

Money Matters : Calculation of Business Rates 2022/23, Council Tax Base for 2022/23 and the projected Collection Fund Surplus / Deficit for 2021/22



Cabinet Member for Finance, Procurement and Revenues & Benefits

Date:	7 December 2021
Agenda Item:	4
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Key Decision?	YES
Local Ward Members	Full Council

Cabinet

1. Executive Summary

- 1.1 To approve the calculation of the Council Taxbase (Band D residential properties) for Lichfield District, as required under Section 67 of the Local Government Finance Act (LGFA) 1992.
- 1.2 In accordance with the LGFA 1992, the Council is required to estimate the surplus/deficit on the Collection Fund for both Council Tax and Business Rates. The dates these estimates must be made are:
 - Council Tax – **15 January** (or in the event this a Saturday, Sunday or Bank Holiday, the next working day). In 2021/22 the relevant date will be **17 January 2022**.
 - Business Rates (NNDR) – **31 January** using the NNDR1 Form.
- 1.3 The Council as the Billing Authority must then notify each relevant major Precepting Authority of their share of any estimated surplus or deficit within seven days of making the estimate.
- 1.4 The Council must submit its estimates for Business Rates to the Department for Levelling Up, Housing and Communities (DLUHC) using the NNDR1 form. This form includes:
 - An estimate of the Business Rates Collection Fund surplus/deficit for the current year.
 - Estimates of the level of Business Rates to be collected for the forthcoming financial year.
- 1.5 The timing of the NNDR1 form is uncertain. To enable completion by the statutory deadline, a delegation to the Cabinet Member for Finance, Procurement and Revenues & Benefits and the Chief Financial Officer is recommended.

2. Recommendations

- 2.1 Cabinet approve in accordance with the relevant legislation and regulations, the Council Taxbase (Band D residential properties) for Lichfield District for the financial year 2022/23 of **39,695.1**.
- 2.2 To note the estimated Council Tax Collection fund Deficit of **£345,080** and the estimated Business Rates Collection Fund Deficit of **£7,210,000** for 2021/22.
- 2.3 To delegate authority to the Cabinet Member for Finance, Procurement and Revenues & Benefits and the Chief Financial Officer (Section 151) to:
 - Complete and certify the NNDR1 for 2022/23 on behalf of the Council.
 - Update the Council Taxbase for 2022/23 and Collection Fund projections for 2021/22 in the event of changes to guidance or the need for significant changes to underlying assumptions.

