

# Birmingham City Council

## Report to Cabinet

21<sup>ST</sup> JANUARY 2020



**Subject:** Council Tax Tax-base for 2020/21  
**Report of:** Interim Chief Finance Officer  
**Relevant Cabinet Member:** Cllr Tristan Chatfield – Cabinet Member for Finance and Resources & Cllr Brigid Jones – Deputy Leader  
**Relevant O &S Chair(s):** Councillor Sir Albert Bore  
**Report author:** Ian Harris, 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: <b>7197/2020</b>		
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 to the Council Tax base for 2020/21 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 the implementation of a change permitted by legislation as stated in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, that allows the Council to charge a premium on long term empty properties, that have been empty for at least 5 years, of 200% of Council Tax from 1<sup>st</sup> April 2020. This follows on from the implementation of a 100% premium for all long-term empty properties that was approved in the 2019/20 Tax Base report.
- 2.2 Approves a Council Tax base for Birmingham of 254,654 Band D equivalent properties, for 2020/21, as calculated in Appendix 2, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
- 2.3 Approves a Council Tax base for the New Frankley in Birmingham Parish Council of 1,366 Band D equivalent properties for 2020/21, as calculated in Appendix 3.
- 2.4 Approves a Council Tax base for the Royal Sutton Coldfield Town Council of 37,101 Band D equivalent properties for 2020/21, as calculated in Appendix 4.
- 2.5 Notes that there are no changes to the current Council Tax Support Scheme in 2020/21.

### **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 tax setting purposes for 2020/21. The calculation in this report is based upon the valuation list as at November 2019 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 2020/21 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 3,689 (0.8%) in the total number of domestic properties in the past year to November 2019, compared with an increase of 2,442 (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 2019 and highlights the changes since November 2018. The valuation list shows that 82.6% 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

(82.7%), indicating that there has been no real 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 97.1% was approved for 2019/20. 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 (CTS) discounts, (in accordance with previous decisions). It is recommended that the overall eventual composite rate of collection should remain unchanged at 97.1% in 2020/21. On this basis, the tax base for setting Council Tax for 2020/21 will be 254,654 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.
- 3.5 Before taking account of allowances for non-collection, the 2020/21 Council Tax base is an increase of 3,167 (1.2%) Band D equivalent properties from 2019/20. The main reasons for this are net increases of 4,774 (1.9%) for new Band D equivalent properties forecast for the period up to 31st March 2021, plus a further 1,848 Band D equivalent properties (0.7%) primarily due to a combination of the expected reduction in the level of CTS discounts to be awarded and additional empty property premiums of 200% chargeable on properties that remain empty and unfurnished for 5 years or more. These have been offset by a reduction of 3,455 Band D equivalent properties (1.4%) due to increases in single person and student discount awards, exemptions relating, mainly, to students and further support for young people leaving care.
- 3.6 There are no changes to the current Council Tax Support Scheme in 2020/21. However, the scheme is being reviewed in 2020/21 and any proposed amendments to the scheme will be included in a future report and reflected in future Tax Base calculations.
- 3.7 The table below provides a breakdown of the total number of discounts including Empty Homes Premiums included within line vi of Appendix 2.

**Line vi Appendix 2 - Total no. of discounts (including Empty Homes Premiums)**

<b>Discount</b>	<b>Total</b>	<b>Band D Equiv.</b>
Council Tax Support	(85,749)	(63,409)
Support for Care Leavers	(163)	(120)
Single Person Discounts	(37,584)	(29,374)
*Discount Disregards	(1,708)	(1,429)
Empty Homes Premium	2,257	1,757
<b>Total</b>	<b>(122,947)</b>	<b>(92,575)</b>

\*All but one person in the household is disregarded for CTAX

- 3.8 Cabinet is asked to approve the tax base for Birmingham of 254,654 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 2020/21.
- 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 1,366 Band D equivalent properties. This is an increase of 14 on the Band D equivalent properties for 2019/20.
- 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 37,101 Band D equivalent properties. This is an increase of 45 on the Band D equivalent properties for 2019/20.

#### **4 Options considered and Recommended Proposal**

- 4.1 Not Applicable

#### **5 Consultation**

- 5.1 Officers in the Digital and Customer Services and Inclusive Growth 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 2020/21.

#### **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 other than the fact that the further change in Empty Property Premiums is anticipated to bring long term empty properties back into use in order to supplement additional housing provision in the City.

### **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 25th February 2020) will determine the total income from Council Tax in 2020/21 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 2019) 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 2020/21 commences with the total number of properties on Valuation Office Agency (VOA) valuation list at November 2019, as follows:

Band	2020/21				2019/20		Annual Movement	
	No. Properties 2020/21	Proportion in Band %	Cumulative Proportion %	No. Band D Equivalent	No. Properties 2019/20	No. Band D Equivalent	No. Properties	No. Band D Equivalent
A	159,152	35.7%	35.7%	106,102	158,491	105,661	661	441
B	129,896	29.1%	64.8%	101,030	129,219	100,504	677	526
C	79,495	17.8%	82.6%	70,662	78,355	69,649	1,140	1,013
D	40,605	9.1%	91.7%	40,605	39,696	39,696	909	909
E	21,258	4.8%	96.5%	25,982	21,089	25,775	169	207
F	8,926	2.0%	98.5%	12,893	8,834	12,760	92	133
G	5,854	1.3%	99.8%	9,757	5,825	9,708	29	49
H	890	0.2%	100.0%	1,780	878	1,756	12	24
<b>Total</b>	<b>446,076</b>	<b>100.0%</b>		<b>368,811</b>	<b>442,387</b>	<b>365,509</b>	<b>3,689</b>	<b>3,302</b>

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 2021, 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 1,461 Band D equivalents compared with the budgeted figure for 2019/20. This takes account of an assessment of the expected number and level of Council Tax Support discounts, drawing on experience of discounts awarded in 2019/20 and previous years.
- An estimate of the number of properties which will be classed as long-term empty (empty for over 2 years) and therefore will attract a premium of 100% plus a further estimate for those that remain empty for at least 5 years and therefore will attract a premium of 200% from April 2020.

