

# BIRMINGHAM CITY COUNCIL

**PUBLIC**

<b>Report to:</b>	<b>CABINET</b>	
<b>Report of:</b>	<b>Strategic Director - Finance and Legal</b>	
<b>Date of Decision:</b>	<b>26<sup>th</sup> January 2016</b>	
<b>SUBJECT:</b>	<b>COUNCIL TAX TAXBASE FOR 2016/2017</b>	
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 000853/2016</b>	
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved</b>	<input type="checkbox"/>
	<b>O&amp;S Chairman approved</b>	<input type="checkbox"/>
<b>Relevant Cabinet Member(s):</b>	<b>Cllr Ward, Deputy Leader</b>	
<b>Relevant O&amp;S Chairman:</b>	<b>Cllr Zaffar, Corporate Resources Overview &amp; Scrutiny Committee</b>	
<b>Wards affected:</b>	<b>All</b>	

<b>1. Purpose of report:</b>
<p>1.1 This report seeks approval to the Council Tax taxbase for 2016/2017 for the City Council, New Frankley in Birmingham and Sutton Coldfield Parish Councils. This forms an important part of the calculation of next year's revenue from Council Tax.</p> <p>1.2 The report sets out the basis of the calculation and the assumptions which have been included.</p>

<b>2. Decision(s) recommended:</b>
<p>2.1 To approve a Council Tax taxbase for Birmingham of 239,042 Band D equivalent properties, for 2016/2017, as calculated in Appendix 2, in accordance with The Local Authorities (Calculation of Council Taxbase) (England) Regulations 2012.</p> <p>2.2 To approve a taxbase for the New Frankley in Birmingham Parish of 1,312 Band D equivalent properties for 2016/2017, as calculated in Appendix 3.</p> <p>2.3 To approve a taxbase for the Sutton Coldfield Parish of 36,509 Band D equivalent properties for 2016/2017, as calculated in Appendix 4.</p>

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<b>3.</b>	<b>Consultation</b>
3.1	<p><u>Internal</u></p> <p>The Service Director – Customer Services and the Deputy Leader of the Council have been consulted in the preparation of this report.</p>
3.2	<p><u>External</u></p> <p>No public consultation is required on the Council Tax taxbase. It is a statement of fact supplemented by the City Council's forecast of likely changes to the taxbase in 2016/17.</p>
<b>4.</b>	<b>Compliance Issues:</b>
4.1	<p><u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>The completion of the Council Tax taxbase does not have any direct implications for the City Council's Corporate Policy Priorities.</p>
4.2	<p><u>Financial Implications</u> (Will decisions be carried out within existing finances and Resources?)</p> <p>The Council Tax taxbase in conjunction with the Council Tax level (to be approved at the Council meeting on the 1st March 2016) will determine the total income from Council Tax in 2016/17 to be included in the approved budget for next year.</p>
4.3	<p><u>Legal Implications</u></p> <p>The Council is required to set the taxbase under the Local Government Finance Act 1992. The taxbase 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. The report does not have any other direct implications.</p>
4.4	<p><u>Public Sector Equality Duty (see separate guidance note)</u></p> <p>There are no specific Equality Duty or Equality Analysis issues relating to the proposals set out in this report.</p>

<b>5.</b>	<b>Relevant background/chronology of key events:</b>
5.1	<p>The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, obliges local authorities to determine their taxbase for Council Tax setting purposes before 31 January each year. This enables billing authorities, like Birmingham, to calculate the number of properties where Council Tax is payable and to inform other precepting bodies (in our case the West Midlands Police &amp; Crime Commissioner, the Fire and Rescue Authority, New Frankley in Birmingham and Sutton Coldfield Parish Councils) and other levying bodies, by 31 January, of this figure for precepting/levying purposes.</p>

