

# Report of the Director of Finance to the meeting of the Executive to be held on 9 January 2024

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## **Subject:**

**CALCULATION OF BRADFORD'S COUNCIL TAX BASE AND BUSINESS RATES BASE FOR 2024-25**

## **Summary statement:**

This report estimates the Council's Council Tax and Business Rates bases for 2024-25. These bases in turn determine the amount of taxation raised in 2024-25.

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 other 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 2024-25 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 2024-25 budget is approved.

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**Corporate Services**

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**Overview & Scrutiny Area:**  
**Corporate Resources**

## **1. SUMMARY**

- 1.1 This report sets the district's 2024-25 Tax Base for Council Tax and Business Rates. The calculation is a statutory requirement for the Council's 2024-25 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 970 Band D equivalent properties taking the total from 143,920 in 2023-24 to 144,890 in 2024-25 (Equivalent to £1.5m at 2023-24 Council Tax Band D).
- 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 Combined Authority (the Police and Crime Commissioner); 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 the 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 Although the recommendations from this report set the Council Tax base for the 2024-25 budget, the Business Rates estimate is formally agreed when the Section 151 officer submits a NNDR1 form to government by the end of January 2024 based on information available on 31<sup>st</sup> December 2023. 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 2024, with the totals reflected in an update to the Executive prior to the 2024-25 Full Council Budget report in February 2024.
- 1.6 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 consulted on in January and

set at Full Council on Thursday 22 February 2024.

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

- 3.1 The first stage of estimating Band D Equivalent Dwellings for 2024-25 is to identify the numbers of what are called Equivalent Dwellings. In October 2023, there were 222,178 domestic dwellings in the district (Appendix A, line 1). This is 1,107 higher than 2022.
- 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).
- 3.3 As shown in Appendix A, line 2, 4,100 domestic dwellings are exempt Council Tax (4,029 in 2022-23), and removed from the Tax Base in their entirety, for example, 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.

As there are many reasons why a property would be exempt for a period, above is not a definitive list.

- 3.4 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 2023, 77,589 (77,666 in 2022) dwellings (out of 222,178) were eligible for this discount. With some other discounts, the impact of Discount is shown is a reduction of 20,135 equivalent dwelling as shown in line 4 of Appendix A. This compares to 20,127 in the prior year.
- 3.5 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 an increase of 1,615 equivalent dwellings as shown in Appendix A, line 5. (1,624 last year).
- 3.6 All the above adjustments bring the overall Tax Base down to 199,558 Equivalent Dwellings. (Appendix A, line 6), which is an increase of 1019 on the 198,539 Equivalent Dwellings in 2022-23.
- 3.7 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 Equivalent Dwellings.

### **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 167,166 (Appendix A, line 7), (166,248 in 2022-23).

## **5 2024-25 COUNCIL TAX PROJECTION**

- 5.1 To estimate the 2024-25 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 18,790 Band D Equivalents (Appendix A, line 8). (19,032 in 2023-24 base).
- The impact of property growth (550) in Band D Equivalents (Appendix A, lines 9) (550 in 2023-24).
- An adjustment to reflect the impact of appeals against Council Tax liability (850 reduction vs 600 in 2023-24) – (Appendix A, line 11)
- A reduction to take account of uncollectable debt, estimated at 2.2% (2.2% in 2023-24 base), being 3,274 Band D Equivalents (Appendix A, line 12).

### Introduction of changes coming up from the Funding Statement

- An adjustment to consider the impact over the introduction of technical changes to the Empty premium regulations. This means that some empty properties will qualify for the 100% empty premium after being empty for just 1 year, currently the period is 2 years. A separate decision would be required for the Council to approve the implementation and this change would increase the base. Estimate of 490 Band D Equivalent increase in the base (Appendix A, Line 10 subject to further approval).
- A reduction to take into account of the announcement over Valuation changes for HMO’s. In the coming months the VO are going to start to re-assess the way they value and Band HMO’s. The intention is to make sure that all HMO’s are rated as one dwelling, where the landlord/owner is billed for the entire property. At the moment in some circumstances an HMO is split into individual assessments.

