

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET	
Report of:	Strategic Director - Finance and Legal	
Date of Decision:	24th January 2017	
SUBJECT:	COUNCIL TAX BASE FOR 2017/2018	
Key Decision: Yes / No	Relevant Forward Plan Ref: 002713/2017	
If not in the Forward Plan: (please "X" box)	Chief Executive approved	<input type="checkbox"/>
	O&S Chairman approved	<input type="checkbox"/>
Relevant Cabinet Member:	Cllr Ward, Deputy Leader	
Relevant O&S Chairman:	Cllr Mohammed Aikhlaq, Corporate Resources and Governance Overview & Scrutiny Committee	
Wards affected:	All	

1. Purpose of report:
<p>1.1 This report seeks approval to the Council Tax base for 2017/2018 for the City Council, New Frankley in Birmingham Parish and Sutton Coldfield Town 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>

2. Decision(s) recommended:
<p>2.1 To approve a Council Tax base for Birmingham of 243,955 Band D equivalent properties, for 2017/2018, as calculated in Appendix 2, in accordance with The Local Authorities (Calculation of Council Tax base) (England) Regulations 2012.</p> <p>2.2 To approve a Council Tax base for the New Frankley in Birmingham Parish Council of 1,325 Band D equivalent properties for 2017/2018, as calculated in Appendix 3.</p> <p>2.3 To approve a Council Tax base for the Sutton Coldfield Town Council of 36,689 Band D equivalent properties for 2017/2018, as calculated in Appendix 4.</p>

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3.	Consultation
	Consultation should include those that have an interest in the decisions recommended
3.1	<u>Internal</u>
	The Service Director – Customer Services and the Deputy Leader of the Council have been consulted in the preparation of this report.
3.2	<u>External</u>
	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 taxbase in 2017/18.
4.	Compliance Issues:
4.1	<u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u>
	The completion of the Council Tax base does not have any direct implications for the City Council's Corporate Policy Priorities.
4.2	<u>Financial Implications</u> <u>(Will decisions be carried out within existing finance and Resources?)</u>
	The Council Tax base in conjunction with the Council Tax level (to be approved at the Council meeting on the 28th February 2017) will determine the total income from Council Tax in 2017/18 to be included in the approved budget for next year.
4.3	<u>Legal Implications</u>
	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. The report does not have any other direct implications.
4.4	<u>Public Sector Equality Duty (see separate guidance note)</u>
	There are no specific Equality Duty or Equality Analysis issues relating to the proposals set out in this report.

5. Relevant background/chronology of key events:

- 5.1 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 enables billing authorities, like Birmingham, to calculate the number of properties where Council Tax is payable and to inform other precept bodies (in our case the West Midlands Police & Crime Commissioner, the Fire and Rescue Authority, New Frankley in Birmingham Parish and Sutton Coldfield Town Councils) and other levying bodies, by 31 January, of this figure for precept/levying purposes.
- 5.2 The HM Revenue & Customs Valuation Office Agency (VOA) provided the City Council with an updated copy of the valuation list, as at 13th September 2016. This was used in completing the Council Tax base Return (CTB) to Central Government (CLG) on 14th October 2016, representing the 2016/17 tax base as at the 13th September 2016.
- 5.3 The City Council then determines the tax base for tax setting purposes for 2017/18. The calculation in this report is based upon the valuation list as at 30th November 2016 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 2017/18 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 2,744 (0.6%) in the total number of domestic properties in the past year to 30th November 2016, compared with an increase of 2,626 (0.6%) during the previous 12 month period. The table in Appendix 1 shows the number of properties by band in Birmingham as at 30th November 2016 and highlights the changes since November 2015. The valuation list shows that 82.9% 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 when the figure was 83.0%, 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 2016/17. 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 2017/18. On this basis, the tax base for setting the Council Tax for 2017/18 will be 243,955 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 The 2017/18 Council Tax base is an increase of 4,913 (2.1%) Band D equivalent properties from 2016/17. The main reasons for this are an increase of 2,504 (1.0%) new Band D equivalent properties forecast for the period up to 31st March 2018, a reduction in the level of Council Tax Support discounts anticipated that will be awarded based on historical trends, offset by an increase in student exemptions as a result of a proportion of growth being attributable to new student accommodation in and around the city's universities. The anticipated reduction in the Council Tax Support scheme reflects the analysis included within the Annual Review of the City Council's Council Tax Support Scheme Report that was presented to Council on Tuesday 10th January 2017 which recommended that, overall, the scheme remains unchanged for 2017/18. In addition, provision has been made within the tax base to support young people leaving care ensuring they will not be liable for council tax.
- 5.7 Cabinet is asked to approve the tax base for Birmingham of 243,955 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 2017/18.
- 5.8 Cabinet is also asked to approve the tax base for the New Frankley in Birmingham Parish Council which, after applying the collection rate described above, produces a taxbase figure of 1,325 Band D equivalent properties. This is an increase of 13 on the Band D equivalent properties for 2016/17.
- 5.9 Cabinet is also asked to approve the tax base for the Sutton Coldfield Town Council which, after applying the collection rate described above, produces a tax base figure of 36,689 Band D equivalent properties. This is an increase of 180 on the Band D equivalent properties for 2016/17.

