

# Report of the Director of Finance to the meeting of the Executive to be held on 3 January 2023

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## **Subject:**

**CALCULATION OF BRADFORD'S COUNCIL TAX BASE AND BUSINESS RATES BASE FOR 2023-24**

## **Summary statement:**

This report estimates the Council's Council Tax and Business Rates bases for 2023-24. These bases in turn determine the amount of taxation raised in 2023-24.

Section A of this report estimates the Council Tax Base. This involves considering: total dwellings in the district; exemptions, discounts and the Council Tax Reduction Scheme among others items.

Section B estimates the Business Rates base, starting with the total rateable value of property used by businesses in the district.

Section C summarises the implications of the tax bases for the 2023-24 revenue budget.

## **Equality & Diversity**

The report forms a part of the Councils Budget Strategy, and budget setting process. As in previous years a full Equality Impact Assessment has been produced for budget proposals and full consultation with relevant groups will be undertaken. The outcome of consultation will be considered and reported upon before the 2023-24 budget is approved.

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## **Portfolio:**

**Corporate**

## **Overview & Scrutiny Area:**

**Corporate Resources**

## **1. SUMMARY**

- 1.1 This report sets the district's 2023-24 Tax Base for Council Tax and Business Rates. The calculation is a statutory requirement for the Council's 2023-24 budget. This setting is in preparation for the Council's forthcoming budget process.
- 1.2 The Tax Base for Council Tax is an estimate of the number of domestic dwellings in the district. This Tax Base estimate is expressed as a single measure in a mathematical shorthand called Band D Equivalents. The rate of Council Tax, as set by Full Council, levied on these Band D equivalents, then determines the total amount raised. Overall, the growth in the tax base is estimated at 500 Band D equivalent properties taking the total from 143,420 in 2022-23 to 143,920 in 2023-24.
- 1.3 The actual Council Tax bill received by residents includes amounts also levied on the district's Tax Base by other organisations. These are: West Yorkshire Police and Crime Commissioner (WYPCC); West Yorkshire Fire and Rescue Authority (WYFRA) and various Parishes. These amounts are collected by the Council on behalf of these other organisations and passed over to them.
- 1.4 The Tax Base for Business Rates measures the amount of commercial property in the district. The Government sets a chargeable rate (the multiplier) against this Business Rates Base. The amounts owing from businesses are then collected by the Council. This collection is apportioned by statute between the Council (49%), the Government (50%) and WYFRA (1%).
- 1.5 The district's 2023-24 Tax Bases are set in the context of recovering from the pandemic. As a result, the financial impact is for only a small increase in the Council Tax Base (500 Band D equivalents – equivalent to £0.7m at 2021-22 Council Tax Band D).
- 1.6 Although the recommendations from this report set the Council Tax base for the 2023-24 budget, the Business Rates estimate is formally agreed when the Section 151 officer submits a NNDR1 form to government by the end of January 2023 based on information available at 31<sup>st</sup> December 2022. Consequently, the estimates for Business Rates provided in this report are the current best estimate, but they will be updated by the end of January 2023, with the totals reflected in an update to the Executive prior to the 2023-24 Full Council Budget report in February 2023.
- 1.7 Council Tax and a share of Business Rates form part of the Council's General Funding. Such General Funding is not ring-fenced, making it vital to the funding of the Council's statutory obligations and local choices on service delivery.

### **SECTION A: COUNCIL TAX BASE**

## **2 COUNCIL TAX BASE INTRODUCTION**

- 2.1 The Tax Base is set in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. These Regulations require that the Tax Base is set between 1 December and 31 January. Any Preceptors, such as Police and Fire, must be notified of the Tax Base by 31 January.

- 2.2 The Regulations also set out how the Tax Base is calculated. This includes measuring the Council Tax Base in a standardised format called Band D Equivalent Dwellings.
- 2.3 The Council Tax rate charged on the Tax Base will be set at Full Council on Thursday 23 February 2023, and is currently being consulted on.

### **3 COUNCIL TAX BASE AND EQUIVALENT DWELLINGS**

- 3.1 The first stage of estimating Band D Equivalents for 2023-24 is to identify the numbers of what are called Equivalent Dwellings. In September 2022, there were 221,071 domestic dwellings in the district (Appendix A, line 1). This is 982 higher than 2021.
- 3.2 Council Tax exemptions and reliefs apply to some of these dwellings. The effect of these exemptions and discounts is that either a proportion, or the entirety of each dwelling is excluded from the Tax Base calculation. Dwellings numbers adjusted for these exclusions (exemptions and reliefs) no longer represent physical properties, so are known instead as equivalent dwellings. (Appendix A, line 2 & 3).

