally known as their 'precept'.

4.4 The Council's 'number of taxable properties' has been calculated in accordance with relevant procedures and guidance for 2025/26. The calculation of the Tax Base has two parts:

- (a) The number of taxable properties shown as 'Band D equivalents'; and
- (b) The expected collection rate for the year.

4.5 The calculation method is set out in the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended. For calculating the Tax Base, (and setting the Council Tax) properties in each of the eight valuation bands are given different weightings. These weightings are shown as a proportion of the Band D value. These are shown in Table 4.

Table 4: Council Tax band weightings

Band	A	B	C	D	E	F	G	H
Weighting	6/9	7/9	8/9	1	11/9	13/9	15/9	2

4.6 The calculation is primarily based on the Council Tax Base return (CTB1) submitted to the Ministry of Housing, Communities and Local Government in October 2024, which is used in Government grant calculations. This sets out the factual number of Band D properties, after taking account of the existing level of council tax support and exemptions. An estimate is also made for the change in the tax base expected in 2025/26, consisting of the following:

- An estimate of the impact of the proposed amendments to the Council Tax Support Scheme from 1 April 2025 on the tax base
- An estimate of new housing developments in the borough and demolitions, adjusted for expected discounts, exemptions and Council Tax Support

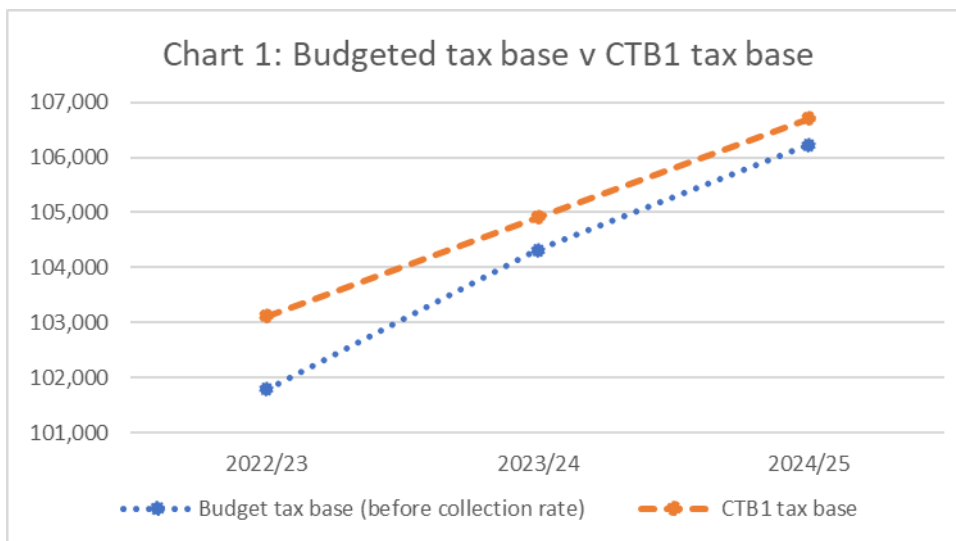
4.7 The council tax base for 2025/26 could be expressed as:

- The Band D equivalent properties as at 7 October 2024 after adjustments for discounts, premiums, exemptions and council tax support (before the proposed changes to take effect on 1 April 2025);
- The estimated net growth in Band D properties between 7 October 2024 and 31 March 2025 (as all of these properties will be liable for council tax in 2024/25);
- An estimated increase in Band D properties on 1 April 2025 as a result of the proposed changes to the Council Tax Support scheme
- Half of the estimated net growth in Band D properties during 2025/26 (all of these properties will be liable for council tax in 2025/26 but as they will complete, on average, half-way through the year, only half of their tax raising potential should be taken into account).