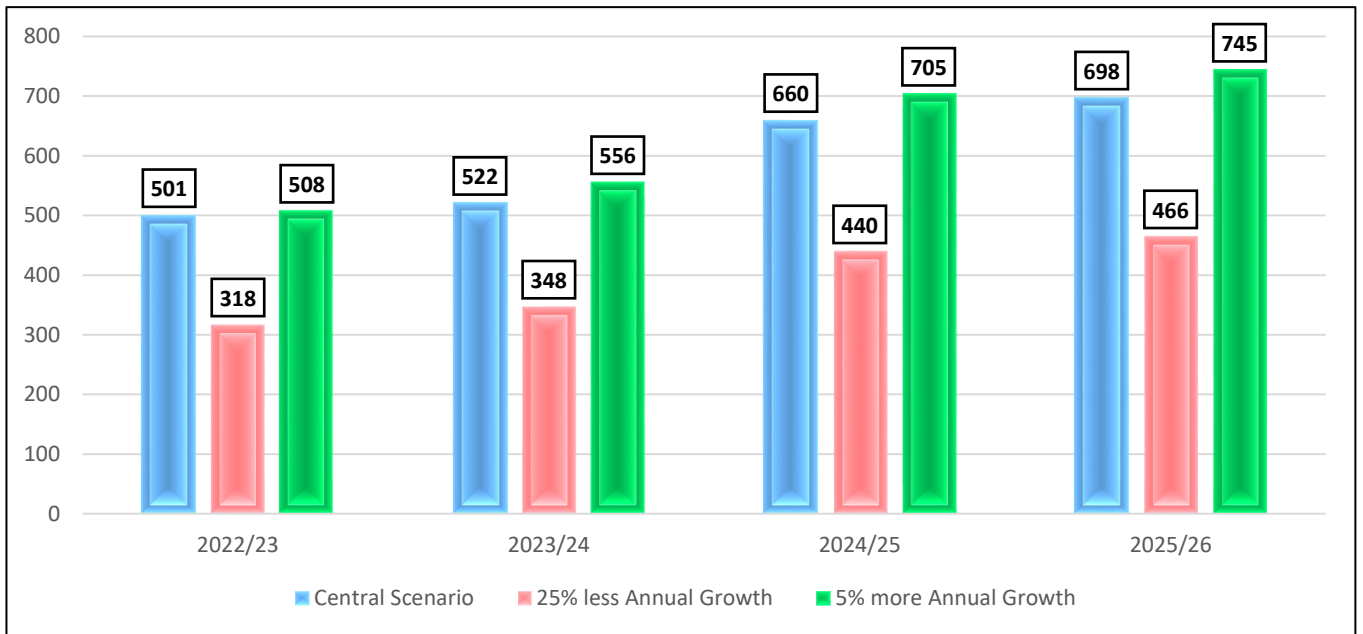
3. Background

Council Taxbase

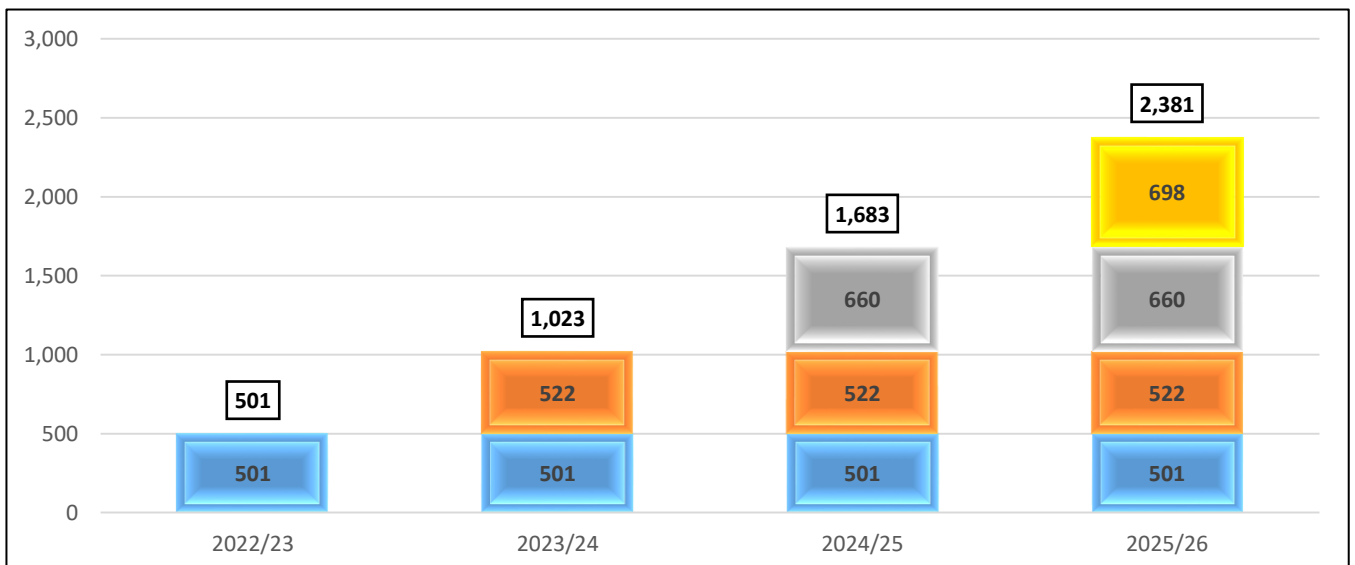
- 3.1 The Council Taxbase represents Band D residential properties within the District for Council Tax purposes.
- 3.2 The calculation includes an allowance for property growth. The starting point is the Five Year Housing Supply and this is adjusted by factors for risks such as delays or non-delivery and to convert growth to Band D equivalents.

Property Growth

- 3.3 The property growth (Band D Equivalents) estimated for the period of the Medium Term Financial Strategy based on the Mid-Point or central scenario of **75%** of planned property growth (shown as leftmost column for each year) being delivered plus two alternatives (50% and 80% of planned property growth), is shown in detail at **APPENDIX A** and in summary below:



- 3.4 The central scenario is also shown on a cumulative basis in the graph below. These growth projections will also potentially be used as part of the calculation of New Homes Bonus income (or its replacement).



