

Birmingham City Council

Report to Cabinet

18TH JANUARY 2022



Subject: Council Tax Tax-base for 2022/23
Report of: Director of Council Management – Rebecca Hellard
Relevant Cabinet Member: Cllr Tristan Chatfield – Cabinet Member for Finance and Resources & Cllr Brigid Jones – Deputy Leader
Relevant O &S Chair(s): Councillor Mohammed Aikhlq - Resources
Report author: Nadeem Afzal, Senior Business Analyst

| | | |
|--|---|---|
| Are specific wards affected? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): | | |
| Is this a key decision? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, add Forward Plan Reference: 009029/2022 | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, provide exempt information paragraph number or reason if confidential : | | |

1 Executive Summary

- 1.1 This report seeks approval of the Council Tax base for 2022/23 for the City Council, New Frankley in Birmingham Parish Council and Royal Sutton Coldfield Town Council. This forms an important part of the calculation of next financial year's income from Council Tax.
- 1.2 The report sets out the basis of the calculation and the assumptions which have been included.

2 Recommendations

That the Cabinet: -

- 2.1 Approves a Council Tax base for Birmingham of 258,362 Band D equivalent properties, for 2022/23, as calculated in Appendix 2, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 2.2 Approves a Council Tax base for the New Frankley in Birmingham Parish Council of 1,290 Band D equivalent properties for 2022/23, as calculated in Appendix 3.
- 2.3 Approves a Council Tax base for the Royal Sutton Coldfield Town Council of 36,890 Band D equivalent properties for 2022/23, as calculated in Appendix 4.
- 2.4 Notes that there are no changes to the current Council Tax Support Scheme in 2022/23.

3 Background

- 3.1 The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 requires local authorities to determine their tax base for Council Tax setting purposes before 31 January each year. This means that billing authorities, like Birmingham, must calculate the number of properties where Council Tax is payable and inform other precept bodies (in our case the West Midlands Police & Crime Commissioner, the Fire and Rescue Authority, New Frankley in Birmingham Parish and Royal Sutton Coldfield Town Councils) and other levying bodies, by 31 January, of this figure for precept/levying purposes.
- 3.2 The City Council is required to determine the tax base for Council Tax setting purposes for 2022/23. The calculation in this report is based upon the valuation list as at November 2021 and takes into account forecasts of discounts, exemptions and other changes likely to affect the number of properties on which full Council Tax will be payable and is inclusive of those changes which are predicted to happen by the end of 2022/23 e.g. successful appeals against valuation bands. Details of these factors are included within Appendix 1.
- 3.3 There has been a net increase of 2,489 (0.6%) in the total number of domestic properties in the past year to November 2021, compared with an increase of 5,190 (1.2%) during the previous 12-month period. The table in Appendix 1 shows the number of properties by band in Birmingham as at November 2021 and highlights the changes since November 2020. The valuation list shows that 82.4% of all domestic properties in Birmingham have been allocated to “below average value” categories (i.e. Bands A-C), a marginal reduction from last year (82.5%), indicating that there has been minimal overall change in the average banding of properties.
- 3.4 The final part of the calculation is the application of the anticipated tax collection rate. A budgeted eventual composite collection rate of 96.6% was approved for 2021/22 which was lower than the 97.1% approved for 2020/21 because of the uncertainty due to the Covid-19 pandemic and the economic uncertainty.
- 3.5 Whilst collection is gradually improving, the impact of the Covid-19 pandemic and the economic uncertainty is still ongoing. In addition, the collection of outstanding

Council Tax Support debts is expected to improve the collection rate. Therefore, it is recommended that the collection rate for 2022/23 is adjusted to 96.85% which is 0.25% better than 2021/22 (96.6%) but lower than the Pre-Covid-19 level of 97.1%. On this basis, the tax base for setting Council Tax for 2022/23 will be 258,362 Band D equivalent properties. However, whilst being prudent in its planning assumptions, the Council will seek to maximise the rate of collection. In the event that collection performance exceeds the assumed rate, the resultant surplus will become available to be taken into account in setting future years' budgets and should this collection rate not be achieved the resulting deficit will be reflected in future budget setting.

3.6 Before taking account of allowances for non-collection, the 2022/23 Council Tax base is an increase of 3,829 (1.5%) Band D equivalent properties from 2021/22. The main reasons for this are net increases of 4,011 (1.6%) for new Band D equivalent properties forecast for the period up to 31st March 2023.