5.0 Band D Equivalent Properties

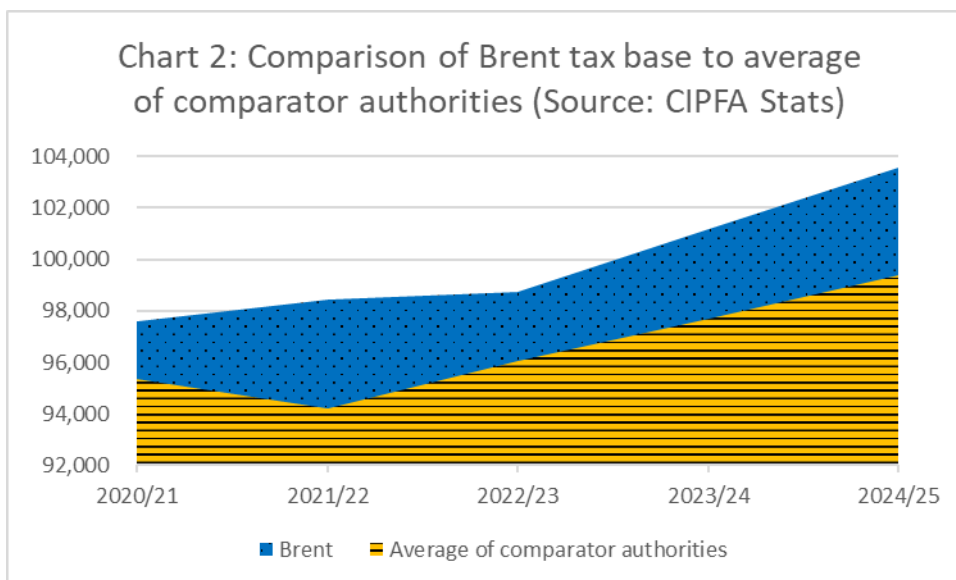
5.1 In October of each financial year, the Council completes a return, called CTB1, to the Ministry of Housing, Communities and Local Government, which reports the tax base after adjustments for discounts, premiums, exemptions and council tax support at that time. From the 2024 return, the Band D Council Tax base at 7 October 2024 is 106,709. This is 1.7% higher than the equivalent figure as at 2 October 2023. This growth rate is similar to the growth rate in the previous year.

- 5.2 The assumption in the Medium Term Financial Strategy (MTFS) for 2024/25 was that there would be 106,233 Band D equivalent properties. Given that growth has been consistent in recent years, excluding the effects of the COVID-19 pandemic, the 7 October 2024 figure can be considered to be the average tax base for 2024/25. This means that the actual tax base for 2024/25 is 476 properties higher than was forecast in December 2023 and the assumptions used for the 2024/25 tax base were robust and prudent. This surplus tax base is marginally lower than in 2023/24, but is worth an additional £0.7m to the revenue budget. This indicates that the current growth in the taxbase is consistent with the targets for housebuilding set out in the Brent Local Plan 2019-2041 (adopted February 2022), on which the current MTFS assumptions are based.
- 5.3 Chart 1 shows the comparison between the tax base (before adjustment for the collection rate) used for budget setting purposes since 2022/23 with the tax base per the CTB1 form in October of each financial year.
- 5.4 Following the adoption of the Brent Local Plan in 2022, which set out a clear target for housebuilding in the borough (23,250 new homes by 2028/29), the actual growth in the tax base has increased at a faster rate than the assumptions in the budget. However, this gap has been narrowing slowly since 2022/23.



- 5.5 The assumption in the Medium Term Financial Strategy for 2025/26 is for 1.8% growth in the tax base based on this long term trend and the Local Plan targets. The two year moving average has fallen to 1.7% in 2024/25, having previously reached 2.5% in 2022/23. The average since 2017/18 is for 1.9% growth per annum in the tax base.
- 5.6 Chart 2 provides a comparison of Brent's tax base since 2020/21 with the average tax base for a group of 15 other London authorities, determined by CIPFA to be statistically comparable to Brent. This chart shows that Brent's tax base is consistently several thousand Band D households higher than the average for comparable authorities and the gap is currently increasing. This provides Brent with additional revenue to support services, with the gap alone

being worth £6.5m in 2024/25 (up from £2.9m in 2020/21). Taken together with the trend data for Brent's tax base, this provides strong evidence that Brent has committed to ambitious targets for growing the tax base, but is also delivering on those commitments and the benefits of continuing to do so for local services at a time of constrained finances is clear.



