

SETTING THE COUNCIL TAX BASE FOR 2025/26

1. Setting the Council Tax Base

- 1.1 The council tax base is the link between the Council's budget and the level of council tax. The tax base will be used to calculate the council tax in Sefton, once the Council's budget has been agreed. The Council is required to calculate its own tax base as well as the tax base for each parish council within its boundary and have them approved by the 31 January 2025.
- 1.2 The calculation of the council tax base takes into account many factors such as the rate of new building and the trends in people living on their own (Sole Occupier Discounts) as well as forecast long-term collection rates.

2. Council Tax Base for Sefton Council in 2025/26

- 2.1 An analysis of the changes between the 2024/25 and the 2025/26 tax base is provided in the table below:

Tax Base for Sefton Council		Band D Equivalents		
		2024/25	2025/26	Change
H	<u>Chargeable Dwellings</u>			
	Dwellings on the Banding List	113,369.8	114,056.0	686.2
	Exempt Dwellings	-2,426.9	-2,778.6	-351.7
	Disabled Persons Reductions	-159.7	-160.4	-0.7
		110,783.2	111,117.0	333.8
Q	Discounts	-10,593.4	-10,521.9	71.5
E1	Empty Homes Premium	1,356.8	1,142.8	-214.0
E2	Second Homes Premium	0.0	368.9	368.9
J	Adjustments	-631.9	-337.3	294.6
Z	Council Tax Support Scheme	-12,019.2	-11,847.0	172.2
B	Collection Rate Adjustment	-2,444.6	-2,562.8	-118.2
	MOD Properties	8.0	8.0	0.0
	Council Tax Base	86,458.9	87,367.7	908.8

- 2.2 The main reasons for the changes in the tax base are:

Dwellings on the Banding List: The number of properties on the Banding List has increased by 738 (+0.6%) in the year.

Exempt Dwellings (A-W): The number of dwellings subject to an exemption increased by 409 (14.2%). The largest increases were in the number of Class B exemptions (owned by a charity), Class N exemptions (Student Households), and Class U exemptions (Severely Mentally Impaired).

Sole Occupier & Status Discounts: The number of dwellings receiving a 25% discount due to single occupancy has decreased by 825 (-1.7%). However, this has been offset by an increase in the number of dwellings receiving status discounts and Class C empty property discounts.

Empty Homes Premium: The number of dwellings left empty for more than one year has reduced by 259 (-18.7%).

Second Homes Premium: This is a new premium applied from 1 April 2025.

Adjustments: The taxbase forecast assumes a higher level of housing growth over the next year. The adjustments have also reduced as a result of removing the banding list reductions / prior year adjustments forecast in 2025/26, the collection rate adjustment has been increased to compensate for this.

Council Tax Support Scheme (CTRS): The number of both pension and working age claimants has reduced over the last 12 months.

Collection Rate Adjustment (CRA): The provision for non-collection has been reduced from -2.75% to -2.50%, however, a new adjustment for changes to prior year net charges of -0.35% has been added in 2025/26 which has changed the total CRA by -0.1% from -2.75% to -2.85%. The prior year adjustment was previously included in Item J (Adjustments).

3. Council Tax Base in Parish Areas for 2025/26

3.1 There are also new tax base figures for each parish area in 2025/26. The following tables provide details of the proposed new tax base for each parish compared to 2024/25:

Tax Base for Parish Areas	Band D Equivalents			%
	2024/25	2024/25	Change	Change
Parish of Aintree Village	2,079.9	2,089.3	9.4	0.5%
Parish of Formby	9,222.3	9,277.5	55.2	0.6%
Parish of Hightown	874.0	870.0	-4.0	-0.5%
Parish of Ince Blundell	174.0	171.7	-2.3	-1.3%
Parish of Little Altcar	450.5	480.5	30.0	6.7%
Parish of Lydiate	2,110.2	2,137.0	26.8	1.3%
Parish of Maghull	6,920.9	7,066.5	145.6	2.1%
Parish of Melling	1,118.2	1,129.6	11.4	1.0%
Parish of Sefton	327.6	335.7	8.1	2.5%
Parish of Thornton	772.5	800.4	27.9	3.6%

3.2 The tax base calculation for each of the parish areas is based on the same assumptions made in the calculation for Sefton Metropolitan Borough Council.

3.3 The reductions in Hightown and Ince Blundell Parish Areas are largely due to an increase in exemptions in those areas.

4. New Second Homes Premium and Premium Exceptions introduced in 2025/26

- 4.1 At its meeting on 18 January 2024, the Council approved the introduction of a 100% council tax premium on dwellings occupied periodically (the Second Homes Premium) from 1 April 2025. The impact of this new premium has been built into the tax base forecasts presented in this report.
- 4.2 Some second homeowners are expected to take action to avoid the premium when it applies, and an adjustment has been made in Item J of the taxbase calculation to take account of this. However, as this is the first year that the second homes premium will apply there is significant uncertainty over the level of avoidance that might occur in 2025/26.
- 4.3 In October 2024, the Government made new regulations that introduced a number of new exceptions that will apply to either or both the long-term empty homes and second homes premiums. The exceptions which come into force from 1 April 2025 are listed in the table below:

<u>Class</u>	<u>Exception</u>	<u>Applies to</u>
G	Dwellings being actively marketed for sale	Both
H	Dwellings being actively marketed for let	Both
I	Dwellings which have fallen in Class F of the Exempt Dwellings Order and have undergone probate.	Both
J	Dwellings which are periodically occupied in certain job-related circumstances.	Second Homes
K	A pitch occupied by a caravan, or a mooring occupied by a boat	Second Homes
L	Dwellings where a planning condition prevents permanent occupancy.	Second Homes
M	Vacant dwelling which requires or is undergoing major repair work to make it habitable, or structural alterations.	Empty Homes

Exceptions G, H and I will apply for a maximum of 12 months. These exceptions are intended to allow council taxpayers time to sell or let their properties without having to pay the premium. Exceptions J, K, L, and M are not time limited.

- 4.4 An adjustment has been made in Item J of the taxbase calculation to take account of the potential impact of the new exceptions. However, as this is the first year that the exceptions will apply there is significant uncertainty over the level of premium income that might be lost in 2025/26.
- 4.5 The parish area tax base forecasts have also been adjusted to take account of the impact of the premium exceptions.
- 4.6 The application of the premium exceptions is expected to make future council tax income more volatile and therefore more difficult to forecast. The Cabinet and Council are provided with regular monthly updates of council tax income forecasts during the year. Any significant variation from the tax base forecast presented in section 2.1 above will be reported during 2025/26.