Council Taxbase Calculation

3.5 The Council Taxbase is calculated as follows:

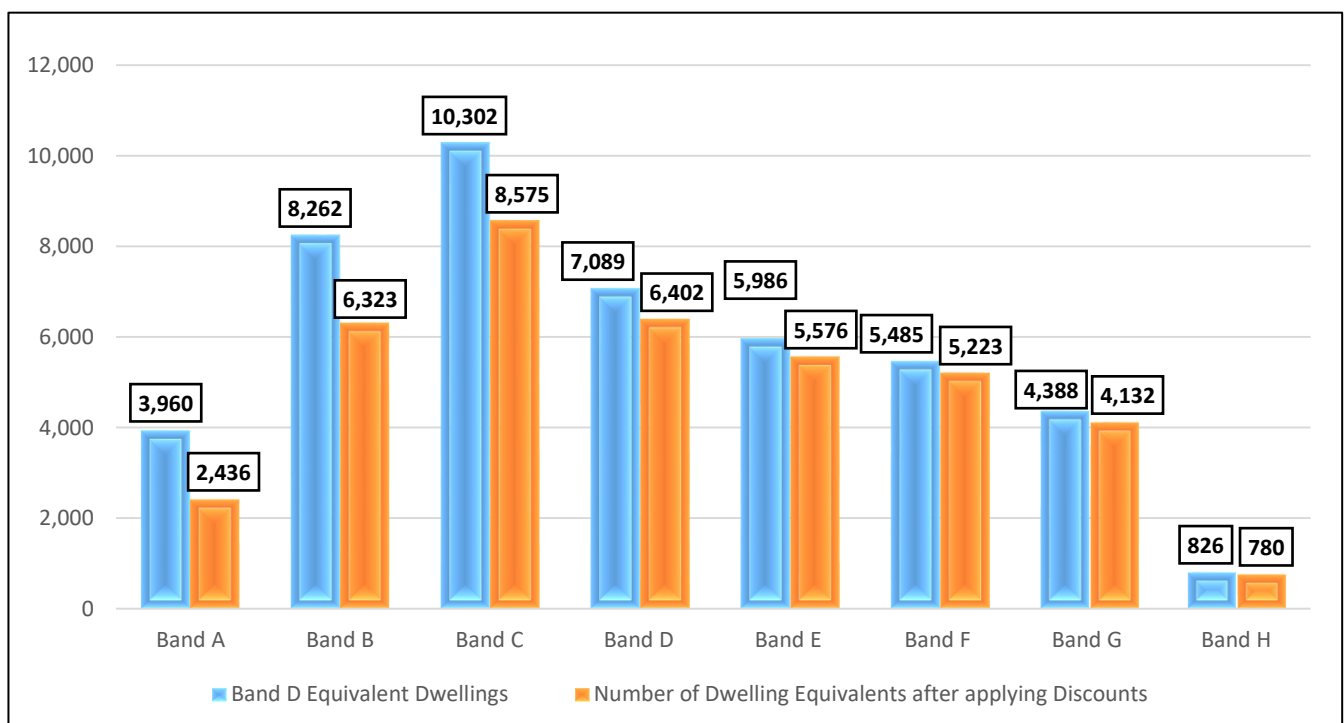
- The Band D equivalent dwellings (the dwellings in each Council Tax Band multiplied by the Band D ratio).
- The Band D equivalent dwellings are reduced by discounts such as single person discount or Local Council Tax Support and exemptions.
- A specific COVID-19 increase of **20%** for working age claimants of Local Council Tax Support has been included (a reduction from 30% assumed in 2021/22).
- An allowance is made for contributions in lieu of Council Tax for Ministry of Defence Properties.
- An estimate is made for property growth during 2022/23.
- A projection is made for non-collection/in year change of **1%**. This reflects the risks and opportunities related to in year changes in properties, exemptions and discounts together with the collection rate (the actual collection performance for all years debt was **97.74%** in 2019/20 and **95.37%** in 2020/21).

