

Birmingham City Council

Report to Cabinet

17th January 2023



Subject: COUNCIL TAX TAX-BASE FOR 2023/24
Report of: Rebecca Hellard - Director of Council Management
Relevant Cabinet Member: Cllr Yvonne Mosquito - Finance and Resources
Relevant O & S Chair(s): Councillor Akhlaq Ahmed - Resources
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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: 010445/2023		
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 2023/24 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 Cabinet: -

- 2.1 Approves a Council Tax base for Birmingham of 263,262 Band D equivalent properties, for 2023/24, 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 1,373 Band D equivalent properties for 2023/24, as calculated in **Appendix 3**.
- 2.3 Approves a Council Tax base for the Royal Sutton Coldfield Town Council of 37,218 Band D equivalent properties for 2023/24, as calculated in **Appendix 4**.
- 2.4 Notes that there are no changes to the current Council Tax Support Scheme in 2023/24.

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 31st 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 2023/24. The calculation in this report is based upon the valuation list as at November 2022 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 2023/24 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 3,460 (0.8%) in the total number of domestic properties in the past year to November 2022, compared with an increase of 2,489 (0.6%) during the previous 12-month period. The table in **Appendix 1** shows the number of properties by band in Birmingham as at November 2022 and highlights the changes since November 2021. The valuation list shows that 82.3% 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 (82.4%), 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. Due to the impact of the cost-of-living crisis and economic uncertainty, it is recommended that the budgeted eventual composite collection rate for 2023/24 is maintained at 96.85%, the same as 2022/23 rather than return to the Pre-Covid-19 level of 97.1% for 2023/24. On this basis, the tax base for setting Council Tax for 2023/24 will be 263,262 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.
- 3.5 Before taking account of allowances for non-collection, the 2023/24 Council Tax base is an increase of 5,059 (1.9%) Band D equivalent properties from 2022/23. The main reasons for this are net increases of 1,855 (0.7%) for new Band D equivalent properties forecast for the period up to 31st March 2024.

3.6 There is also an increase of 2,982 (1.1%) Band D equivalent properties primarily due to a decrease in the level of Council Tax Support (CTS) discount awards and an increase of 222 (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	2023/24	2022/23	Movement
Properties on Valuation List	378,610	375,495	3,115
Forecasted new properties	3,332	4,592	(1,260)
Net increase in No. of properties	381,942	380,087	1,855
Exemptions, Discounts and Other	(48,980)	(49,202)	222
Council Tax Support	(61,139)	(64,120)	2,982
Gross Tax Base	271,824	266,765	5,059

3.7 Cabinet is asked to approve the tax base for Birmingham of 263,262 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 2023/24.

3.8 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 1,373 Band D equivalent properties. This is an increase of 83 Band D equivalent properties from 2022/23.

3.9 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 37,218 Band D equivalent properties. This is an increase of 328 Band D equivalent properties from 2022/23.

4 Options considered and Recommended Proposal

4.1 Not Applicable

5 Consultation

5.1 Officers in the Council Management and Place, Prosperity and Sustainability 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 2023/24.

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 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 as detailed within the report and other levying bodies, by 31 January of this figure for precept/levying purposes.

7.2.2 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 28th February 2023) will determine the total income from Council Tax in 2023/24 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 Appendices

8.1 Appendix 1 - Council Tax Base Calculation

8.2 Appendix 2 - Council Tax Base Birmingham 2023/24

8.3 Appendix 3 - Council Tax Base New Frankley in Birmingham Parish Council 2023/24

8.4 Appendix 4 – Council Tax Base Sutton Coldfield Town Council 2023/24

9 Background Documents

9.1 Calculation of Council Tax Base (CTB October 2022) from (Department for Levelling Up, Housing and Communities - DLUHC)

9.2 Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018
- <http://www.legislation.gov.uk/ukpga/2018/25/section/2/enacted>