

Public Report

Birmingham City Council

Report to Cabinet

22ND JANUARY 2019



Subject: Council Tax Tax-base for 2019/20
Report of: CORPORATE DIRECTOR - FINANCE & GOVERNANCE
Relevant Cabinet Member: Councillor Brett O'Reilly
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: 5750/2019		
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 2019/20 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 of 100% of Council Tax from 1st April 2019. This compares to the current scheme which provides for a 50% premium.
- 2.2 Approves a Council Tax base for Birmingham of 251,580 Band D equivalent properties, for 2019/2020, 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 1,352 Band D equivalent properties for 2019/2020, as calculated in Appendix 3.
- 2.4 Approves a Council Tax base for the Royal Sutton Coldfield Town Council of 37,056 Band D equivalent properties for 2019/2020, as calculated in Appendix 4.

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 2019/20. The calculation in this report is based upon the valuation list as at 30th November 2018 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 2019/20 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 2,442 (0.6%) in the total number of domestic properties in the past year to 30th November 2018, compared with an increase of 2,742 (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 2018 and highlights the changes since November 2017. The valuation list shows that 82.7% 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 (82.8%), 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 2018/19. 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 2019/20. On this basis, the tax base for setting Council Tax for 2019/20 will be 251,580 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 2019/20 Council Tax base is an increase of 2,825 (1.1%) Band D equivalent properties from 2018/19. The main reasons for this are net increases of 2,370 (0.9%) for new Band D equivalent properties forecast for the period up to 31st March 2019, plus a further 1,265 Band D equivalent properties (0.5%) primarily due to a combination of the expected level of CTS discounts to be awarded and empty property premiums of 100% chargeable on properties that remain empty and unfurnished for 2 years or more. These have been offset by a reduction of 810 Band D equivalent properties (0.3%) due to an increase in exemptions relating, mainly, to students.
- 3.6 The expected level of CTS discounts reflects the analysis included within the Review of Birmingham's Council Tax Support Scheme 2018/19 report, presented to Council on Tuesday 15th January 2019 which recommended that, overall, the scheme remains unchanged for 2019/20.
- 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)

Discount	Total	Band D Equiv.
Council Tax Support	(87,805)	(64,878)
Support for Care Leavers	(86)	(64)
Single Person Discounts	(35,990)	(28,081)
*Discount Disregards	(1,341)	(1,141)
Empty Homes Premium	1,888	1,450
Total	(123,334)	(92,714)

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

- 3.8 Cabinet is asked to approve the tax base for Birmingham of 251,580 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 2019/20.

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 1,352 Band D equivalent properties. This is an increase of 13 on the Band D equivalent properties for 2018/19.

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 37,056 Band D equivalent properties. This is an increase of 9 on the Band D equivalent properties for 2018/19.

4 Options considered and Recommended Proposal

4.1 Not Applicable

5 Consultation

5.1 Internal

5.1.1 Officers in the Strategic Services Directorate have been consulted in determining the Council Tax Base. The Assistant Director – Revenues and Benefits and the Cabinet Member for Finance and Resources have been consulted in the preparation of this report.

5.2 External

5.2.1 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 2019/20.

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 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 26th February 2019) will determine the total income from Council Tax in 2019/20 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 2018) form (Ministry for Housing, Communities and Local Government - MHCLG)

Further details of the Council Tax base Calculation

The calculation of the tax base for 2019/20 commences with the total number of properties on Valuation Office Agency (VOA) valuation list at 30th November 2018, as follows:

Band	2019/20				2018/19		Annual Movement	
	No. Properties 2019/20	Proportion in Band %	Cumulative Proportion %	No. Band D Equivalent	No. Properties 2018/19	No. Band D Equivalent	No. Properties	No. Band D Equivalent
A	158,491	35.8%	35.8%	105,661	157,972	105,314	519	347
B	129,219	29.2%	65.0%	100,504	128,643	100,056	576	448
C	78,355	17.7%	82.7%	69,649	77,653	69,025	702	624
D	39,696	9.0%	91.7%	39,696	39,324	39,324	372	372
E	21,089	4.8%	96.5%	25,775	20,889	25,531	200	244
F	8,834	2.0%	98.5%	12,760	8,797	12,707	37	53
G	5,825	1.3%	99.8%	9,708	5,791	9,652	34	56
H	878	0.2%	100.0%	1,756	876	1,752	2	4
Total	442,387	100.0%		365,509	439,945	363,361	2,442	2,148

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 2020, 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 1,475 Band D equivalents compared with the budgeted figure for 2018/19. This takes account of an assessment of the expected number and level of Council Tax Support discounts, drawing on experience of discounts awarded in 2018/19 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 100%.