6. Evaluation of alternative option(s):

6.1 Not Applicable

7. Reasons for Decision(s):

7.1 The Council Tax base for 2017/2018 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

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Chief Officer

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List of Background Documents used to compile this Report:
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CTB Form (DCLG)

List of Appendices accompanying this Report (if any):
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| <ol style="list-style-type: none">1. Further details of the Council Tax base calculation2. Calculation of Council Tax base for Birmingham3. Calculation of Council Tax base for New Frankley in Birmingham Parish Council4. Calculation of Council Tax base for Sutton Coldfield Town Council |
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Report Version	V1.0	Dated	
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Further details of the Council Tax base Calculation

The calculation of the tax base for 2017/18 commences with the total number of properties on HM Revenue & Customs valuation list at 30th November 2016, as follows:

Band	2017/18				2016/17		Annual Movement	
	No. Properties 2017/18	Proportion in Band %	Cumulative Proportion %	No. Band D Equivalent	No. Properties 2016/17	No. Band D Equivalent	No. Properties	No. Band D Equivalent
A	157,293	36.0%	36.0%	104,863	156,881	104,588	412	275
B	128,119	29.3%	65.3%	99,648	127,437	99,118	682	530
C	76,929	17.6%	82.9%	68,381	76,100	67,644	829	737
D	38,797	8.9%	91.8%	38,797	38,272	38,272	525	525
E	20,712	4.7%	96.5%	25,315	20,557	25,125	155	190
F	8,713	2.0%	98.5%	12,585	8,607	12,432	106	153
G	5,769	1.3%	99.8%	9,615	5,735	9,558	34	57
H	871	0.2%	100.0%	1,742	870	1,740	1	2
Total	437,203	100.0%		360,946	434,459	358,477	2,744	2,469

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 2017, or during 2017/2018, 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 1,909 Band D equivalents compared with the budgeted figure for 2016/17. This takes account of an assessment of the expected number and level of Council Tax Support discounts, drawing on experience of discounts awarded in 2016/17 and previous years.
- 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 Council is shown in Appendix 3 and Appendix 4 for Sutton Coldfield Town Council. 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 Base - Birmingham 2017-18											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	Properties
i) Dwellings on valuation list	0	157,293	128,119	76,929	38,797	20,712	8,713	5,769	871	437,203	360,946	
ii) Estimated Exemptions	0	(5,120)	(4,386)	(2,488)	(2,502)	(1,101)	(154)	(81)	(33)	(15,865)	(13,307)	
iii) Net adjustment in respect of estimated disabled relief	246	301	(73)	(180)	(102)	(98)	(14)	(30)	(50)	0	(271)	
iv) Net adjustment in respect of estimated successful appeals and other adjustments	0	(861)	(799)	(443)	(219)	(105)	(31)	(19)	(3)	(2,480)	(2,019)	
v) Net adjustment in respect of estimated new properties	0	1,093	889	534	269	143	60	40	6	3,034	2,504	
No. of chargeable dwellings	246	152,706	123,750	74,352	36,243	19,551	8,574	5,679	791	421,892	347,853	
vi) Total no. of discounts (including Council Tax Support)	(98)	(68,976)	(36,712)	(15,120)	(5,117)	(1,741)	(539)	(292)	(34)	(128,629)	(96,612)	
Equivalent no. of chargeable dwellings net of discounts	148	83,730	87,038	59,232	31,126	17,810	8,035	5,387	757	293,263	251,241	
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")	82	55,820	67,696	52,651	31,126	21,768	11,606	8,978	1,514	TOTAL =	251,241	
ALLOWANCE FOR NON-COLLECTION (2.9%)	(2)	(1,619)	(1,963)	(1,527)	(903)	(631)	(337)	(260)	(44)	TOTAL =	(7,286)	
TOTAL	80	54,201	65,733	51,124	30,223	21,137	11,269	8,718	1,470	TOTAL =	243,955	

Council Tax Base - New Frankley in Birmingham Parish Council 2017-18												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	(17)	(5)	0	0	0	0	0	0	(22)	(15)	
iii)	Net adjustment in respect of estimated disabled relief	3	2	(4)	(1)	0	0	0	0	0	0	(1)	
iv)	No. of chargeable dwellings	3	1,542	1,582	103	58	1	0	0	1	3,290	2,413	
v)	Total no. of discounts (including Council Tax Support)	(2)	(855)	(587)	(17)	(6)	0	0	0	0	(1,467)	(1,049)	
	Equivalent no. of chargeable dwellings net of discounts	1	687	995	86	52	1	0	0	1	1,823	1,364	
	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	458	774	76	52	1	0	0	2	TOTAL =	1,364	
	ALLOWANCE FOR NON-COLLECTION 2.9%	0	(13)	(22)	(2)	(2)	0	0	0	0	TOTAL =	(39)	
	TOTAL	1	445	752	74	50	1	0	0	2	TOTAL =	1,325	

Council Tax Base - Sutton Coldfield Town Council 2017-18												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	3,310	5,518	7,503	9,430	8,563	4,117	2,584	369	41,394	44,056	
ii)	Estimated Exemptions	0	(61)	(58)	(86)	(84)	(50)	(29)	(19)	(1)	(388)	(383)	
iii)	Net adjustment in respect of estimated disabled relief	3	12	19	14	37	(41)	(19)	(15)	(10)	0	(49)	
iv)	No. of chargeable dwellings	3	3,261	5,479	7,431	9,383	8,472	4,069	2,550	358	41,006	43,624	
v)	Total no. of discounts (including Council Tax Support)	(2)	(1,616)	(1,573)	(1,313)	(1,075)	(621)	(228)	(112)	(10)	(6,550)	(5,839)	
	Equivalent no. of chargeable dwellings net of discounts	1	1,645	3,906	6,118	8,308	7,851	3,841	2,438	348	34,456	37,785	
	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	1,097	3,038	5,438	8,308	9,596	5,548	4,063	696	TOTAL =	37,785	
	ALLOWANCE FOR NON-COLLECTION 2.9%	0	(32)	(88)	(158)	(241)	(278)	(161)	(118)	(20)	TOTAL =	(1,096)	
	TOTAL	1	1,065	2,950	5,280	8,067	9,318	5,387	3,945	676	TOTAL =	36,689	