3.6 The budgeted Council Taxbase for 2022/23 at **39,695.1** is (**32.8** or **0.08%**) lower than the projection of **39,727.9** contained in the MTFs. The reasons for this projected reduction are:

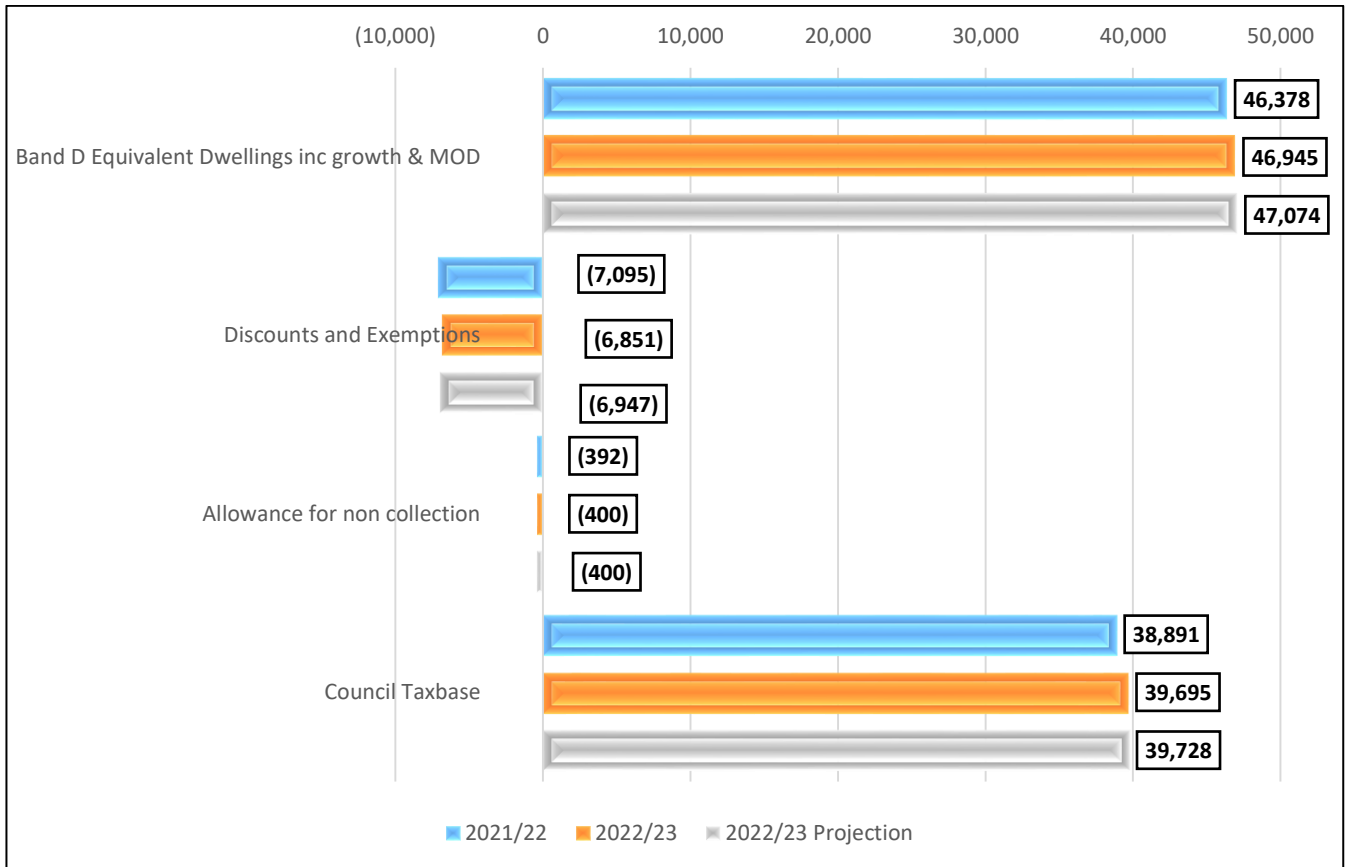
	2022/23			Comments
	Projection	Budget	Variance	
Band D equivalent dwellings	47,074.2	46,945.3	(128.9)	Projected lower property growth
Discounts and exemptions	(6,946.5)	(6,850.7)	95.8	Projected lower discounts and exemptions and an assumed 20% increase in working age claimants
Allowance for non-collection	(399.8)	(399.5)	0.3	
Total	39,727.9	39,695.1	(32.8)	

3.7 This reduction in the Council Taxbase would result in **£6,100** lower Council Tax per annum based on the approved Band D Council Tax for 2021/22 of **£185.07**.