- 5.7 Furthermore, as reported to the Resources & Public Realm Scrutiny Committee by the Corporate Director, Neighbourhoods & Regeneration on 5 November 2024, the targets for growing the tax base are required in order to meet identified housing need as a result of expected population growth and that updated government calculations for housing (currently subject to consultation) have identified an increase in the requirement for new homes to approximately 2,900 homes per year, a significant increase on the current assumption in the MTFS.
- 5.8 At the present time, these targets are not certain and are based on recent national policy announcements made by a new government, with local factors not considered in detail. It is possible that external factors present in the economy, e.g. high interest rates, will weigh down on housebuilding in Brent in 2025/26 and prevent delivery of these targets in the short term.
- 5.9 On this basis, it is considered prudent to assume that, before the proposed changes to the Council Tax Support Scheme from 1 April 2025, the council tax base will increase in line with the current Medium Term Financial Strategy assumptions by 1.8% from 106,233 to **108,148** for 2025/26.
- 5.10 The proposed revision to the Council Tax Support Scheme from 1 April 2025, which is subject to a separate consultation and report to Cabinet alongside the Budget and Council Tax report in February 2025, is expected to reduce the cost to the Collection Fund of providing support to residents through the Council Tax Support Scheme by £8m in 2025/26.
- 5.11 As part of the modelling, it was assumed that some residents would continue to require support and that a Hardship Fund of £1.5m should be set up to

provide that support. The remaining £6.5m is additional income to Brent and the GLA from 2025/26. Table 5 shows how this is split between Brent and the GLA. At the time of dispatch of this report, a decision is pending from the GLA on whether to make the £0.4m contribution to the Hardship Fund.

Table 5: Proposed changes to Council Tax Support Scheme

	Precept %	Additional income (£m)	Hardship Fund (£m)	Total (£m)
Brent	77%	5.0	1.1	6.1
GLA	23%	1.5	0.4	1.9
Total	100%	6.5	1.5	8.0

5.12 The proposed changes to the Council Tax Support Scheme were initially presented to Cabinet in October 2024 and the £5m reduction in cost of the Council Tax Support Scheme was included in the 2025/26 Draft Budget report to Cabinet in November 2024 as part of the £16m savings target, with the expected Council Tax income being based on the tax base increase before the changes as per Section 5.9.

5.13 For the statutory calculation of the Council Tax base and the setting of the Budget and Council Tax for 2025/26, it is necessary to include the changes as an estimated increase in the tax base, with a corresponding £6.1m increase to be shown in the Council Tax income in the Budget and Council Tax report to be approved by Full Council on 27 February 2025.

5.14 In 2025/26, the proposed Band D Council Tax is £1,642.77 (4.99% increase from 2024/25), the maximum allowed without requiring a referendum. A £6.1m increase in the Council Tax income for 2025/26 would therefore require a reduction in the Council Tax Support Scheme resulting in an addition of the following Band D properties to the tax base:

$$\text{Increase to tax base} = £6.1\text{m} / £1,642.77 / 97.0\% = \mathbf{3,828}$$

where 97.0% is the long-term collection rate expectation (see section 6)

5.15 Therefore, the number of taxable properties shown as 'Band D equivalents', to calculate the figure for Section 4.4 (a) is calculated as follows:

$$\text{number of Band D equivalent taxable properties} = 108,148 + 3,828 = \mathbf{111,976}$$

5.16 At the time of dispatch of this report, this represents Brent's expectation of what the Council tax base will be in 2025/26 before the collection rate and is calculated based on the assumption that the proposed amendments to the Council Tax Support Scheme will be approved by Full Council alongside the Council's 2025/26 budget in February 2025.

5.17 The consultation on the proposed changes to the Council Tax Reduction Scheme closed on 15 December 2024. Feedback from that consultation and an assessment of the equality impacts of the proposed changes are being

considered by the Corporate Director, Partnerships, Housing and Resident Services. In the event that, following consideration of the feedback and of the equality impact assessment, the Corporate Director, Partnerships, Housing and Resident Services proposes to recommend to Cabinet changes to the scheme that differ from those currently proposed, the Corporate Director, Finance and Resources will exercise the authority delegated to him in this report to adjust and finalise the calculations described in this report prior to their submission on 31 January 2025.

5.18 If the amendments as recommended by the Corporate Director, Partnerships, Housing and Resident Services are subsequently not approved by Cabinet and then Full Council, then the tax base for budget setting purposes will be higher than the actual tax base in 2025/26.

5.19 In this scenario, at the Full Council meeting, two alternate recommendations will be made for the Budget and Council Tax report, dependent on the outcome of the Council Tax Support Scheme report.

- If the Council Tax Support Scheme amendments are approved, the report will recommend the budget including the increased Council Tax income, with no further amendments to the budget required.
- If the Council Tax Support Scheme amendments are not approved, the report will recommend the budget including the increased Council Tax income, but with Brent's share of the Hardship Fund (£1.1m) removed and an additional transfer from earmarked reserves to the Collection Fund reserve (£5m) to cover the uncollectable £6.1m of Council Tax income. The Collection Fund deficit arising from this overstatement of the tax base in 2025/26 would then be repaid from the Collection Fund reserve in 2026/27 without affecting the budget setting for 2026/27. The tax base for the 2026/27 budget presented to General Purposes Committee in December 2025/January 2026 would revert to the lower tax base excluding the proposed amendments.