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 has to be adjusted to arrive at an equivalent number of “Band D” properties, as required by legislation.

Council Tax Base - Birmingham 2019/20											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	158,491	129,219	78,355	39,696	21,089	8,834	5,825	878	442,387	365,509	
ii) Estimated Exemptions	0	(5,896)	(4,823)	(2,723)	(2,672)	(1,199)	(160)	(86)	(28)	(17,587)	(14,670)	
iii) Net adjustment in respect of estimated disabled relief	275	286	(74)	(176)	(114)	(108)	(8)	(37)	(44)	0	(278)	
iv) Net adjustment in respect of estimated successful appeals and other adjustments	0	(576)	(598)	(339)	(160)	(84)	(24)	(15)	(3)	(1,799)	(1,479)	
v) Net adjustment in respect of estimated new properties	0	1,182	964	584	296	157	66	43	7	3,299	2,726	
No. of chargeable dwellings	275	153,487	124,688	75,701	37,046	19,855	8,708	5,730	810	426,300	351,808	
vi) Total no. of discounts (including Council Tax Support)	(93)	(65,915)	(35,159)	(14,692)	(4,923)	(1,690)	(547)	(285)	(30)	(123,334)	(92,714)	
Equivalent no. of chargeable dwellings net of discounts	182	87,572	89,529	61,009	32,123	18,165	8,161	5,445	780	302,966	259,094	
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")	101	58,381	69,634	54,230	32,123	22,202	11,788	9,075	1,560	TOTAL =	259,094	
ALLOWANCE FOR NON-COLLECTION (2.9%)	(3)	(1,693)	(2,019)	(1,573)	(932)	(644)	(342)	(263)	(45)	TOTAL =	(7,514)	
TOTAL	98	56,688	67,615	52,657	31,191	21,558	11,446	8,812	1,515	TOTAL =	251,580	

Council Tax Base - New Frankley in Birmingham Parish Council 2019/20											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	1,557	1,591	104	58	1	0	0	1	3,312	2,429
ii)	Estimated Exemptions	0	(16)	(6)	(1)	0	0	0	0	0	(23)	(16)
iii)	Net adjustment in respect of estimated disabled relief	3	4	(6)	(1)	0	0	0	0	0	0	(1)
iv)	No. of chargeable dwellings	3	1,545	1,579	102	58	1	0	0	1	3,289	2,412
v)	Total no. of discounts (including Council Tax Support)	(2)	(828)	(572)	(16)	(6)	0	0	0	0	(1,424)	(1,019)
	Equivalent no. of chargeable dwellings net of discounts	1	717	1,007	86	52	1	0	0	1	1,865	1,393
	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	478	783	76	52	1	0	0	2	TOTAL =	1,393
	ALLOWANCE FOR NON-COLLECTION 2.9%	0	(14)	(23)	(2)	(2)	0	0	0	0	TOTAL =	(41)
	TOTAL	1	464	760	74	50	1	0	0	2	TOTAL =	1,352

Council Tax Base - Sutton Coldfield Town Council 2019/20											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	3,315	5,518	7,562	9,470	8,602	4,142	2,591	374	41,574	44,257	
ii) Estimated Exemptions	0	(76)	(72)	(107)	(121)	(81)	(24)	(13)	(1)	(495)	(480)	
iii) Net adjustment in respect of estimated disabled relief	3	14	21	13	35	(47)	(9)	(20)	(10)	0	(50)	
iv) No. of chargeable dwellings	3	3,253	5,467	7,468	9,384	8,474	4,109	2,558	363	41,079	43,727	
v) Total no. of discounts (including Council Tax Support)	(2)	(1,551)	(1,478)	(1,239)	(1,009)	(602)	(233)	(105)	(11)	(6,230)	(5,564)	
Equivalent no. of chargeable dwellings net of discounts	1	1,702	3,989	6,229	8,375	7,872	3,876	2,453	352	34,849	38,163	
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	1,135	3,103	5,537	8,375	9,621	5,599	4,088	704	TOTAL =	38,163	
ALLOWANCE FOR NON-COLLECTION 2.9%	(0)	(33)	(90)	(161)	(243)	(279)	(162)	(119)	(20)	TOTAL =	(1,107)	
TOTAL	1	1,102	3,013	5,376	8,132	9,342	5,437	3,969	684	TOTAL =	37,056	