3.8 The Council Taxbase (Band D equivalents) by Council Tax band for the District in 2022/23 prior to and after discounts and exemptions is shown in the graph below and in detail at **APPENDIX B**:

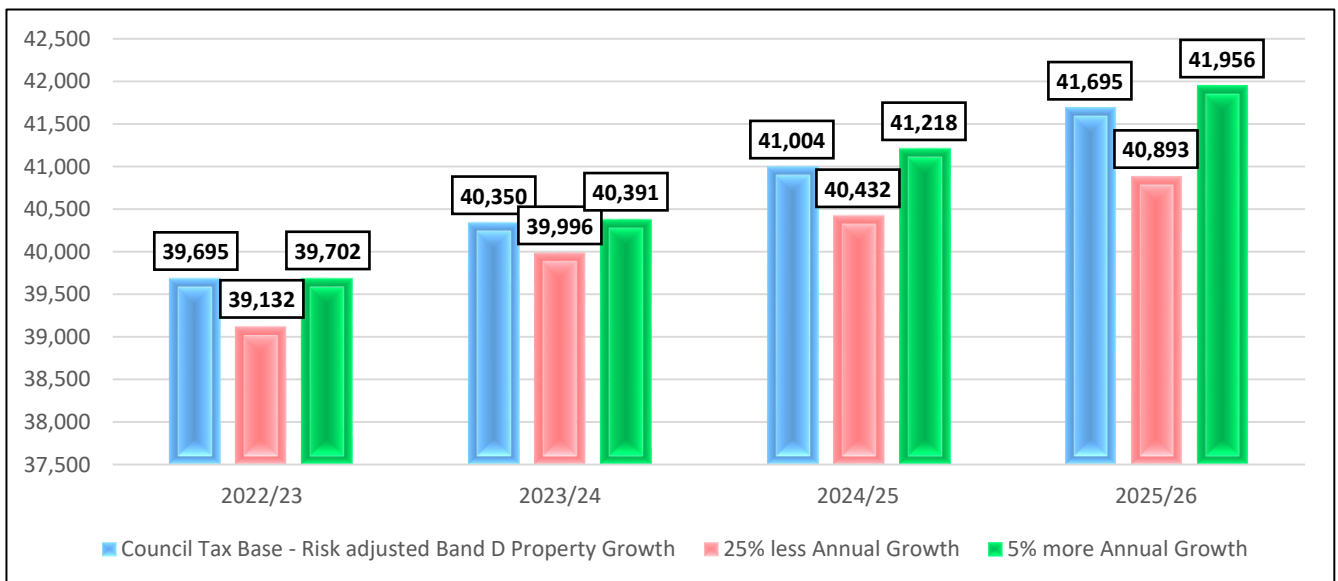


3.9 The figures in the calculation of the Council Taxbase for 2022/23 of **39,695.1** compared to the calculation for 2021/22 of **38,891.4** and the projection for 2022/23 of **39,727.9** are shown below:



3.10 The Council Taxbase will be used by this Council, Parish Councils, Staffordshire County Council, the Staffordshire Commissioner for Police and Crime and the Staffordshire Commissioner for Fire and Rescue to calculate their element of the Council Tax for 2022/23.