- 5.2 The HM Revenue & Customs Valuation Office (VOA) provided the City Council with an updated copy of the valuation list, as at 14<sup>th</sup> September 2015. This was used in completing the Council Taxbase Return (CTB) to Central Government (CLG) on 16<sup>th</sup> October 2015, representing the 2015/16 taxbase as at the 14<sup>th</sup> September 2015. Due to timing issues 815 new properties (584 Band D equivalents) were not included on the VOA list of the 14<sup>th</sup> September. Following communication with the CLG and VOA, they both have agreed to accept a revised CTB return.
- 5.3 The City Council then determines the taxbase for tax setting purposes for 2016/17. The calculation in this report is based upon the valuation list as at 30<sup>th</sup> November 2015 and also 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 2016/17 e.g. successful appeals against valuation bands. Details of these factors are included within Appendix 1.
- 5.4 There has been a net increase of 2626 (0.6%) in the total number of domestic properties in the past year to 30<sup>th</sup> November 2015, compared with an increase of 1,597 during the previous 12 month period. The table in Appendix 1 shows the number of properties by band in Birmingham as at 30<sup>th</sup> November 2015 and highlights the changes since 2014. The valuation list shows that 83.0% of all domestic properties in Birmingham have been allocated to “below average value” categories (i.e. Bands A-C), a very marginal reduction from last year, but indicating that there has been no real overall change in the average banding of properties.
- 5.5 The final part of the calculation is the application of the anticipated tax collection rate. A budgeted eventual composite collection rate of 97.1% was approved for 2015/16. This consisted of an assumed collection rate of 98% for the majority of taxpayers but lower rates for those in receipt of Council Tax Support discounts, (in accordance with previous decisions). It is recommended that the overall eventual composite rate of collection should remain unchanged at 97.1% in 2016/17. On this basis, the taxbase for setting the Council Tax for 2016/17 will be 239,042 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 eventually exceeds the assumed rate, the resultant surplus will become available to be taken into account in setting future years’ budgets.
- 5.6 This Council Tax taxbase is an increase of 4,953 (2.1%) from 2015/16. The main reasons for this are an increase in net new properties forecast for the year and a reduction in the total amount of Council Tax Support discounts, offset by an increase in student exemptions. The Council Tax Support scheme remains unchanged for 2016/17.
- 5.7 Cabinet is asked to approve the taxbase for Birmingham of 239,042 Band D equivalent properties. Once formally determined, this taxbase cannot subsequently be altered, and will be used when the City Council sets the Council Tax for 2016/17.
- 5.8 Cabinet is also asked to approve the taxbase for the New Frankley in Birmingham Parish which, after applying the collection rate described above, produces a taxbase figure of 1,312 Band D equivalent properties. This is an increase of 12 on the Band D equivalent properties for 2015/16.

5.9 For the first time, Cabinet is also asked to approve the taxbase for the Sutton Coldfield Parish which, after applying the collection rate described above, produces a taxbase figure of 36,509 Band D equivalent properties.

**6. Evaluation of alternative option(s):**

6.1 Not Applicable

**7. Reasons for Decision(s):**

7.1 The Council Tax taxbase for 2016/2017 must, by law, be set and communicated to preceptors and levying bodies by no later than the end of January, each year.

**Signatures**

**Date**

Cabinet Member :

Chief Officer:

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**List of Background Documents used to compile this Report:**

CTB Form (DCLG)

**List of Appendices accompanying this Report (if any):**

1. Further details of the Council Tax taxbase calculation
2. Calculation of Council Tax taxbase for Birmingham
3. Calculation of Council Tax taxbase for New Frankley in Birmingham Parish Council
4. Calculation of Council Tax taxbase for Sutton Coldfield Parish Council

**Report Version**

**Dated**

### Further details of the Council Tax Taxbase Calculation

The calculation of the taxbase for 2016/17 commences with the total number of properties on HM Revenue & Customs valuation list at 30<sup>th</sup> November 2015, as follows:

Band	2016/17				2015/16		Annual Movement	
	No. Properties 2016/17	Proportion in Band %	Cumulative Proportion %	No. Band D Equivalent	No. Properties 2015/16	No. Band D Equivalent	No. Properties	Band D
A	156,881	36.1%	36.1%	104,588	155,654	103,770	1,227	818
B	127,437	29.3%	65.4%	99,118	127,098	98,854	339	264
C	76,100	17.5%	83.0%	67,644	75,618	67,216	482	428
D	38,272	8.8%	91.8%	38,272	37,856	37,856	416	416
E	20,557	4.7%	96.5%	25,125	20,480	25,031	77	94
F	8,607	2.0%	98.5%	12,432	8,537	12,331	70	101
G	5,735	1.3%	99.8%	9,558	5,730	9,550	5	8
H	870	0.2%	100.0%	1,740	860	1,720	10	20
<b>Total</b>	<b>434,459</b>	<b>100.0%</b>		<b>358,477</b>	<b>431,833</b>	<b>356,328</b>	<b>2,626</b>	<b>2,149</b>

The following additional factors have been then taken into account and have to be calculated for each of the property bands (A to H):

- 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 2016, or during 2016/2017, 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%. The number of Council Tax Support recipients has been assumed to fall by 3,097 Band D equivalents compared with the budgeted figure for 2015/16. This takes account of an assessment of the expected number and level of Council Tax Support discounts, drawing on experience of discounts awarded in 2015/16
- An estimate of the number of properties which will be classed as long term empty and therefore will attract a premium of 50%.

The calculations of the above factors for each tax band are set out in Appendix 2 to this report. The equivalent information for New Frankley in Birmingham Parish is shown in Appendix 3 and Appendix 4 for Sutton Coldfield Parish . These also show how the number of taxable properties in each band has to be adjusted to produce a value expressed as an equivalent number of “Band D” properties (as required by the Council Tax legislation).