5.20 In the event that the Council Tax Support Scheme proposals are different to what has been proposed between the 31 January and the date of dispatch of the papers to Full Council, only the second of these recommendations will be presented in the Budget and Council Tax report.

6.0 Council Tax Collection Rate

6.1 The figure for Band D equivalent taxable properties then needs to be adjusted to reflect the fact that 100% collection of council tax is unlikely to be achieved. The council tax base set by the Council takes account of what is eventually expected to be collected, not just by the end of the financial year in question. This is referred to as the lifetime collection rate.

6.2 Over the years the collection rate has been adjusted to take into account economic factors that have affected actual collection in-year and the longer term effect on collection for the remaining debt outstanding. For 2021/22 the rate was lowered from 97.63% to 97.5% to account for the impact of COVID-19 on the ability of households to pay Council Tax and the postponement of normal

debt recovery actions. As a result of the ongoing impacts of COVID-19 and the cost-of-living crisis, it was deemed prudent to further reduce the long term collection rate in 2022/23 to 97.0% and hold it at that level in 2023/24.

- 6.3 In 2024/25, the collection rate assumption was increased again to 97.5%. On the basis that the recovery from the COVID-19 pandemic and the return to normal debt recovery action will enable long term collection to increase back to pre-pandemic levels. It was acknowledged that with the cost-of-living crisis ongoing, this represented a risk, but it was considered reasonable to make this assumption.
- 6.4 Table 6 shows collection at 31 March 2024 for each of the last ten financial years. This shows that the higher long term target collection of 97.5/97.6% is not being met until after 8 years have passed, 2 years longer than assumed at the time of setting the tax base. The data on collection for debts of that age may be misleading as a result of write-offs and adjustments to liabilities being included in these statistics, with more detailed analysis difficult due to the limitations of the system used to administer Council Tax.
- 6.5 The lower 97.0% target has been met for the financial years prior to 2019, but collection is still significantly below the target set for those financial years. This will result in more debt being written off from these financial years than was provided for in the setting of the tax base. The resulting deficit on the Collection Fund will have a negative impact on the revenue budget in future years. Although there is currently a Collection Fund reserve held for the purpose of smoothing out deficits on the Collection Fund, this is limited to the amount of surpluses built up as a result of growth in the tax base and this cannot be relied on indefinitely.

Table 6: Prior-year collection rates

Year	Collection Rate	Target Collection Rate	Difference
2014/15	98.7%	97.6%	1.1%
2015/16	98.2%	97.6%	0.6%
2016/17	97.2%	97.6%	-0.4%
2017/18	97.0%	97.6%	-0.6%
2018/19	97.0%	97.6%	-0.6%
2019/20	96.3%	97.6%	-1.3%
2020/21	95.9%	97.5%	-1.6%
2021/22	94.9%	97.5%	-2.6%
2022/23	94.5%	97.0%	-2.5%
2023/24	92.2%	97.0%	-4.8%

- 6.6 Table 7 shows the movement in the collection rates for prior years during 2023/24, restricted only to the years for which the collection target had not been met and excluding 2023/24 for which the comparison is not available. This shows that collection for the years from 2016-19 has slowed down and does not appear likely to reach the 97.6% target for those years.

Table 7: Movement on collection rates for prior-years during 2023/24

Year	Collection Rate 31 March 2024	Collection Rate 31 March 2023	Difference
2016/17	97.2%	97.2%	0.0%
2017/18	97.0%	96.9%	0.1%
2018/19	97.0%	96.9%	0.1%
2019/20	96.3%	96.6%	-0.3%
2020/21	95.9%	95.6%	0.3%
2021/22	94.9%	94.2%	0.7%
2022/23	94.5%	93.4%	1.1%