Consequently, when this process starts, we will see a reduction in the number of assessment and a reduction in the base. Estimated impact of reduction of the base by 400 in Band D Equivalents. (appendix A, line 13).

- 5.2 As a result of the above adjustments, it is proposed to set the Council Tax Base at 144,890 Band D equivalents. Compared to the current 2023-24 Tax Base of 143,920, this is an increase of 960 Band D equivalents.
- 5.3 The 2023-24 Band D Council Tax is £1,620.98. 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 2024-25 Financial Plan and Budget proposals, the Band D Council Tax would increase to £1,701.86. Assuming this Tax rate, a Council Tax Base of 144,890 would raise £246.582m (£233.290m in 2023-24) in 2024-25. The combination of an increase in the tax base and Council Tax and Adult Social Care precept increases would raise an additional £13.292m in comparison to 2023-24.
- 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 public consultation, and approval of the proposals by executive then final approval by full Council.

## **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. The tax rate is set by the Council on 22<sup>nd</sup> February 2024, and the preceptors' rates are set at their organisational meetings held. 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 2023-24, approximately £4.04m surplus is currently anticipated in the Council Tax collection fund. Of this, £2.98m were the previous year surplus (difference between 2022-23 estimate and outturn) and £1.06m was the in year forecast. The Councils share (84%) would be £3.39m, with the remainder being shared with WYPCC (£488.3k) 12% and Fire (£159.5k) (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 by 8 December 2023.
- 7.2 As noted, the other preceptors are the police and fire. They each raise a precept against the district's 2024-25 Tax Base. Further, they will repay a share of the 2023-24 anticipated deficit.

## **8 CONCLUSION**

## 8.1 Overall:

- The proposed Tax Base for 2024-25 will be 144,890.
- The individual Parish Tax Bases are set out in Appendix B.
- A surplus on the Council Tax collection fund of £4.04m is anticipated for 2023-24, of which the Councils share would be £3.39m.

## **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 2024.

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 2024.

### **10 AMOUNTS OF COMMERCIAL PROPERTY**

10.1 The Business Rates Base is a measure of the commercial (non-domestic) property in the district. The estimate comprises three main elements:

- The gross value for tax purposes of commercial property in the district as assessed by the Valuation Office Agency (VOA): called the Rateable Value (RV).
- The value of discounts granted against this Rateable Value for instance, to small businesses or charities: called reliefs.
- Some deductions in calculating the overall Business Rates Tax Base, for example to account for difficulties in collecting debt and appeals by businesses against their Rateable Value assessment.

10.2 Unlike Council Tax, the tax rate (called the Multiplier) for commercial property is set by Central Government. Following the Autumn Statement announcement, it is currently understood that the Government has kept the small multiplier unchanged at 49.9p for 2024-25, and the standard multiplier will be updated in April by September's CPI figure (6.7%), increasing the multiplier from 51.2p to 54.6p. This means that the Council may be able to increase the rate to be collected from business rate payers, however, this increase in business rate income would be offset by a decrease in S31 Grants therefore the anticipated impact would be neutral.

10.3 There is a high level of uncertainty when estimating tax bases. In particular, retail, hospitality and leisure businesses have not in many instances paid full business rates since 2020-21 due to the pandemic and this support continues into 2024/25. Therefore, the overall impact of the pandemic on these businesses will only become fully clear when they pay rates once again.

10.4 Further uncertainty is caused by the number of appeals awaiting decisions by the Valuation Office Agency (VoA).

## **11 BUSINESS RATES BASE**

11.1 The estimate of gross Rateable Value in the district has been set at £387m in 2024-25 (£382m in 2023-24). Applying the tax rate (multiplier) set by the Government, this rateable value equates to a tax liability of £193.1m (£190.8m for 2023-24).