The actual number of properties, 221,071 (Appendix A, line 1), has been taken from official returns provided to the Government.

- 3.2 As shown in Appendix A, line 2, 4,029 domestic dwellings are exempt Council Tax (3,656 in 2021-22), and removed from the Tax Base in their entirety because they are occupied by:
  - (i) Persons with disabilities
  - (ii) Students
  - (iii) Or they are owned by charities and have been vacant for 6 months.
- 3.3 A 25% proportion of each dwelling is excluded from the Tax Base calculation for the Single Persons Discount, where the resident lives alone. In October 2022, 77,666 (76,269 in 2021) dwellings (out of 221,071) were eligible for this discount. With some other discounts, the impact of Discount is shown is a reduction of 20,127 equivalent dwelling as shown in line 4 of Appendix A. This compares to 19,776 in the prior year.
- 3.4 There are some other adjustments to the Tax Base calculation, for example an additional proportion is added where properties attract an empty property premium after being empty for prescribed periods. This results in a further reduction of 1,624 equivalent dwellings as shown in Appendix A, line 5. (1,715 last year).
- 3.5 The above adjustments bring the Tax Base down to 198,539 Equivalent Dwellings. (Appendix A, line 6), which is an increase of 167 on the 198,372 Equivalent Dwellings in 2021-22.
- 3.6 These Equivalent Dwellings are then classified into the different Council Tax Bands, which determine chargeable Council Tax: this also enables the Tax Base to be expressed as the number of Band D Equivalents.

#### 4 Band D Equivalent Dwellings

- 4.1 This part of the calculation involves converting the Equivalent Dwellings into Band D Equivalent Dwellings.
- 4.2 As noted above, all dwellings are allocated a Council Tax Band. These range from A to H, according to their value at 1 April 1991. For example, Band H has double the liability of Band D.
- 4.2 Importantly, each band has a Council Tax liability that is a fixed ratio of Band D. This means dwelling numbers in any band can easily be expressed as an equivalent in Band D. The ratios are listed below:

<b>Band</b>	<b>Property Value at 1 April 1991</b>	<b>Fixed ratio to Band D</b>
A	Up to 40,000	6/9ths
B	40,000 – 52,000	7/9ths
C	52,001 – 68,000	8/9ths
D	68,001 – 88,000	9/9ths
E	88,001 – 120,000	11/9ths
F	120,001 – 160,000	13/9ths
G	160,001 – 320,000	15/9ths
H	Over 320,000	18/9ths

- 4.3 Weighting the Equivalent Dwellings by their relevant ratio to Band D, calculates the number of Band D Equivalents.
- 4.4 After this calculation, Bradford's current Equivalent Band D Dwellings total becomes 166,248 (Appendix A, line 7). (165,993 in 2021-22)

#### 5 2023-24 COUNCIL TAX PROJECTION

- 5.1 To estimate the 2023-24 Council Tax Base, the District's Band D Equivalent Dwellings have been adjusted as follows:
- A reduction for impact of the Council Tax Reduction Scheme (Council Tax Benefit) of 19,032 Band D Equivalents (Appendix A, line 8). (19,397 in 2021-22).
  - The impact of property growth (550) in Band D Equivalents (Appendix A, lines 9) (750 in 2021-22).
  - An adjustment to reflect the impact of appeals against Council Tax liability (a 600 reduction, vs 550 in 2021-22) – (Appendix A, line 11)
  - A reduction to take account of uncollectable debt, estimated at 2.2% (2.3% in 2021-22), being 3,246 Band D Equivalents (Appendix A, line 12).
- 5.2 As a result, it is proposed to set the Council Tax Base at 143,920 Band D Equivalents. Compared to the current 2022-23 Tax Base of 143,420, this is an increase of 500 Band D Equivalents.
- 5.3 The 2022-23 Band D Council Tax is £1,543.93. If the Council Tax Band D rate is

increased by 2.99% and there is an Adult Social Care Precept of 2% as proposed in the 2023-24 Financial Plan and Budget proposals report (14<sup>th</sup> Dec 2022 Executive), the Band D Council Tax would increase to £1,620.98. Assuming this Tax rate, a Council Tax Base of 143,920 would raise £233.290m in 2023-24. The combination of an increase in the tax base and Council Tax and Adult Social Care precept increases would raise an additional £11.860m in comparison to 2022-23.

- 5.4 All budget proposals including Council Tax increases and the Adult Social Care Precept are provisional and are subject to the conclusion of the consultation.