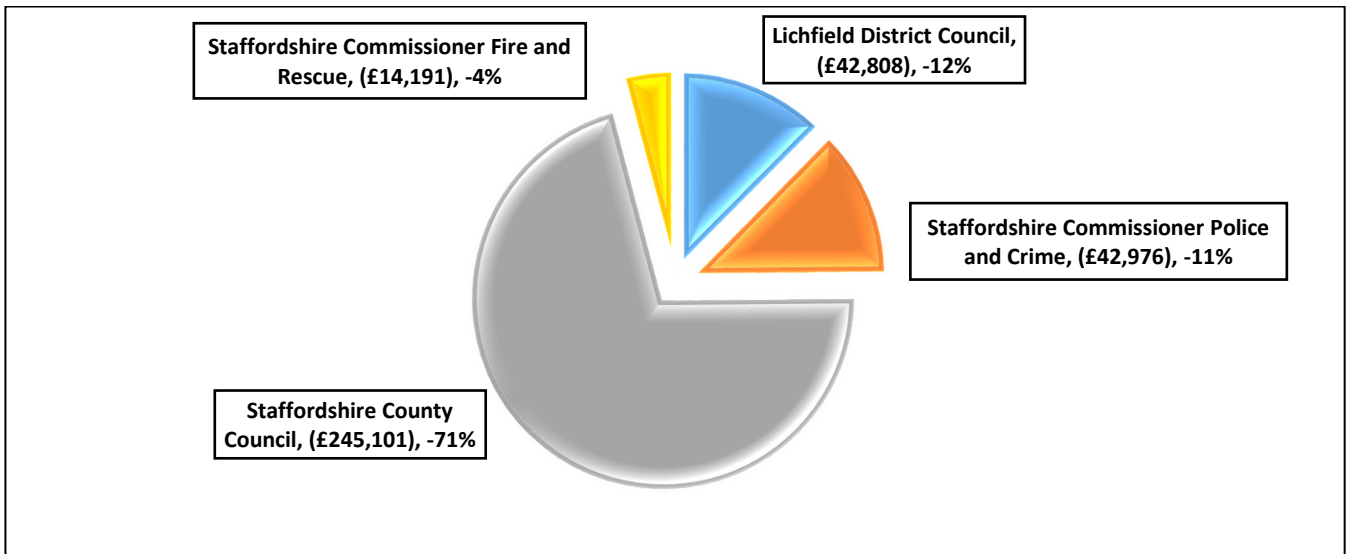
3.11 In addition, to the Council Taxbase for 2022/23, the graph below shows the Council Taxbase for 2022/23 to 2025/26. This information will be used in the Medium Term Financial Strategy for the calculation of Council Tax income.



3.12 The Council Taxbase for 2022/23 by Parish area is shown at **APPENDIX C**.

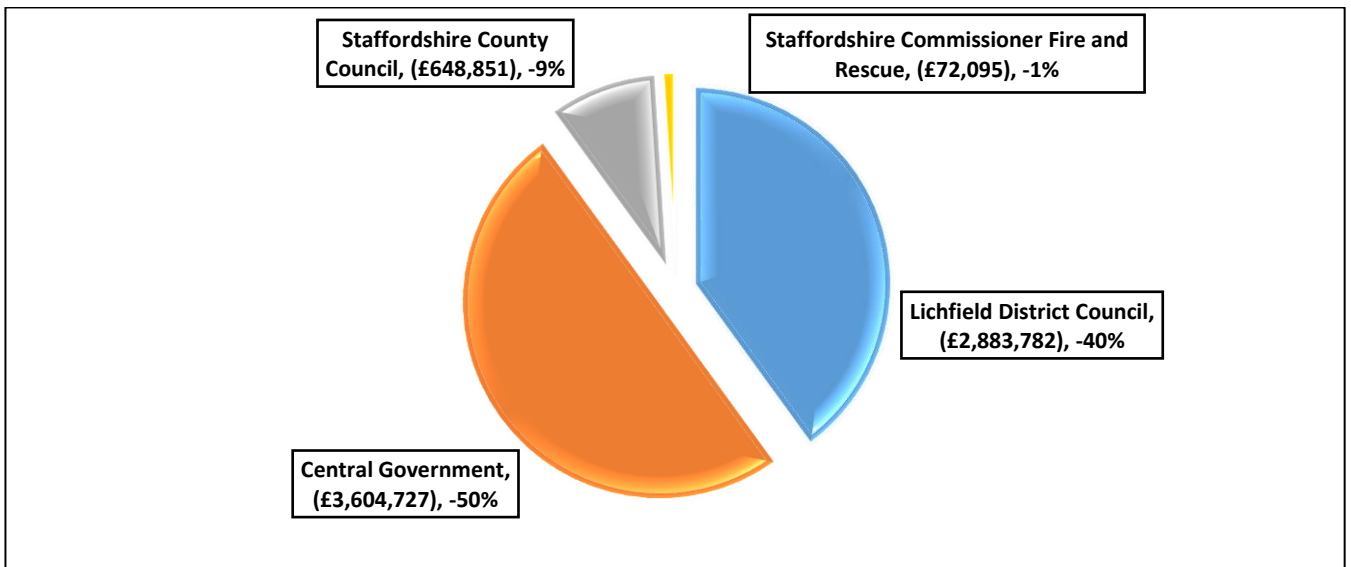
The Projected Council Tax Collection Fund Deficit for 2021/22

3.13 The six months projected Council Tax Collection Fund Deficit for 2021/22 of **£345,080** is shown below (Lichfield’s share of 13% includes Parish Councils):



