

# Money Matters : Calculation of Business Rates 2023/24, Council Tax Base for 2023/24 and the projected Collection Fund Surplus / Deficit for 2022/23



## Cabinet Member for Finance and Commissioning

Date:	6 December 2022
Agenda Item:	4
Contact Officer:	Anthony Thomas
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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 2022/23 the relevant date will be **15 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 & Commissioning 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 2023/24 of **40,534.4**.
- 2.2 To note the estimated Council Tax Collection fund Surplus of **(£516,000)** and the estimated Business Rates Collection Fund Surplus of **(£606,000)** for 2022/23.
- 2.3 To delegate authority to the Cabinet Member for Finance & Commissioning and the Chief Financial Officer (Section 151) to:
  - Complete and certify the NNDR1 for 2023/24 on behalf of the Council.
  - Update the Council Taxbase for 2023/24 and Collection Fund projections for 2022/23 in the event of changes to guidance or the need for significant changes to underlying assumptions.

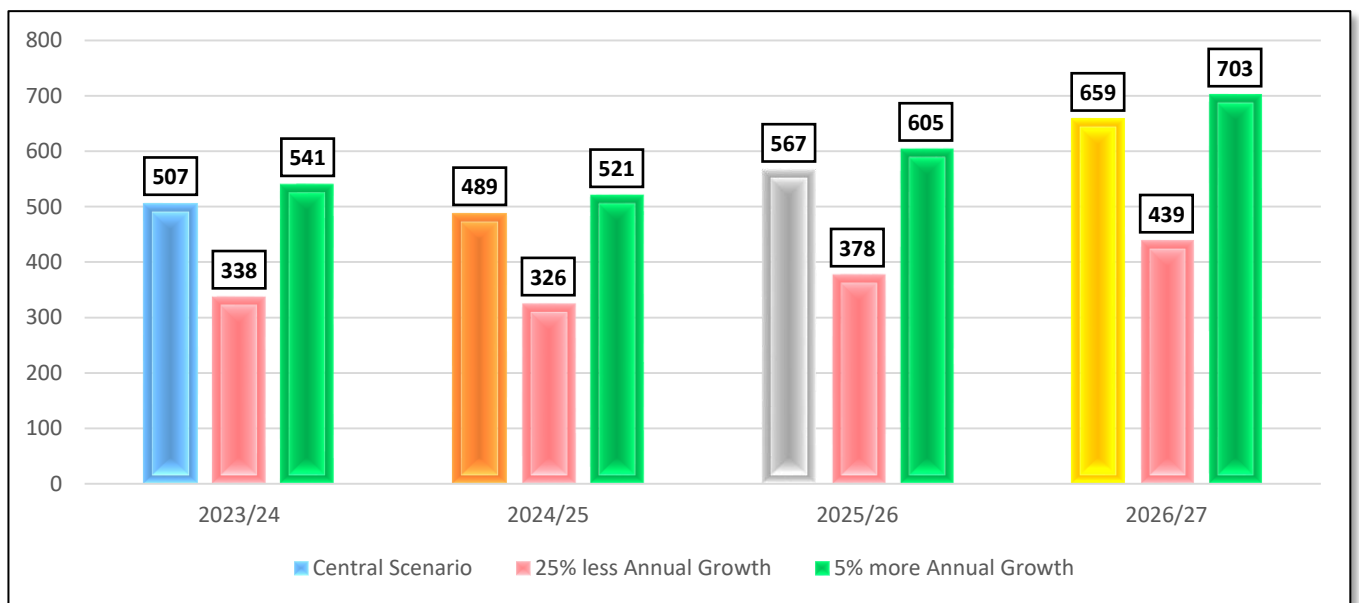
### 3. Background

#### Council Taxbase

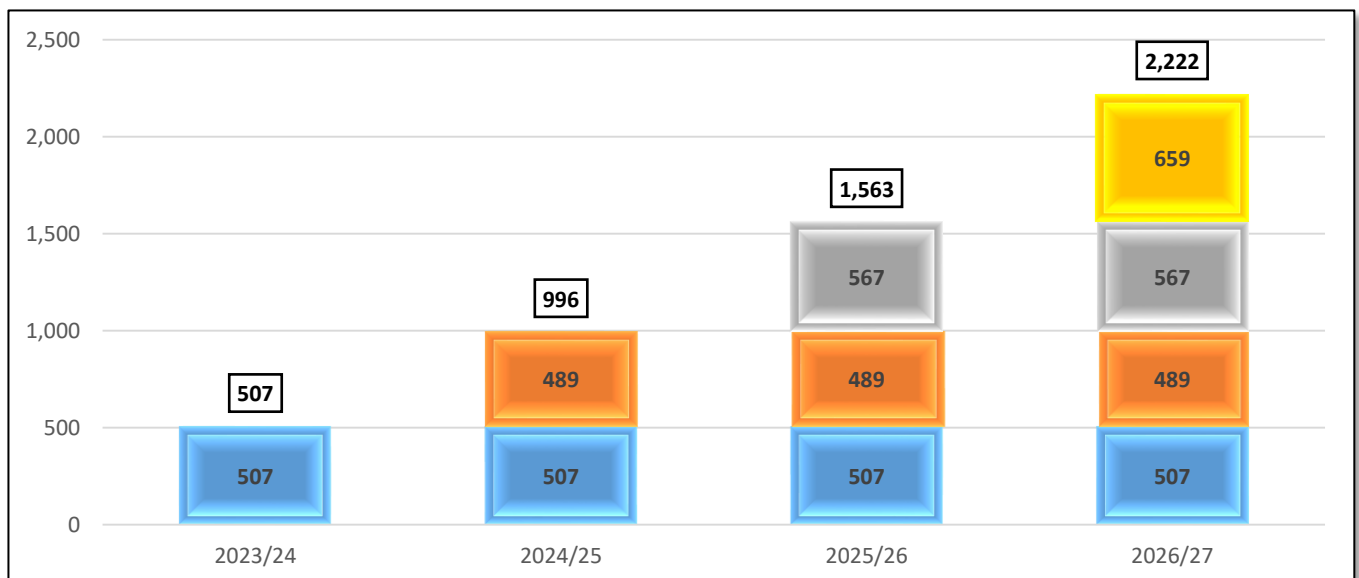