## **6 OVERALL COUNCIL TAX FINANCING**

- 6.1 Council Tax and Business Rates collected are paid into a standalone pot (the Collection Fund), which also pays for the amounts (precepts) paid back to the Council, WYP&CC, WYFRA and the Parishes.
- 6.2 To provide budget certainty, the precepts paid out are pre-set according to the Council Tax Bases approved in this report, and the tax rates set either by the Council on 23<sup>rd</sup> February 2023, or at the meetings held by the other organisations. There is a balancing up at the end of the year between the amount collected and the pre-set amount paid over to Bradford Council. Any deficit or surplus as a result of this balancing up, is repaid/recovered in following years.
- 6.3 In 2022-23, a small deficit of £165k is currently anticipated in the Council Tax collection fund. Of this, the Councils share (84%) would be £138k, with the remainder being shared with WYPCC (£19.8k) 12% and Fire (£6.6k) (4%).

## **7. COUNCIL TAX PRECEPTORS**

- 7.1 Each Parish in the district raises a precept. The individual Tax Bases on which these precepts are charged are set out in Appendix B and were notified to each Parish provisionally on 23<sup>rd</sup> November 2022.
- 7.2 As noted, the other preceptors are the police and fire. They each raise a precept against the district's 2023-24 Tax Base. Further, they will repay a share of the 2020-21 deficit (to note deficits from that year were spread over a 3 year period) 2021-22 surplus between the collected amounts and preset amounts paid over, and a share of the 2022-23 anticipated deficit.

## **8 CONCLUSION**

### **8.1 Overall:**

- The proposed Tax Base for 2023-24 will be 143,920.
- The individual Parish Tax Bases are set out in Appendix B.
- A deficit on the Council Tax collection fund of £0.165m is anticipated for 2022-23, of which the Councils share would be £0.138m

## **SECTION B – ESTIMATION OF THE BUSINESS RATES BASE**

## 9 BUSINESS RATES INTRODUCTION

- 9.1 The Business Rates Base is set by completing and submitting a form (NNDR1) to the Government on or by 31 January 2023.
- 9.2 This form has to be completed using data at 31 December, and that data will include a number of amendments to the way that the Business Rates base will be calculated following recent Government policy announcements. The implications of this will be understood early in the new year, and the outcome will be reflected in the NNDR1 form, and an update will be provided to the Executive in advance of Budget Council in February 2023.

## SECTION C – 2023-24 REVENUE BUDGET

### 12 COUNCIL TAX AND BUSINESS RATES REPORT SUMMARY

- 12.1 The overall Council Tax and Business Rates position regarding Bradford Council is combined and summarised in the table below. This compares the position set out in this report with the prior estimate contained in the 14th December 2022 2023-24 Financial Plan and Budget Proposals Executive report. As a result of the changes outlined above, the amount raised from Council Tax and Business rates is now forecast to be £138k lower than forecast in the 14<sup>th</sup> December 2022 report.

£000s	14 <sup>th</sup> December Exec Report	4 <sup>th</sup> Jan 2022 update	Change
Council Tax & ASC Precept 2023-24	(233,290)	(233,290)	(0)
2022-23 forecast surplus		138	138
<b>Total Council Tax</b>	<b>(233,290)</b>	<b>(233,152)</b>	<b>138</b>
Business Rates 2023-24	(57,160)	(57,160)	
<b>Total Business Rates</b>	<b>(57,160)</b>	<b>(57,160)</b>	<b>(0)</b>
<b>Total</b>	<b>(290,450)</b>	<b>(290,312)</b>	<b>138</b>

### 13 LEGAL APPRAISAL

- 13.1 The legal issues have been considered in the body of this report.

### 14 OTHER IMPLICATIONS

### 15 EQUALITY & DIVERSITY

- 16.1 None

### 17 SUSTAINABILITY IMPLICATIONS

- 17.1 None

## **18 GREENHOUSE GAS EMISSIONS IMPACTS**

19.1 None

## **20 COMMUNITY SAFETY IMPLICATIONS**

20.1 None

## **21 HUMAN RIGHTS ACT**

21.1 None

## **22 TRADE UNION**

12.1 None

## **23 WARD IMPLICATIONS**

23.1 None

## **24 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

24.1 None

## **25 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

25.1 None

## **26 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

26.1 None

## **27 NOT FOR PUBLICATION DOCUMENTS**

27.1 None

## **28 RECOMMENDATIONS**

- 28.1 That the number of Band D equivalent properties for 2023-24 for the whole of the Bradford Metropolitan District is fixed at 143,920 (as set out in Appendix A, line 13 of this report).
- 28.2 That the Council Tax Base for 2023-24 for each Parish (set out in Appendix B) is approved.
- 28.3 Further that Bradford's £0.138m share of the anticipated 2023-24 Council Tax deficit is approved. Also, that the Police and Fire share of the surplus (as set out in 6.3) is noted.
- 28.4 That the latest estimate of the gross shares of Business Rates income for 2023-24,

are noted. These are set out below:

50% is paid to Central Government - £58.3m

1% is paid to the West Yorkshire Fire Authority - £1.17m

49% is retained by the Council - £57.2m

- 28.5 That authority is delegated to the Section 151 officer in consultation with the Leader of the Council to make any necessary amendments to the Business Rates estimate arising from the completion of the 2023-24 NNDR1 form. The amended figures will be provided in updates to the Executive and the 2023-24 Budget papers for Council.

## **29 APPENDICES**

### **Appendix A - 2023-24 Council Tax Base**

### **Appendix B – Parish and Town Councils 2023-24 Council Tax base**



## Appendix A

Dwellings on Valuation List	Band @	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings	183	92,155	46,590	40,548	18,536	12,968	6,077	3,733	281	221,071
2. Exempt properties	0	-2,509	-690	-481	-185	-91	-36	-31	-6	-4,029
3. Taxable properties	183	89,646	45,900	40,067	18,351	12,877	6,041	3,702	275	217,042
4. Discounts	-16	-10,708	-4,146	-3,059	-1,150	-615	-251	-160	-22	-20,127
5. Empty homes scheme	0	1,115	296	179	-38	37	15	13	7	1,624
6. Estimated taxable properties after discounts and premiums	<b>167</b>	<b>80,053</b>	<b>42,050</b>	<b>37,187</b>	<b>17,163</b>	<b>12,299</b>	<b>5,805</b>	<b>3,555</b>	<b>260</b>	<b>198,539</b>
Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
7. Band D equivalent	<b>93</b>	<b>53,369</b>	<b>32,706</b>	<b>33,055</b>	<b>17,163</b>	<b>15,032</b>	<b>8,385</b>	<b>5,925</b>	<b>520</b>	<b>166,248</b>
8. Estimated impact of Council Tax Reduction Scheme	-32	-12,182	-3,506	-2,040	-914	-263	-65	-30	0	-19,032
9. Growth as band D	0	0	0	0	550	0	0	0	0	550
10. Empty homes premium change	0	0	0	0	0	0	0	0	0	0
11. Banding and backdated liability changes	0	0	0	0	-600	0	0	0	0	-600
12. Adjustment for losses on collection	-1	-906	-642	-682	-366	-325	-183	-130	-11	-3,246
13. 2023-24 Council Tax base (Band D equivalent)	<b>60</b>	<b>40,281</b>	<b>28,558</b>	<b>30,333</b>	<b>15,833</b>	<b>14,444</b>	<b>8,137</b>	<b>5,765</b>	<b>509</b>	<b>143,920</b>

## Appendix B

### Local Tax Bases

2023-24 Local Council Tax Bases				
Parish / Town Council	Starting Council Tax Base Band D Equivalents	CTR impact, Band D Equivalents	Net changes including growth in properties, & bad debt losses Band D Equivalents	Final 2023-24 Council Tax Base Band D Equivalents
<b>ADDINGHAM</b>	1,882	-71	-38	1,773
<b>BAILDON</b>	6,851	-431	-133	6,287
<b>BINGLEY</b>	9,288	-532	-167	8,589
<b>BURLEY</b>	3,157	-90	-62	3,005
<b>CLAYTON</b>	2,840	-291	-44	2,505
<b>CULLINGWORTH</b>	1,437	-87	-28	1,322
<b>DENHOLME</b>	1,300	-123	-18	1,159
<b>HARDEN</b>	877	-20	-13	844
<b>HAWORTH</b>	2,588	-166	-38	2,384
<b>ILKLEY</b>	7,563	-194	-137	7,232
<b>KEIGHLEY</b>	17,580	-2,221	-145	15,214
<b>MENSTON</b>	2,373	-47	-52	2,274
<b>OXENHOPE</b>	1,113	-43	-21	1,049
<b>SANDY LANE</b>	952	-63	-14	875
<b>SHIPLEY</b>	5,114	-338	-83	4,693
<b>SILSDEN</b>	3,379	-171	-63	3,145
<b>STEETON/EASTBURN</b>	1,893	-66	-42	1,785
<b>WILSDEN</b>	1,877	-80	-38	1,759
<b>WROSE</b>	2,376	-141	-45	2,190
	<b>74,440</b>	<b>-5,175</b>	<b>-1,182</b>	<b>68,084</b>