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 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 2020/21											
											Band D
											Equivalent
Property Band	Band AR	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	159,152	129,896	79,495	40,605	21,258	8,926	5,854	890	446,076	368,811
ii) Estimated Exemptions	0	(6,920)	(5,163)	(3,133)	(3,177)	(1,191)	(171)	(82)	(29)	(19,866)	(16,488)
iii) Net adjustment in respect of estimated disabled relief	270	291	(76)	(164)	(132)	(99)	(7)	(39)	(44)	0	(277)
iv) Net adjustment in respect of estimated successful appeals and other adjustments	0	(530)	(566)	(324)	(166)	(81)	(22)	(14)	(3)	(1,706)	(1,408)
v) Net adjustment in respect of estimated new properties	0	1,811	1,479	904	462	242	102	67	10	5,077	4,198
No. of chargeable dwellings	270	153,804	125,570	76,778	37,592	20,129	8,828	5,786	824	429,581	354,836
vi) Total no. of discounts (including Council Tax Support)	(103)	(65,222)	(35,090)	(14,913)	(4,984)	(1,735)	(570)	(300)	(30)	(122,947)	(92,575)
Equivalent no. of chargeable dwellings net of discounts	167	88,582	90,480	61,865	32,608	18,394	8,258	5,486	794	306,634	262,261
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>93</b>	<b>59,055</b>	<b>70,373</b>	<b>54,991</b>	<b>32,608</b>	<b>22,482</b>	<b>11,928</b>	<b>9,143</b>	<b>1,588</b>	<b>TOTAL =</b>	<b>262,261</b>
ALLOWANCE FOR NON-COLLECTION (2.9%)	(3)	(1,713)	(2,041)	(1,595)	(946)	(652)	(346)	(265)	(46)	TOTAL =	(7,607)
<b>TOTAL</b>	<b>90</b>	<b>57,342</b>	<b>68,332</b>	<b>53,396</b>	<b>31,662</b>	<b>21,830</b>	<b>11,582</b>	<b>8,878</b>	<b>1,542</b>	<b>TOTAL =</b>	<b>254,654</b>



Council Tax Base - New Frankley in Birmingham Parish Council 2020/21													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	1,559	1,592	103	58	1	0	0	1	3,314	2,431	
ii)	Estimated Exemptions	0	(21)	(7)	(1)	0	0	0	0	0	(29)	(20)	
iii)	Net adjustment in respect of estimated disabled relief	3	3	(5)	(1)	0	0	0	0	0	0	(1)	
iv)	No. of chargeable dwellings	3	1,541	1,580	101	58	1	0	0	1	3,285	2,410	
v)	Total no. of discounts (including Council Tax Support)	(2)	(831)	(552)	(15)	(4)	0	0	0	0	(1,404)	(1,003)	
	Equivalent no. of chargeable dwellings net of discounts	1	710	1,028	86	54	1	0	0	1	1,881	1,407	
	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	473	800	76	54	1	0	0	2	TOTAL =	1,407	
	ALLOWANCE FOR NON-COLLECTION 2.9%	0	(14)	(23)	(2)	(2)	0	0	0	0	TOTAL =	(41)	
	TOTAL	1	459	777	74	52	1	0	0	2	TOTAL =	1,366	

Council Tax Base - Sutton Coldfield Town Council 2020/21												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	5,523	7,588	9,474	8,617	4,152	2,587	384	41,633	44,330	
ii)	Estimated Exemptions	0	(78)	(74)	(97)	(110)	(79)	(24)	(13)	0	(475)	(459)	
iii)	Net adjustment in respect of estimated disabled relief	3	16	19	12	25	(36)	(8)	(21)	(10)	0	(48)	
iv)	No. of chargeable dwellings	3	3,246	5,468	7,503	9,389	8,502	4,120	2,553	374	41,158	43,823	
v)	Total no. of discounts (including Council Tax Support)	(2)	(1,540)	(1,474)	(1,263)	(1,027)	(605)	(242)	(109)	(10)	(6,272)	(5,615)	
	Equivalent no. of chargeable dwellings net of discounts	1	1,706	3,994	6,240	8,362	7,897	3,878	2,444	364	34,886	38,208	
	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>1,137</b>	<b>3,106</b>	<b>5,547</b>	<b>8,362</b>	<b>9,652</b>	<b>5,602</b>	<b>4,073</b>	<b>728</b>	<b>TOTAL =</b>	<b>38,208</b>	
	ALLOWANCE FOR NON-COLLECTION 2.9%	0	(33)	(90)	(161)	(242)	(280)	(162)	(118)	(21)	TOTAL =	(1,107)	
	<b>TOTAL</b>	<b>1</b>	<b>1,104</b>	<b>3,016</b>	<b>5,386</b>	<b>8,120</b>	<b>9,372</b>	<b>5,440</b>	<b>3,955</b>	<b>707</b>	<b>TOTAL =</b>	<b>37,101</b>	