

Birmingham City Council

Report to Cabinet

16th January 2024



Subject: COUNCIL TAX TAX-BASE FOR 2024/25
Report of: Interim Director of Finance (Section 151 Officer) – Fiona Greenway
Relevant Cabinet Member: Councillor Brigid Jones – Finance & Resources
Councillor Sharon Thompson – Deputy Leader
Relevant O &S Chair(s): Councillor Jack Deakin - Resources
Report author: Richard Peirce, Finance Manager
Email: Richard.Peirce@birmingham.gov.uk

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: 011738/2024		
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 2024/25 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 267,940 Band D equivalent properties, for 2024/25, 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 2024/25, as calculated in **Appendix 3**.
- 2.3 Approves a Council Tax base for the Royal Sutton Coldfield Town Council of 37,444 Band D equivalent properties for 2024/25, as calculated in **Appendix 4**.
- 2.4 **Notes that, once formally determined (by approving this report), this tax base cannot subsequently be altered, and will be used when the City Council sets the Council Tax for 2024/25.**
- 2.5 Notes that there are no changes to the current Council Tax Support Scheme in 2024/25, subject to the Council's final decision on the potential increase for the year.

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 2024/25. The calculation in this report is based upon the valuation list as at November 2023 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 2024/25 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 3,126 (0.7%) in the total number of domestic properties in the past year to November 2022, compared with an increase of 3,460 (0.8%) during the previous 12-month period. The table in **Appendix 1** shows the number of properties by band in Birmingham as at November 2023 and highlights the changes since November 2022. The valuation list shows that 82.2% 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 (82.3%), 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 planned work to reduce arrears, it is recommended that the budgeted eventual composite collection rate for 2024/25 is increased to 97.4%. This is 0.3% higher than the Pre-Covid level of 97.1%. On this basis, the tax base for setting Council Tax for 2024/25 will be 267,940 Band D equivalent properties. 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 2024/25 Council Tax base is an increase of 3,268 (1.2%) Band D equivalent properties from 2023/24. The main reasons for this are net increases of 3,126 for new Band D equivalent properties forecast for the period up to 31st March 2025.
- 3.6 There is also an increase in Empty Homes Premium of 1,824 Band D equivalent properties, offset by a decrease of 830 Band D equivalent properties primarily due to an increase in the level of Council Tax Support (CTS) discount awards and a decrease of 982 Band D equivalent properties due to increases in discount awards and exemptions. These have been set out in the table below.

Summary of adjustment to the tax base for Band D Equivalent	2024/25	2023/24	Movement
Properties on Valuation List	381,218	378,610	2,608
Forecasted new properties	3,981	3,332	649
Net increase in No. of properties	385,199	381,942	3,257
Exemptions, Discounts and Other	-52,509	-51,527	-982
Empty Homes Premium	4,371	2,548	1,824
Council Tax Support	-61,969	-61,139	-830
Gross Tax Base	275,092	271,824	3,268

- 3.7 It should be noted that as in previous years, whilst the number of properties on the Valuation list is a statement of fact, there are a number of estimates made by officers that make up the gross tax base. The key estimates are described below in paragraphs 3.8 to 3.11.
- 3.8 The forecast of new properties is based on taking information provided by officers in the Place, Prosperity and Sustainability Directorate on expected new builds after the valuation list date, and then estimating the number of new Band D properties this would represent.
- 3.9 The forecast of exemptions and discounts is largely based on system reports that are compared to current year costs to check for reasonableness. It also includes an expected reduction in Single Persons Discount of 450 Band D equivalent properties based on planned work to review eligibility.
- 3.10 The estimated income from Empty Homes Premium has been calculated by the Revenues and Benefits team based on system reports and taking into account that properties that are currently empty will not all remain empty. It should be noted that this forecast is significantly higher than in 2023/24 due to the change in the law allowing for Empty Homes Premium to be charged after the property is empty for one year rather than two years.
- 3.11 The level of Council Tax Support is estimated based on current costs in 2023/24 and the trend in usage during the year. If the Council seeks permission to increase the Council Tax level above the referendum limit, the Council will review the support available to Council Tax payers to offset the potential impact to residents.

- 3.12 Cabinet is asked to approve the tax base for Birmingham of 267,940 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 2024/25.
- 3.13 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 the same as the number of Band D equivalent properties from 2023/24.
- 3.14 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 37,444 Band D equivalent properties. This is an increase of 226 Band D equivalent properties from 2023/24.

4 Options considered and Recommended Proposal

- 4.1 The method for calculation the Council Tax base is set out in The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. No alternative methods for calculation of the Council tax base are available.

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 2024/25.

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 27th February 2024) will determine the total income from Council Tax in 2024/25 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 2024/25
- 8.3 Appendix 3 - Council Tax Base New Frankley in Birmingham Parish Council 2024/25
- 8.4 Appendix 4 – Council Tax Base Sutton Coldfield Town Council 2024/25

9 Background Documents

- 9.1 [Calculation of Council Tax Base \(CTB October 2023\) from \(Department for Levelling Up, Housing and Communities - DLUHC\)](#)
- 9.2 [Council Tax base calculation - GOV.UK \(www.gov.uk\)](#)
- 9.3 [Rating \(Property in Common Occupation\) and Council Tax \(Empty Dwellings\) Act 2018 - <http://www.legislation.gov.uk/ukpga/2018/25/section/2/enacted>](#)
- 9.4 [The Local Authorities \(Calculation of Council Tax Base\) \(England\) Regulations 2012 - Explanatory Memorandum \(legislation.gov.uk\)](#)

