

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: CABINET

*Exempt
information
paragraph
number – if
private report.*

Report of: Corporate Director Finance & Governance
Date of Decision: 24th January 2018
SUBJECT: COUNCIL TAX BASE FOR 2018/2019

Key Decision: Yes
If not in the Forward Plan:
(please "X" box)
**Relevant Cabinet Member(s) or
Relevant Executive Member:**
Relevant O&S Chair:

Relevant Forward Plan Ref: 004401/2018

Chief Executive approved ☐

O&S Chair approved ☐

Cllr Ward, Leader

**Cllr Mohammed Aikhlaq, Corporate Resources and
Governance Overview & Scrutiny Committee**

Wards affected: All

1. Purpose of report:

1.1. This report seeks approval to the Council Tax base for 2018/2019 for the City Council, New Frankley in Birmingham Parish Council and 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. Decision(s) recommended:

2.1. To approve a Council Tax base for Birmingham of 248,838 Band D equivalent properties, for 2018/2019, as calculated in Appendix 2, in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

2.2. To approve a Council Tax base for the New Frankley in Birmingham Parish Council of 1,339 Band D equivalent properties for 2018/2019, as calculated in Appendix 3.

2.3. To approve a Council Tax base for the Sutton Coldfield Town Council of 37,047 Band D equivalent properties for 2018/2019, as calculated in Appendix 4.

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3. Consultation

Consultation should include those that have an interest in the decisions recommended

3.1 Internal

3.1.1 Officers in the Strategic Services Directorate have been consulted in determining the Council Tax Base. The Service Director – Customer Services and the Leader of the Council have been consulted in the preparation of this report.

3.2 External

3.2.1 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 2018/19.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 The completion of the Council Tax base does not have any direct implications for the City Council's Corporate Policy Priorities.

4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)

4.2.1 The Council Tax base in conjunction with the Council Tax level (to be approved at the Council meeting on the 27th February 2018) will determine the total income from Council Tax in 2018/19 to be included in the approved budget for next year.

4.3 Legal Implications

4.3.1 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. The report does not have any other direct implications.

4.4 Public Sector Equality Duty (see separate guidance note)

4.4.1 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 City Council is required to determine the tax base for tax setting purposes for 2018/19. The calculation in this report is based upon the valuation list as at 30th November 2017 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 2018/19 e.g. successful appeals against valuation bands. Details of these factors are included within Appendix 1.

5.3 There has been a net increase of 2,742 (0.6%) in the total number of domestic properties in the past year to 30th November 2017, compared with an increase of 2,744 (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 2017 and highlights the changes since November 2016. The valuation list shows that 82.8% 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 (82.9%), indicating that there has been no real overall change in the average banding of properties.

5.4 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 2017/18. 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 2018/19. On this basis, the tax base for setting Council Tax for 2018/19 will be 248,838 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.

5.5 The 2018/19 Council Tax base is an increase of 4,883 (2.0%) Band D equivalent properties from 2017/18. The main reasons for this are an increase of 2,504 (1.0%), before allowances for non-collection, new Band D equivalent properties forecast for the period up to 31st March 2019, plus a further 1.0% primarily due to a combination of a reduction in the level of CTS discounts anticipated to be awarded based on historical trends, a reduction in Single Person Discounts as a result of targeted reviews of claimants during the year and further reviews to be carried out over the next 6 months. The anticipated reduction in the CTS scheme reflects the analysis included within the Review of Birmingham's Council Tax Support Scheme 2017/18 report, presented to Council on Tuesday 9th January 2018 which recommended that, overall, the scheme remains unchanged for 2018/19.

The table below provides a breakdown of the total number of discounts including CTS included within line vi of Appendix 2.

Line vi Appendix 2 - Total no. of discounts (including Council Tax Support)

Discount	Total	Band D Equiv.
Council Tax Support	(89,812)	(66,361)
Support for Care Leavers	(90)	(66)
Single Person Discounts	(35,921)	(27,992)
Discount Disregards	(258)	(290)
Empty Homes Premium	1,036	793
Total	(125,045)	(93,916)

5.6 Cabinet is asked to approve the tax base for Birmingham of 248,838 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 2018/19.

5.7 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 taxbase figure of 1,339 Band D equivalent properties. This is an increase of 14 on the Band D equivalent properties for 2017/18.

5.8 Cabinet is 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 37,047 Band D equivalent properties. This is an increase of 358 on the Band D equivalent properties for 2017/18.