3.7 These have been offset by a reduction of 378 (0.2%) Band D equivalent properties primarily due to the increase in the level of Council Tax Support (CTS) discounts awards less an increase of 196 (0.1%) Band D equivalent properties due to decreases in student discount awards and exemptions relating, mainly, to students. These have been set out in the table below.

| Summary of adjustment to the tax base for Band D Equivalent | 2022/23 | 2021/22 | Movement |
|--|----------------|----------------|-----------------|
| Net increase in No. of properties | 380,087 | 376,076 | 4,011 |
| Exemptions, Discounts and Other | (49,202) | (49,398) | 196 |
| Council Tax Support | (64,120) | (63,742) | (378) |
| Gross Tax Base | 266,765 | 262,936 | 3,829 |

3.8 Cabinet is asked to approve the tax base for Birmingham of 258,362 Band D equivalent properties. Once formally determined, this tax base cannot subsequently be altered, and will be used when the City Council sets the Council Tax for 2022/23.

3.9 Cabinet is asked to approve the tax base for the New Frankley in Birmingham Parish Council which, after applying the collection rate described above, produces a tax base figure of 1,290 Band D equivalent properties. This is a decrease of 29 Band D equivalent properties from 2021/22.

3.10 Cabinet is asked to approve the tax base for the Royal Sutton Coldfield Town Council which, after applying the collection rate described above, produces a tax base figure of 36,890 Band D equivalent properties. This is an increase of 254 Band D equivalent properties from 2021/22.

4 Options considered and Recommended Proposal

4.1 Not Applicable

5 Consultation

5.1 Officers in the Council Management and City and Municipal Development Directorates have been consulted in determining the Council Tax Base. The Assistant Director – Revenues and Benefits has been consulted in the preparation of this report.

5.2 No public consultation is required on the Council Tax base. It is a statement of fact supplemented by the City Council's forecast of likely changes to the tax base in 2022/23.

6 Risk Management

6.1 The setting of the Council's budget which includes the setting of the Council Tax Base, as set out in this report, is part of the Council's arrangements for the management of financial issues.

7 Compliance Issues:

7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

7.1.1 The completion of the Council Tax base does not have any direct implications for the City Council's Corporate Policy Priorities.

7.2 **Legal Implications**

7.2.1 The Council is required to set the tax base under the Local Government Finance Act 1992. The tax base is a factor in the determination of the planned level of Council Tax income which can be collected next year. The Local Government Act 2003 removed the requirement for this to be a matter reserved for approval by Full Council.

7.3 **Financial Implications**

7.3.1 The Council Tax base in conjunction with the Council Tax level (to be approved at the Council meeting on the 22nd February 2022) will determine the total income from Council Tax in 2022/23 to be included in the approved budget for next year.

7.4 **Procurement Implications (if required)**

7.4.1 Not Applicable

7.5 **Human Resources Implications (if required)**

7.5.1 Not Applicable

7.6 **Public Sector Equality Duty**

7.6.1 There are no specific Equality Duty or Equality Analysis issues relating to the proposals set out in this report.

8 Background Documents

- 8.1 Calculation of Council Tax Base (CTB October 2021) from (Ministry for Housing, Communities and Local Government - MHCLG)
- 8.2 Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 - <http://www.legislation.gov.uk/ukpga/2018/25/section/2/enacted>

Further details of the Council Tax base Calculation

The calculation of the tax base for 2022/23 commences with the total number of properties on the Valuation Office Agency (VOA) valuation list at November 2021, as follows:

| Band | 2022/23 | | | | 2021/22 | | Annual Movement | |
|--------------|----------------------|----------------------|-------------------------|-----------------------|----------------------|-----------------------|-----------------|-----------------------|
| | Number of Properties | Proportion in Band % | Cumulative Proportion % | No. Band D Equivalent | Number of Properties | No. Band D Equivalent | No. Properties | No. Band D Equivalent |
| A | 161,619 | 35.6% | 35.6% | 107,747 | 160,941 | 107,295 | 678 | 452 |
| B | 130,791 | 28.8% | 64.4% | 101,726 | 130,457 | 101,467 | 334 | 259 |
| C | 81,397 | 17.9% | 82.4% | 72,353 | 80,691 | 71,725 | 706 | 628 |
| D | 42,152 | 9.3% | 91.7% | 42,152 | 41,635 | 41,635 | 517 | 517 |
| E | 22,017 | 4.9% | 96.5% | 26,910 | 21,818 | 26,666 | 199 | 244 |
| F | 8,965 | 2.0% | 98.5% | 12,949 | 8,931 | 12,900 | 34 | 49 |
| G | 5,909 | 1.3% | 99.8% | 9,848 | 5,897 | 9,828 | 12 | 20 |
| H | 905 | 0.2% | 100.0% | 1,810 | 896 | 1,792 | 9 | 18 |
| Total | 453,755 | 100.0% | | 375,495 | 451,266 | 373,308 | 2,489 | 2,187 |