The Projected Business Rates Collection Fund Deficit for 2021/22

3.14 The six months projected Business Rates Collection Fund Deficit for 2021/22 of **£7,210,000** is shown below (Lichfield’s share of 40%) with funding being provided through Section 31 grants for deficit due to the additional COVID-19 related reliefs awarded during the year:



Alternative Options	The calculation of the Council Taxbase and Collection Fund surpluses and deficits must be undertaken in line with statutory requirements and therefore there are no alternative options.
Consultation	There has been no consultation specifically about this Report due to the statutory nature of calculations.
Financial Implications	These are detailed in the background section of the Report.

Approved by Section 151 Officer	Yes
Legal Implications	No specific legal implications. The recommended changes to the Medium Term Financial Strategy not part of the approved Budget Framework will be required the approval of Full Council.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	The Medium Term Financial Strategy (MTFS) underpins the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	None identified in this report.
Crime & Safety Issues	None identified in this report.
Environmental Impact	None identified in this report.
GDPR/Privacy Impact Assessment	None identified in this report.

	Risk Description	Original Score (RYG)	How We Manage It	Severity of Risk (RYG)
Strategic Risk SR1 – Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the Strategic Plan.				
A	Decrease in the Collection rates for Business Rates (NNDR) and Council Tax.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow	The periodic Money Matters Reports to Cabinet and Overview and Scrutiny Committee provide information on collection rates.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow
B	The assumed level of growth included in the calculation of the Council Taxbase is not achieved.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow	The periodic Money Matters Reports to Cabinet and Overview and Scrutiny Committee provide information on housing growth. The MTFS assumes 75% of projected housing growth is delivered.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow
C	The assumed level of discounts and exemptions increases.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow	The periodic Money Matters Reports to Cabinet and (Overview and Scrutiny Committee provide information on the projected surplus or deficit in the Council Tax Collection Fund. The central scenario used in the MTFS assumes a 20% increase in working age	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow

			claimants for Local Council Tax Support in 2022/23 and no specific Government financial Support.	
D	Failure to calculate the Council Taxbase and Collection Fund Surplus or Deficit	Likelihood – Green Impact - Yellow Severity of Risk - Yellow	These are calculated in accordance with the Local Government Finance Act 1992 and relevant regulations.	Likelihood – Green Impact - Yellow Severity of Risk - Yellow

Background documents

- Local Government Finance Act 1988
- Local Government Finance Act 1992
- Local Authorities (Calculation of Council Taxbase) Regulations 1992 (as amended)
- Local Government Act 2003
- Council Taxbase (CTB) Return at October 2021
- Money Matters : Calculation of Business Rates 2021/22, Council Tax Base for 2021/22 and the projected Collection Fund Surplus / Deficit for 2020/21 - Cabinet 1 December 2020
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2020-25 – Cabinet 9 February 2021
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2020-25 – Council 16 February 2021
- Money Matters: 2020/21 Review of Financial Performance against the Financial Strategy – Cabinet 8 June 2021
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 September 2021

**Relevant
web link**

Provision for Housing Growth

Actual Delivery Performance compared to the Projections

	2018/19	2019/20	2020/21
<u>Provision for Growth</u>			
Housing Completions per SHLAA	855	701	725
Risk Allowance for Non-Completions and timing differences	50%	50%	75%
Housing Completions Projection	428	351	544
Band D Ratio	0.90	0.90	0.95
Band D Equivalents	385	315	517

Actual Housing Completions	648	674	430
Actual Housing Completions compared to SHLAA	144%		

Housing Growth Projections

	2021/22	Medium Term Financial Strategy			
		2022/23	2023/24	2024/25	2025/26
<u>Provision for Growth</u>					
Projected housing completions	737	669	732	927	980
Risk allowance for non-completions and timing differences	75%	75%	75%	75%	75%
Housing completions projection	553	502	549	695	735
Band D ratio	0.95	1.00	0.95	0.95	0.95
Band D equivalents	525	501	522	660	698

25% less Annual Growth
5% more Annual Growth

318	348	440	466
508	556	705	745

The Council Taxbase Return and the Council Taxbase for the purposes of setting the Council Tax in 2022/23