11.2 Discounts given to business owners against their tax liability, called reliefs, are estimated to cost £63.4m.

11.4 An assessment has been made around the amount to be set aside to cover potential costs of past appeals by business owners. The Valuation Office has struggled to adjudicate on these appeals during the pandemic and there remains uncertainty around the actual and final costs. An assessment has also been made for uncollected debt.

11.5 A small deduction (£0.71m) has been made out of the collection to cover the cost of collecting business rates.

11.6 After adjustments for appeals and uncollected debt, the estimated collection for 2024-25 is £120.6m. Bradford's share of this collection is £59.1m (49%), with the remainder being paid to Central Government (50%) and WYFRA (1%).

## **12 BUSINESS RATES FINANCES**

12.1 The 2023-24 anticipated Business Rate surplus gets paid back in 2024-25 and is therefore considered as part of the 2024-25 budget process. At the end of any year, there is a balancing up between the amounts of tax redistributed in advance to the Council or other organisations and the actual collection.

[DN – to be updated with the most recent estimate of 2023-24 Business Rates collection fund surplus or deficit, and this will be factored into final report]

12.2 The Council has been compensated by the Government for its share of the cost of the additional relief provided in 2023-24.

12.3 The overall 2024-25 position is summarised below:

- £59.1m collected in year (per 11.6 above)

## **SECTION C – 2024-25 REVENUE BUDGET**

### **13 COUNCIL TAX AND BUSINESS RATES REPORT SUMMARY**

13.1 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.

£000s	09 January 2024
Council Tax Collection 2024-25 *	241,886
Adult Social Care Precept 2024-25 **	4,697
2023-24 forecast surplus	886
Previous year surplus	2,508
<b>Total Council Tax</b>	<b>249,977</b>
Business Rates 2024-25	59,100
<b>Total Business Rates</b>	<b>59,100</b>
<b>Total</b>	<b>309,077</b>

\* Assume 2.99% increase as Policy Statement (Dec 2023) confirmation

\*\* Assume 2% increase as Policy Statement (Dec 2023) confirmation

## **14 FINANCIAL & RESOURCE APPRAISAL**

As set out in the report.

## **15 RISK MANAGEMENT AND GOVERNANCE ISSUES**

As set out in the report.

## **16 LEGAL APPRAISAL**

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

## **17 OTHER IMPLICATIONS**

### **17.1 SUSTAINABILITY IMPLICATIONS**

There are no specific sustainability implications arising from this report.

### **17.2 TACKLING THE CLIMATE EMERGENCY IMPLICATIONS**

Not applicable

### **17.3 COMMUNITY SAFETY IMPLICATIONS**

There are no specific community safety implications arising from this report.

### **17.4 HUMAN RIGHTS ACT**

There are no specific issues arising from this report.

### **17.5 TRADE UNION**



Not applicable

**17.6 WARD IMPLICATIONS**

There are no specific issues arising from this report.

**17.7 AREA COMMITTEE LOCALITY PLAN IMPLICATIONS**

Not applicable

**17.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

Not applicable

**17.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

Not applicable

**18. NOT FOR PUBLICATION DOCUMENTS**

None

**19. OPTIONS**

Not applicable

**20 RECOMMENDATIONS**

20.1 That the number of Band D equivalent properties for 2024-25 for the whole of the Bradford Metropolitan District is fixed at 144,890 (as set out in Appendix A, line 13 of this report).

20.2 That the Council Tax Base for 2024-25 for each Parish (set out in Appendix B) is approved.

20.3 Further that Bradford's £3.39m share of the anticipated 2023-24 Council Tax surplus is approved. Also, that the Police and Fire share of the surplus (as set out in 6.3) is noted.

20.4 That the latest estimate of the gross shares of Business Rates income for 2024-25, are noted. These are set out below:

50% is paid to Central Government - £60.3m

1% is paid to the West Yorkshire Fire Authority - £1.2m

49% is retained by the Council - £59.1m

20.5 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 2024-25 NNDR1 form. The amended figures will be provided in updates to the Executive and the 2024-25 Budget papers for Council.