The following additional factors, calculated for each of the property bands (A to H), have been included in the Tax Base calculation:

- An estimate of the number of properties which will be exempt from Council Tax;
- An estimate of the number of properties that will be reallocated to a lower tax band under the “disabled relief” scheme;
- An estimate of the number of appeals against valuation that are likely to succeed;
- An estimate of the number of new properties which will become liable for tax before 1 April 2023, together with any properties which will cease to be liable - and the proportion of the year for which that liability is likely to exist;
- An estimate of the number of properties for which discounts will apply, and the number of discounts for each property. This includes the Council Tax Support Scheme which includes a discount of up to 80%. This takes account of an assessment of the expected number and level of Council Tax Support discounts, drawing on experience of discounts awarded in 2021/22 and previous years.
- An estimate of the number of properties which will be classed as long-term empty (empty for over 2 years), attracting a premium of 100%; and an estimate for those that remain empty for at least 5 years, attracting a premium of 200%; and an estimate for those that remain empty for at least 10 years, attracting a premium of 300%.

The calculations for the assumptions above are set out in Appendix 2 to this report. The information for New Frankley in Birmingham Parish Council is shown in Appendix 3 and for Royal Sutton Coldfield Town Council in Appendix 4. These also show how the number of taxable properties in each band must be adjusted to arrive at an equivalent number of “Band D” properties, as required by legislation.

| Council Tax Base - Birmingham 2022-23 | | | | | | | | | | | |
|---|-----------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|----------------|----------------|
| | | | | | | | | | | | Band D |
| | | | | | | | | | | | Equivalent |
| Property Band | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H | Total | Properties | Properties |
| i) Dwellings on valuation list | 0 | 161,619 | 130,791 | 81,397 | 42,152 | 22,017 | 8,965 | 5,909 | 905 | 453,755 | 375,495 |
| ii) Estimated Exemptions | 0 | (8,318) | (4,802) | (3,078) | (3,334) | (1,212) | (182) | (101) | (26) | (21,053) | (17,315) |
| iii) Net adjustment in respect of estimated disabled relief | 254 | 288 | (74) | (160) | (135) | (74) | (26) | (30) | (43) | 0 | (266) |
| iv) Net adjustment in respect of estimated successful appeals and other adjustments | 0 | (498) | (539) | (314) | (163) | (79) | (21) | (13) | (2) | (1,631) | (1,348) |
| v) Net adjustment in respect of estimated new properties | 0 | 1,976 | 1,600 | 995 | 515 | 269 | 110 | 72 | 11 | 5,549 | 4,592 |
| No. of chargeable dwellings | 254 | 155,067 | 126,975 | 78,840 | 39,035 | 20,921 | 8,845 | 5,837 | 845 | 436,620 | 361,158 |
| vi) Total no. of discounts (including Council Tax Support) | (104) | (66,072) | (35,801) | (15,321) | (5,199) | (1,796) | (600) | (295) | (36) | (125,223) | (94,393) |
| Equivalent no. of chargeable dwellings net of discounts | 150 | 88,995 | 91,174 | 63,519 | 33,836 | 19,126 | 8,246 | 5,542 | 809 | 311,397 | 266,765 |
| Statutory proportion | 5/9 | 6/9 | 7/9 | 8/9 | 1 | 11/9 | 13/9 | 15/9 | 18/9 | | |
| Equivalent Band D properties (the "Relevant Amounts") | 84 | 59,330 | 70,913 | 56,461 | 33,836 | 23,376 | 11,910 | 9,237 | 1,617 | TOTAL = | 266,765 |
| ALLOWANCE FOR NON-COLLECTION (3.15%) | (3) | (1,869) | (2,234) | (1,779) | (1,066) | (736) | (375) | (291) | (51) | TOTAL = | (8,403) |
| TOTAL | 81 | 57,461 | 68,679 | 54,683 | 32,770 | 22,639 | 11,535 | 8,946 | 1,566 | TOTAL = | 258,362 |