- 6.7 Table 7 also shows that collection of debt from the preceding financial year has improved marginally (94.2% for 2021/22 debt by 31 March 2023, 94.5% for 2022/23 debt by 31 March 2024), but collection of debt which is 2-5 years old is 0.6-0.7% below the equivalent collection rate the year before. This suggests that long term collection of debt that has not been collected in the first two financial years is becoming harder, rather than easier.
- 6.8 The current collection rate for 2024/25 Council Tax at 30 November 2024 is 67.2%, which is 1.2% lower than the equivalent rate in 2023/24. If this variance is to carry through to the end of the year, this will mean that an extra 1.7% of the 2024/25 council tax liability will have to be collected in future financial years in order to meet the 97.6% long-term collection target (1.2% in-year collection variance + 0.5% increase to target). As per the above, this puts considerable pressure on the Revenue and Debt service to collect this debt in 2025/26, as evidence suggests that this debt will become much harder to collect thereafter.
- 6.9 The Medium Term Financial Strategy assumption for 2025/26 is for the long term collection target to remain at 97.5%. However, the evidence presented by Tables 6-7 suggest that long-term collection of more than 97% is currently unachievable and that on current trends achieving 97% collection in the long-term for current Council Tax debt will be difficult. There are a number of factors that have contributed to this current position, including but not limited to:
- Cost-of-living crisis
 - Reductions in debt collection during the COVID-19 pandemic
- 6.10 However, due to the strategic importance of the tax base to the Council's revenue budget, particularly in light of the current difficult financial environment in local government, a greater focus has been applied to this area during 2024/25, which are aimed at improving the situation in the long term. These actions include improvements to debt reporting, utilising external resources to segment debt, allowing for more targeted debt collection activities to be undertaken in line with the Council's debt policy. Furthermore, a business case has been agreed to pilot an increase in resources in the debt recovery team to better manage overall arrears and further develop recovery procedures. This will allow the Council to take positive action to identify and support vulnerable customers and recover debt from those customers who are not engaging in the

process and who have already been informed of the action the Council may take.

- 6.11 In order to set a balanced budget, it is essential that the Council determines a tax base based on a realistic set of assumptions, whilst also setting a target for debt collection that is both challenging and fair to all residents of Brent, working on the principle that every household that is able to pay council tax must do so. Therefore, it is recommended that the long-term collection rate target be reduced to **97.0%**, as it was previously from 2022-24. This decision will result in a reduction in available resources for the 2025/26 budget of approximately £0.9m since the Draft Budget was presented to Cabinet in November 2024. This change will be reflected in the Budget & Council Tax report to be presented to Full Council in February 2024. This assumption will be kept under review and a further update will be provided to Cabinet in the July 2025 update of the Medium Term Financial Strategy.
- 6.12 If at that stage it is determined that the collection rate of 97.0% is not achievable for 2025/26, or any subsequent year, a recommendation will be made to amend the collection rate assumptions in the Medium Term Financial Strategy for 2026/27 and future financial years to reflect the lower collection expectations. If it is also necessary to assume lower collection for 2025/26, then the budget gap arising from this will need to be addressed. The actions required to address this gap may include identifying in-year savings in addition to the £16m already agreed for the 2025/26 budget, inclusive of the Council Tax Support scheme amendments. Each reduction of 0.1% in the target collection rate will result in a further budget gap of approximately £0.2m.
- 6.13 On the other hand, if budgeted collection levels have been reached, this does not mean that collection efforts will stop or that eventual losses will necessarily be 3%. It is, however, essential that an adequate allowance for non-collection be made each year. The Government recognises that no billing authority can collect every pound of Council Tax and that an element of collection will continue after the relevant year. The legislation provides for an allowance for non-collection to be incorporated into the calculation of the tax base.
- 6.14 Table 8 shows how the long-term collection target applied to the tax base after the amendments to the Council Tax Support scheme results in £178.4m of Council Tax income in the Budget & Council Tax report to be presented to Full Council in February 2025. Table 9 shows how this reconciles to the Council Tax income included in the Draft Budget presented to Cabinet in November 2024.

Table 8: Calculation of revised Council Tax Income for 2025/26 Budget

	Tax base Excluding changes to CTS	Tax base due to changes to CTS	Adjusted Tax Base (A)	Council Tax Income (£m) (A*£1,642.77/1,000,000)
Before Collection Rate adjustment	108,148	3,828	111,976	183.9

Collection rate adjustment	(3,244)	(115)	(3,359)	(5.5)
After collection rate adjustment	104,904	3,713	108,617	178.4

Table 9: Reconciliation of revised Council Tax income for 2025/26 Budget to Council Tax income in Draft 2025/26 Budget

	£m
Council Tax income in Draft 2025/26 Budget	173.2
Add: 'Saving' included in Draft Budget for amendment to Council Tax Support scheme	5.0
Add: Allocation to Hardship fund	1.1
Less: Council Tax income lost due to reduction in collection rate on tax base before amendment to Council Tax Support scheme from 97.5% to 97.0%	(0.9)
Council Tax income in Final 2025/26 Budget	178.4