**21 APPENDICES**

**Appendix A - 2024-25 Council Tax Base**

**Appendix B – Parish and Town Councils 2024-25 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	192	92,491	46,668	40,930	18,666	13,047	6,139	3,759	286	222,178
2. Exempt properties	0	-2,611	-602	-487	-222	-96	-42	-34	-6	-4,100
3. Taxable properties	192	89,880	46,066	40,443	18,444	12,951	6,097	3,725	280	218,078
4. Discounts	-16	-10,646	-4,154	-3,092	-1,158	-631	-259	-156	-23	-20,135
5. Empty homes scheme	0	1,099	279	179	-38	44	25	19	8	1,615
6. Estimated taxable properties after discounts and premiums	<b>176</b>	<b>80,333</b>	<b>42,191</b>	<b>37,530</b>	<b>17,248</b>	<b>12,364</b>	<b>5,863</b>	<b>3,588</b>	<b>265</b>	<b>199,558</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>98</b>	<b>53,555</b>	<b>32,815</b>	<b>33,360</b>	<b>17,248</b>	<b>15,112</b>	<b>8,469</b>	<b>5,980</b>	<b>530</b>	<b>167,166</b>
8. Estimated impact of Council Tax Reduction Scheme	-32	-12,030	-3,451	-2,036	-908	-247	-53	-33	0	-18,790
9. Growth as band D	0	0	0	0	550	0	0	0	0	550
10. Empty homes premium change	0	0	0	0	490	0	0	0	0	490
11. Banding and backdated liability changes	0	0	0	0	-850	0	0	0	0	-850
12. Adjustment for losses on collection	-1	-914	-646	-689	-369	-327	-185	-131	-12	-3,274
13. Estimate impact of valuation change in HMOs	0	0	0	0	-400	0	0	0	0	-400
14. 2024-25 Council Tax base (Band D equivalent)	<b>65</b>	<b>40,611</b>	<b>28,718</b>	<b>30,635</b>	<b>15,761</b>	<b>14,538</b>	<b>8,231</b>	<b>5,816</b>	<b>518</b>	<b>144,890</b>

## Appendix B

### Local Tax Bases

2024-25 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 2024-25 Council Tax Base Band D Equivalents	
<b>ADDINGHAM</b>	1,880	- 79	- 30	1,771	
<b>BAILDON</b>	6,859	- 423	- 130	6,305	
<b>BINGLEY</b>	9,281	- 546	- 148	8,587	
<b>BURLEY</b>	3,186	- 94	- 57	3,034	
<b>CLAYTON</b>	2,848	- 289	- 46	2,513	
<b>CULLINGWORTH</b>	1,438	- 86	- 26	1,326	
<b>DENHOLME</b>	1,359	- 127	- 19	1,212	
<b>HARDEN</b>	881	- 22	- 15	844	
<b>HAWORTH &amp; STANDBURY</b>	1,493	- 91	- 24	1,377	
<b>ILKLEY</b>	7,579	- 202	- 131	7,246	
<b>KEIGHLEY</b>	17,632	- 2,232	- 157	15,243	
<b>MENSTON</b>	2,446	- 56	- 48	2,342	
<b>OXENHOPE</b>	1,111	- 44	- 17	1,050	
<b>SANDY LANE</b>	948	- 63	- 17	867	
<b>SHIPLEY TC</b>	5,107	- 331	- 74	4,702	
<b>SILSDEN</b>	3,473	- 172	- 64	3,237	
<b>STEETON/EASTBURN</b>	1,893	- 67	- 40	1,786	
<b>WILSDEN</b>	1,886	- 80	- 35	1,772	
<b>WROSE</b>	2,378	- 136	- 44	2,198	
<b>CROSSROADS</b>	1,101	- 67	- 18	1,016	
	74,778	-5,209	-1,139	68,430	