	Band A Disabled Relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	2022/23	2021/22	2020/21
Total Number of Dwellings on the Valuation List	0.0	5,940.0	10,622.0	11,590.0	7,089.0	4,898.0	3,797.0	2,633.0	413.0	46,982.0	46,436.0	45,967.0
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9			
Band D Equivalent Dwellings	0.0	3,960.0	8,261.6	10,302.2	7,089.0	5,986.4	5,484.6	4,388.3	826.0	46,298.1	45,708.7	45,191.6
<u>Discounts and Exemptions</u>												
Exempt Dwellings	0.0	(103.3)	(119.8)	(183.1)	(108.0)	(68.4)	(39.0)	(45.0)	(6.0)	(672.6)	(711.0)	(617.1)
Disabled Relief	12.8	27.3	17.9	(48.0)	6.0	(3.7)	(5.8)	(35.0)	(22.0)	(50.5)	(53.1)	(54.1)
Single Person Discount - 25%	(1.8)	(545.3)	(789.3)	(856.2)	(450.8)	(294.9)	(201.1)	(162.5)	(17.5)	(3,319.4)	(3,231.4)	(3,194.4)
Discount - 50%	0.0	(5.3)	(3.5)	(1.3)	(1.0)	(3.1)	(2.9)	(9.2)	(3.0)	(29.3)	(29.9)	(30.6)
Local Council Tax Support Discount	(5.5)	(923.6)	(1,074.4)	(663.2)	(150.2)	(63.3)	(32.5)	(24.4)	(1.4)	(2,938.7)	(2,769.0)	(2,612.5)
Other Discounts	(0.3)	21.3	30.3	24.9	16.8	23.2	19.5	20.0	4.0	159.7	137.5	80.5
Sub Total - Discounts and Exemptions	5.2	(1,528.9)	(1,938.8)	(1,726.9)	(687.2)	(410.2)	(261.8)	(256.1)	(45.9)	(6,850.8)	(6,656.9)	(6,428.2)
Number of Dwelling Equivalents after applying Discounts	5.2	2,431.1	6,322.8	8,575.3	6,401.8	5,576.2	5,222.8	4,132.2	780.1	39,447.3	39,051.8	38,763.4
Contributions in Lieu (MOD Properties)										146.2	145.4	145.4
Council Taxbase Return (CTB) Taxbase										39,593.5	39,197.2	38,908.8
Provision for Growth										501.0	524.0	517.0
Provision for increase in working age LCTS										Included above	(438.3)	N/a
Provision for Non-Collection										(399.5)	(391.5)	(393.5)
Total Council Taxbase for Council Tax Setting Purposes										39,695.1	38,891.4	39,032.3

Council Taxbase for the purposes of setting the Council Tax in 2022/23 by Parish Area

Parish Areas	2022/23 Apportioned Taxbase	2021/22 Apportioned Taxbase	2020/21 Apportioned Taxbase
Alrewas	1,298.70	1,248.20	1,205.00
Armitage with Handsacre	2,136.10	2,117.70	2,121.70
Burntwood	8,367.80	8,428.70	8,533.40
Clifton Campville with Thorpe Constantine	379.10	375.60	396.20
Colton	337.10	325.70	332.80
Curborough and Elmhurst and Farewell and Chorley	257.50	277.50	245.80
Drayton Bassett	464.90	445.90	444.50
Edingale	278.90	268.20	270.90
Elford	301.80	281.90	286.80
Fazeley	1,435.10	1,471.60	1,497.40
Fradley and Streethay	2,451.30	2,208.80	2,131.30
Hammerwich	1,376.10	1,339.10	1,362.40
Hamstall Ridware	164.00	152.10	149.70
Harlaston	211.40	200.40	184.60
Hints and Canwell	192.20	178.70	178.80
King's Bromley	585.60	561.70	556.30
Lichfield	12,150.20	12,110.30	12,133.00
Longdon	785.70	753.50	756.40
Mavesyn Ridware	529.20	502.50	491.00
Shenstone	3,658.00	3,461.80	3,505.90
Swinfen and Packington	160.10	151.50	147.60
Wall	203.90	199.80	200.40
Weeford	103.50	98.80	96.20
Whittington and Fisherwick	1,193.70	1,145.90	1,153.50
Wigginton and Hopwas	673.10	585.50	650.90
Total Council Taxbase for Council Tax Setting Purposes	39,695.10	38,891.40	39,032.30