Appendix 1: Council Tax base Calculation

The calculation of the tax base for 2024/25 commences with the total number of properties on the Valuation Office Agency (VOA) valuation list at 17th November 2023, as follows:

Band	2024/25				2023/24		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	163,607	35.5%	35.5%	109,072	162,380	108,252	1,227	820
B	131,610	28.6%	64.1%	102,363	131,141	101,999	469	364
C	83,381	18.1%	82.2%	74,116	82,660	73,476	721	640
D	43,229	9.4%	91.6%	43,229	42,765	42,765	464	464
E	22,604	4.9%	96.5%	27,627	22,419	27,401	185	226
F	9,050	2.0%	98.5%	13,072	9,012	13,017	38	55
G	5,943	1.3%	99.8%	9,905	5,929	9,882	14	23
H	917	0.2%	100.0%	1,834	909	1,818	8	16
Total	460,341	100.0%		381,218	457,215	378,610	3,126	2,608

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 2024, 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 2023/24 and previous years.
- An estimate of the number of properties which will be classed as long-term empty (empty for over 1 year), 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.

Appendix 2 - Council Tax Base Birmingham 2024/25

Council Tax Base - Birmingham 2024/25											Total	Band D 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	163,607	131,610	83,381	43,229	22,604	9,050	5,943	917	460,341	381,218	
ii) Estimated Exemptions	0	(9,006)	(4,468)	(3,133)	(3,193)	(1,181)	(170)	(118)	(31)	(21,301)	(17,405)	
iii) Net adjustment in respect of estimated disabled relief	258	273	(63)	(167)	(112)	(97)	(21)	(28)	(43)	0	(266)	
iv) Net adjustment in respect of estimated successful appeals and other adjustments	0	(459)	(508)	(301)	(157)	(77)	(20)	(12)	(2)	(1,538)	(1,275)	
v) Net adjustment in respect of estimated new properties	0	1,709	1,375	870	451	236	95	62	10	4,807	3,981	
No. of chargeable dwellings	258	156,123	127,946	80,650	40,217	21,485	8,933	5,847	851	442,309	366,253	
vi) Total no. of discounts (including Council Tax Support)	(102)	(64,033)	(34,789)	(14,812)	(4,946)	(1,595)	(531)	(274)	(37)	(121,117)	(91,161)	
Equivalent no. of chargeable dwellings net of discounts	156	92,091	93,157	65,838	35,271	19,890	8,402	5,573	814	321,192	275,092	
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")	87	61,394	72,456	58,522	35,271	24,310	12,137	9,288	1,628	TOTAL =	275,092	
ALLOWANCE FOR NON-COLLECTION (2.6%)	(2)	(1,596)	(1,884)	(1,522)	(917)	(632)	(316)	(242)	(42)	TOTAL =	(7,153)	
TOTAL	84	59,798	70,572	57,001	34,354	23,678	11,822	9,046	1,586	TOTAL =	267,940	

Appendix 3 - Council Tax Base New Frankley in Birmingham Parish Council 2024/25

Council Tax Base - New Frankley in Birmingham Parish Council 2024/25											Total	Band D 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	57	2	0	0	1	3,313	2,430	
ii) Estimated Exemptions	0	(20)	(16)	(1)	0	0	0	0	0	(37)	(27)	
iii) Net adjustment in respect of estimated disabled relief	3	1	(3)	(1)	0	0	0	0	0	0	(1)	
iv) No. of chargeable dwellings	3	1,539	1,573	101	57	2	0	0	1	3,276	2,402	
v) Total no. of discounts (including Council Tax Support)	(2)	(833)	(534)	(16)	(7)	0	0	0	0	(1,392)	(993)	
Equivalent no. of chargeable dwellings net of discounts	1	706	1,039	85	50	2	0	0	1	1,884	1,409	
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	471	808	76	50	2	0	0	2	TOTAL =	1,409	
ALLOWANCE FOR NON-COLLECTION 2.6%	(0)	(12)	(21)	(2)	(1)	(0)	0	0	(0)	TOTAL =	(37)	
TOTAL	1	459	787	74	49	2	0	0	2	TOTAL =	1,373	

Appendix 4 – Council Tax Base Sutton Coldfield Town Council 2024/25

Council Tax Base - Sutton Coldfield Town Council 2024/25												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	3,326	5,528	7,739	9,537	8,635	4,186	2,621	404	41,976	44,710	
ii) Estimated Exemptions	0	(107)	(97)	(158)	(156)	(130)	(59)	(23)	(6)	(736)	(738)	
iii) Net adjustment in respect of estimated disabled relief	1	12	10	29	17	(31)	(14)	(12)	(12)	0	(43)	
iv) No. of chargeable dwellings	1	3,231	5,441	7,610	9,398	8,474	4,113	2,586	386	41,240	43,929	
v) Total no. of discounts (including Council Tax Support)	(1)	(1,586)	(1,418)	(1,223)	(945)	(611)	(236)	(110)	(10)	(6,142)	(5,485)	
Equivalent no. of chargeable dwellings net of discounts	0	1,645	4,023	6,387	8,453	7,863	3,877	2,476	376	35,098	38,444	
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	1,097	3,129	5,677	8,453	9,610	5,600	4,126	751	TOTAL =	38,444	
ALLOWANCE FOR NON-COLLECTION 2.6%	(0)	(29)	(81)	(148)	(220)	(250)	(146)	(107)	(20)	TOTAL =	(1,000)	
TOTAL	0	1,069	3,048	5,529	8,233	9,360	5,455	4,019	732	TOTAL =	37,444	