6. Evaluation of alternative option(s):

6.1 Not Applicable

7. Reasons for Decision(s):

7.1 The Council Tax base for 2018/19 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:

CTB Form (Department of Communities and Local Government (DCLG))

List of Appendices accompanying this Report (if any):

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

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - (a) tackle prejudice, and
 - (b) promote understanding.
- 5 The relevant protected characteristics are:
 - (a) marriage & civil partnership
 - (b) age
 - (c) disability
 - (d) gender reassignment
 - (e) pregnancy and maternity
 - (f) race
 - (g) religion or belief
 - (h) sex
 - (i) sexual orientation

Further details of the Council Tax base Calculation

The calculation of the tax base for 2018/19 commences with the total number of properties on HM Revenue & Customs valuation list at 30th November 2017, as follows:

Band	2018/19				2017/18		Annual Movement	
	No. Properties 2018/19	Proportion in Band %	Cumulative Proportion %	No. Band D Equivalent	No. Properties 2017/18	No. Band D Equivalent	No. Properties	No. Band D Equivalent
A	157,972	35.9%	35.9%	105,314	157,293	104,863	679	451
B	128,643	29.2%	65.1%	100,056	128,119	99,648	524	408
C	77,653	17.7%	82.8%	69,025	76,929	68,381	724	644
D	39,324	8.9%	91.7%	39,324	38,797	38,797	527	527
E	20,889	4.8%	96.5%	25,531	20,712	25,315	177	216
F	8,797	2.0%	98.5%	12,707	8,713	12,585	84	122
G	5,791	1.3%	99.8%	9,652	5,769	9,615	22	37
H	876	0.2%	100.0%	1,752	871	1,742	5	10
Total	439,945	100.0%		363,361	437,203	360,946	2,742	2,415

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 2019, 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 1,060 Band D equivalents compared with the budgeted figure for 2017/18. This takes account of an assessment of the expected number and level of Council Tax Support discounts, drawing on experience of discounts awarded in 2017/18 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 for the assumptions above 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 for Sutton Coldfield Town Council Appendix 4. 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 legislation.

Council Tax Base - Birmingham 2018/19											Band D	
											Total	Equivalent
Property Band	Band A	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	157,972	128,643	77,653	39,324	20,889	8,797	5,791	876	439,945	363,361	
ii) Estimated Exemptions	0	(5,213)	(4,713)	(2,605)	(2,605)	(1,114)	(160)	(85)	(32)	(16,527)	(13,860)	
iii) Net adjustment in respect of estimated disabled relief	255	311	(87)	(171)	(105)	(110)	(10)	(34)	(49)	0	(279)	
iv) Net adjustment in respect of estimated successful appeals and other adjustments	0	(605)	(618)	(349)	(176)	(86)	(24)	(15)	(3)	(1,876)	(1,541)	
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	255	153,558	124,114	75,062	36,707	19,722	8,663	5,697	798	424,576	350,185	
vi) Total no. of discounts (including Council Tax Support)	(94)	(67,161)	(35,524)	(14,779)	(4,946)	(1,691)	(528)	(289)	(33)	(125,045)	(93,916)	
Equivalent no. of chargeable dwellings net of discounts	161	86,397	88,590	60,283	31,761	18,031	8,135	5,408	765	299,531	256,269	
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")	90	57,598	68,903	53,585	31,761	22,038	11,751	9,013	1,530	TOTAL =	256,269	
ALLOWANCE FOR NON-COLLECTION (2.9%)	(3)	(1,670)	(1,998)	(1,554)	(921)	(639)	(341)	(261)	(44)	TOTAL =	(7,431)	
TOTAL	87	55,928	66,905	52,031	30,840	21,399	11,410	8,752	1,486	TOTAL =	248,838	

Council Tax Base - New Frankley in Birmingham Parish Council 2018/19												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	(18)	(9)	0	0	0	0	0	0	(27)	(19)	
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	1,542	1,577	103	58	1	0	0	1	3,285	2,409	
v)	Total no. of discounts (including Council Tax Support)	(2)	(852)	(564)	(18)	(6)	0	0	0	0	(1,442)	(1,030)	
	Equivalent no. of chargeable dwellings net of discounts	1	690	1,013	85	52	1	0	0	1	1,843	1,379	
	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	460	787	76	52	1	0	0	2	TOTAL =	1,379	
	ALLOWANCE FOR NON-COLLECTION 2.9%	0	(13)	(23)	(2)	(2)	0	0	0	0	TOTAL =	(40)	
	TOTAL	1	447	764	74	50	1	0	0	2	TOTAL =	1,339	

Council Tax Base - Sutton Coldfield Town Council 2018/19													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	3,309	5,523	7,535	9,466	8,583	4,138	2,588	372	41,514	44,190	
ii)	Estimated Exemptions	0	(68)	(63)	(91)	(100)	(52)	(32)	(17)	0	(423)	(413)	
iii)	Net adjustment in respect of estimated disabled relief	3	15	19	16	39	(49)	(15)	(17)	(11)	0	(52)	
iv)	No. of chargeable dwellings	3	3,256	5,479	7,460	9,405	8,482	4,091	2,554	361	41,091	43,725	
v)	Total no. of discounts (including Council Tax Support)	(2)	(1,557)	(1,488)	(1,241)	(1,011)	(609)	(221)	(107)	(10)	(6,246)	(5,572)	
	Equivalent no. of chargeable dwellings net of discounts	1	1,699	3,991	6,219	8,394	7,873	3,870	2,447	351	34,845	38,153	
	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	1,133	3,104	5,528	8,394	9,623	5,590	4,078	702	TOTAL =	38,153	
	ALLOWANCE FOR NON- COLLECTION 2.9%	(0)	(33)	(90)	(160)	(244)	(279)	(162)	(118)	(20)	TOTAL =	(1,106)	
	TOTAL	1	1,100	3,014	5,368	8,150	9,344	5,428	3,960	682	TOTAL =	37,047	