| Council Tax Base - New Frankley in Birmingham Parish Council 2022/23 | | | | | | | | | | | | Band D |
|--|---|---------|--------|--------|--------|--------|--------|--------|--------|--------|------------|------------|
| | | | | | | | | | | | Total | Equivalent |
| Property Band | | Band AR | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H | Properties | Properties |
| i) | Dwellings on valuation list | 0 | 1,558 | 1,592 | 103 | 58 | 1 | 0 | 0 | 1 | 3,313 | 2,430 |
| ii) | Estimated Exemptions | 0 | (17) | (13) | (1) | 0 | 0 | 0 | 0 | 0 | (31) | (22) |
| iii) | Net adjustment in respect of estimated disabled relief | 3 | 3 | (6) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1) |
| | | | | | | | | | | | | |
| iv) | No. of chargeable dwellings | 3 | 1,544 | 1,573 | 102 | 58 | 1 | 0 | 0 | 1 | 3,282 | 2,406 |
| v) | Total no. of discounts (including Council Tax Support) | (2) | (886) | (598) | (14) | (5) | 0 | 0 | 0 | 0 | (1,505) | (1,074) |
| | | | | | | | | | | | | |
| | Equivalent no. of chargeable dwellings net of discounts | 1 | 658 | 975 | 88 | 53 | 1 | 0 | 0 | 1 | 1,777 | 1,332 |
| | | | | | | | | | | | | |
| | Statutory proportion | 5/9 | 6/9 | 7/9 | 8/9 | 1 | 11/9 | 13/9 | 15/9 | 18/9 | | |
| | Equivalent Band D properties (the "Relevant Amounts") | 1 | 439 | 759 | 78 | 53 | 1 | 0 | 0 | 2 | TOTAL = | 1,332 |
| | | | | | | | | | | | | |
| | ALLOWANCE FOR NON-COLLECTION 3.15% | (0) | (14) | (24) | (2) | (2) | (0) | 0 | 0 | (0) | TOTAL = | (42) |
| | TOTAL | 1 | 425 | 735 | 76 | 51 | 1 | 0 | 0 | 2 | TOTAL = | 1,290 |

| Council Tax Base - Sutton Coldfield Town Council 2022/23 | | | | | | | | | | | | Band D | |
|--|--|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|----------------|---------------|------------|
| | | | | | | | | | | | | Total | Equivalent |
| Property Band | | Band AR | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H | Properties | Properties | |
| i) | Dwellings on valuation list | 0 | 3,308 | 5,534 | 7,702 | 9,510 | 8,636 | 4,183 | 2,601 | 395 | 41,869 | 44,588 | |
| ii) | Estimated Exemptions | 0 | (93) | (68) | (138) | (139) | (85) | (42) | (15) | (1) | (581) | (568) | |
| iii) | Net adjustment in respect of estimated disabled relief | 1 | 15 | 13 | 21 | 16 | (23) | (17) | (15) | (11) | 0 | (44) | |
| iv) | No. of chargeable dwellings | 1 | 3,230 | 5,479 | 7,585 | 9,387 | 8,528 | 4,124 | 2,571 | 383 | 41,288 | 43,977 | |
| v) | Total no. of discounts (including Council Tax Support) | (1) | (1,662) | (1,573) | (1,312) | (1,046) | (625) | (249) | (113) | (14) | (6,596) | (5,885) | |
| | Equivalent no. of chargeable dwellings net of discounts | 0 | 1,568 | 3,906 | 6,273 | 8,341 | 7,903 | 3,875 | 2,458 | 369 | 34,692 | 38,092 | |
| | Statutory proportion | 5/9 | 6/9 | 7/9 | 8/9 | 1 | 11/9 | 13/9 | 15/9 | 18/9 | | | |
| | Equivalent Band D properties (the "Relevant Amounts") | 0 | 1,045 | 3,038 | 5,576 | 8,341 | 9,659 | 5,597 | 4,096 | 737 | TOTAL = | 38,090 | |
| | ALLOWANCE FOR NON-COLLECTION 3.15% | (0) | (33) | (96) | (176) | (263) | (304) | (176) | (129) | (23) | TOTAL = | (1,200) | |
| | TOTAL | 0 | 1,012 | 2,942 | 5,400 | 8,078 | 9,355 | 5,421 | 3,967 | 714 | TOTAL = | 36,890 | |