Council Tax Tax Base - Birmingham 2016-17												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	156,881	127,437	76,100	38,272	20,557	8,607	5,735	870	434,459	358,477	
ii)	Estimated Exemptions	0	(4,858)	(4,239)	(2,378)	(2,288)	(1,065)	(146)	(79)	(30)	(15,083)	(12,642)	
iii)	Net adjustment in respect of estimated disabled relief	235	326	(101)	(183)	(86)	(102)	(7)	(33)	(49)	0	(267)	
iv)	Net adjustment in respect of estimated successful appeals and other adjustments	0	(1,104)	(995)	(557)	(275)	(137)	(44)	(28)	(5)	(3,145)	(2,568)	
v)	Net adjustment in respect of estimated new properties	0	859	699	416	208	113	47	32	5	2,379	1,962	
	No. of chargeable dwellings	235	152,104	122,801	73,398	35,831	19,366	8,457	5,627	791	418,610	344,962	
vi)	Total no. of discounts (including Council Tax Support)	(94)	(70,564)	(37,716)	(15,398)	(5,171)	(1,747)	(562)	(290)	(33)	(131,575)	(98,782)	
	Equivalent no. of chargeable dwellings net of discounts (vii-viii)	141	81,540	85,085	58,000	30,660	17,619	7,895	5,337	758	287,035	246,180	
	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")	78	54,360	66,177	51,556	30,660	21,534	11,404	8,895	1,516	TOTAL =	246,180	
	ALLOWANCE FOR NON-COLLECTION (2.9%)	(2)	(1,576)	(1,919)	(1,495)	(889)	(624)	(331)	(258)	(44)	TOTAL =	(7,138)	
	TOTAL	76	52,784	64,258	50,061	29,771	20,910	11,073	8,637	1,472	TOTAL =	239,042	





**Council Tax Tax Base - New Frankley in Birmingham Parish 2016-17**

											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	1,557	1,591	104	58	1	0	0	1		3,312	2,429
ii) Estimated Exemptions	0	(13)	(9)	(1)	0	0	0	0	0		(23)	(17)
iii) Net adjustment in respect of estimated disabled relief	4	1	(4)	(1)	0	0	0	0	0		0	(1)
iv) Net adjustment in respect of estimated successful appeals	0	0	0	0	0	0	0	0	0		0	0
v) Net adjustment in respect of estimated new properties	0	0	0	0	0	0	0	0	0		0	0
vii) No. of chargeable dwellings	4	1,545	1,578	102	58	1	0	0	1		3,289	2,411
viii) Total no. of discounts (including Council Tax Support)	(3)	(855)	(604)	(18)	(4)	0	0	0	0		(1,484)	(1,060)
Equivalent no. of chargeable dwellings net of discounts (vii-viii)	1	690	974	84	54	1	0	0	1		1,805	1,351
Statutory proportion	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9			
<b>Equivalent Band D properties (the "Relevant Amounts")</b>	<b>1</b>	<b>460</b>	<b>758</b>	<b>75</b>	<b>54</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>TOTAL =</b>	<b>1,351</b>	
ALLOWANCE FOR NON-COLLECTION 2.9%	0	(13)	(22)	(2)	(2)	0	0	0	0		TOTAL =	(39)
<b>TOTAL</b>	<b>1</b>	<b>447</b>	<b>736</b>	<b>73</b>	<b>52</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>TOTAL =</b>	<b>1,312</b>	

## Council Tax Tax Base - Sutton Coldfield Parish 2016-17

											Band D	
											Total	Equivalent
Property Band											Properties	Properties
i)	Dwellings on valuation list	0	3,303	5,495	7,473	9,403	8,556	4,081	2,577	369	41,257	43,907
ii)	Estimated Exemptions	0	(67)	(71)	(77)	(86)	(67)	(35)	(13)	(2)	(418)	(412)
iii)	Net adjustment in respect of estimated disabled relief	4	13	17	12	39	(47)	(10)	(18)	(10)	0	(48)
iv)	Net adjustment in respect of estimated successful appeals	0	0	0	0	0	0	0	0	0	0	0
v)	Net adjustment in respect of estimated new properties	0	0	0	0	0	0	0	0	0	0	0
vii)	No. of chargeable dwellings	4	3,249	5,441	7,408	9,356	8,442	4,036	2,546	357	40,839	43,447
viii)	Total no. of discounts (including Council Tax Support)	(2)	(1,609)	(1,554)	(1,324)	(1,074)	(631)	(237)	(107)	(10)	(6,550)	(5,847)
	Equivalent no. of chargeable dwellings net of discounts (vii-viii)	2	1,640	3,887	6,084	8,282	7,811	3,799	2,439	347	34,289	37,600
	Statutory proportion	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9		
	<b>Equivalent Band D properties (the "Relevant Amounts")</b>	<b>1</b>	<b>1,093</b>	<b>3,023</b>	<b>5,408</b>	<b>8,282</b>	<b>9,547</b>	<b>5,487</b>	<b>4,065</b>	<b>694</b>	<b>TOTAL =</b>	<b>37,600</b>
	ALLOWANCE FOR NON-COLLECTION 2.9%	0	(32)	(88)	(157)	(240)	(277)	(159)	(118)	(20)	TOTAL =	(1,091)
	<b>TOTAL</b>	<b>1</b>	<b>1,061</b>	<b>2,935</b>	<b>5,251</b>	<b>8,042</b>	<b>9,270</b>	<b>5,328</b>	<b>3,947</b>	<b>674</b>	<b>TOTAL =</b>	<b>36,509</b>