7.0 Setting the Council Tax Base

7.1 Taking into account all of the considerations above, the calculation of the tax base for 2025/26, after allowing for an estimated reduced collection rate, is proposed as follows:

Estimated Tax Base (Band D equivalent) (A) = 111,976

Multiplied by:

The estimated lifetime rate of collection (B) = 97.0%

Band D Tax Base after collection allowance (A x B) = **108,617**

7.2 Brent Council has a legal obligation to agree the Council tax base by 31 January 2025 and the calculation above is based on the expectations based on information available at the time of dispatch of this report. As explained above, review of the consultation responses and Equality Impact Assessment and scrutiny of the Council Tax Support Scheme proposals by officers is ongoing and no decision will have been made by members by the 31 January 2025.

7.3 However, in the event that new information becomes available before the deadline that indicates the proposals will not be approved in the manner proposed it will be necessary to amend the tax base used for budget setting

purposes. It is therefore recommended to the committee that authority be delegated to the Corporate Director, Finance and Resources to change the tax base if such circumstances arise.

8.0 Financial Considerations

- 8.1 The proposed council tax base for 2025/26 is 108,617 and will form part of the overall calculation of the Council's budget that will be presented to Full Council on 27 February 2025.
- 8.2 The proposed council tax base for 2025/26 includes the proposed amendments to the Council Tax Support Scheme to be presented to Full Council alongside the budget on 27 February 2025. This results in an additional £6.1m of Council Tax income, which has been fully allocated in the proposed 2025/26 budget.
- 8.3 If the Council Tax Support Scheme amendments are rejected by Full Council or differ from those taken into account in the determination of the tax base, a transfer will be required between earmarked reserves and the Collection Fund reserve to account for the deficit arising on the Collection Fund in 2025/26. This transfer from earmarked reserves ensures that the 2025/26 budget can proceed without requiring additional savings. However, this reduces the amount of reserves available to fund unexpected costs during the financial year.
- 8.4 The proposed reduction in the collection rate for the tax base excluding the effects of the changes to the Council Tax support scheme from 97.5% to 97.0% results in a budget gap for 2025/26 of £0.9m. The impact of this adjustment to the budget since the Draft Budget was presented to Cabinet in November 2024 will be addressed in the Budget & Council Tax report, due to be presented to Full Council on 27 February 2025.
- 8.5 The assumptions made in the calculation of the council tax base are estimates. Whilst every care is taken to set an appropriate council tax base, there is uncertainty contained within these estimates. Where a deficit arises on the Collection Fund, this will have a negative impact on the revenue budget in future years. Although there is currently a Collection Fund reserve held for the purpose of smoothing out deficits, this is limited to the amount of surpluses built up as a result of growth in the tax base and this cannot be relied on indefinitely.

9.0 Legal Considerations

- 9.1 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. The council tax base is the equivalent number of Band D dwellings (after taking account of discounts and exemptions) which would raise the same amount of tax as the actual number of liable dwellings in the borough, with their actual spread of bands. The Band D equivalent total is then multiplied by the estimated collection rate for the year, to give the council tax base figure. In the council tax calculation process to be undertaken at Full Council on 27 February 2025 this figure will be used to calculate the amount of tax to be levied

for a Band D dwelling. The council tax level for each valuation band is then calculated by a fixed ratio which each band bears to the Band D figure.

- 9.2 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.
- 9.3 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.
- 9.4 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.
- 9.5 The Council has recently concluded a consultation on proposed changes to the Council Tax Reduction Scheme. The report sets out how this is to be taken into account in determining the council tax base and at the council' budget and council tax setting meeting in on 27 February 2025.

10.0 Equity, Diversity & Inclusion (EDI) Considerations

- 10.1 There are no EDI considerations in agreeing the tax base, however EDI considerations are particularly relevant for the proposed changes to the Council Tax Support Scheme. These will be presented to Cabinet in February 2025 as part of their decision making.

11.0 Stakeholder and ward member consultation and engagement

- 11.1 N/A

12.0 Climate Change and Environmental Considerations

- 12.1 N/A

13.0 Human Resources/Property Considerations

- 13.1 N/A

14.0 Communication Considerations

- 14.1 N/A

Report sign off:

Minesh Patel

Corporate Director, Finance and
Resources