- 3.1 The Council Taxbase represents Band D residential properties within the District for Council Tax purposes.
- 3.2 The calculation includes an allowance for property growth. The starting point is the Five Year Housing Supply and this is adjusted by factors for risks such as delays or non-delivery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

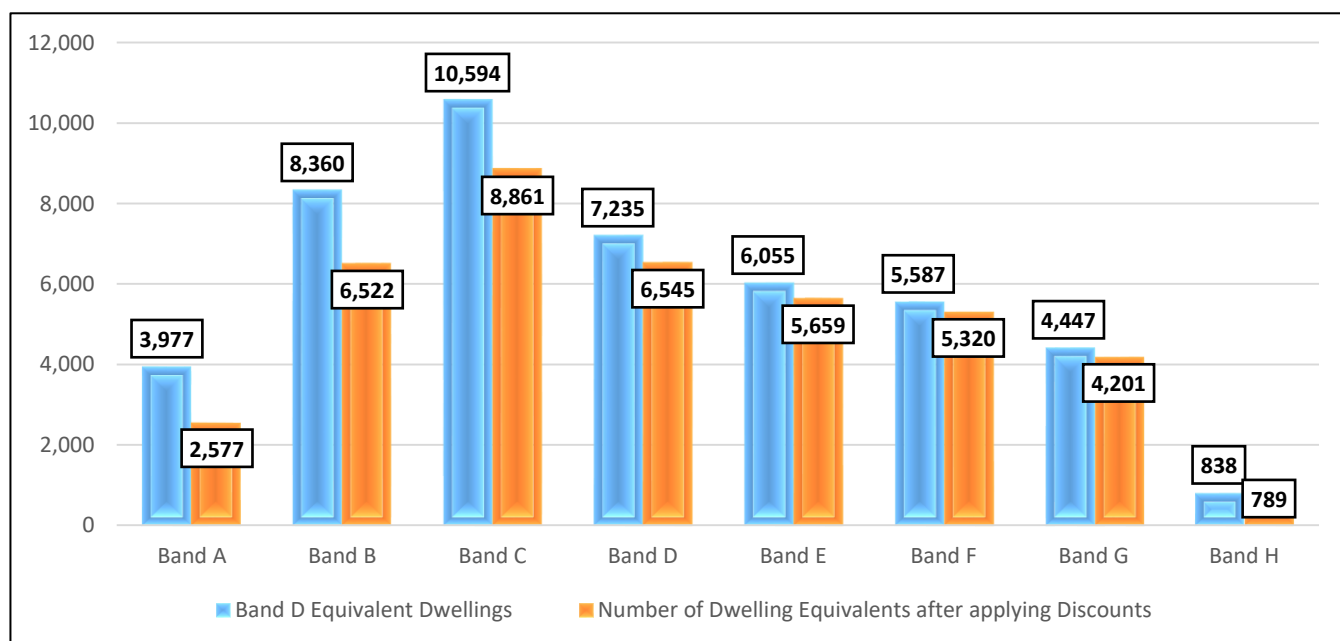
- The Band D equivalent dwellings (the dwellings in each Council Tax Band multiplied by the Band D ratio).
- The Band D equivalent dwellings are reduced by discounts such as single person discount or Local Council Tax Support and exemptions.
- A specific residual COVID-19 and new cost of living increase of **10%** for working age claimants of Local Council Tax Support has been included (a reduction from 20% assumed in 2022/23).
- An allowance is made for contributions in lieu of Council Tax for Ministry of Defence Properties.
- An estimate is made for property growth during 2023/24.
- A projection is made for non-collection/in year change of **0.75%** (reflective of the recommended more generous Local Council Tax Support Scheme). 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 **95.37%** in 2020/21 and **95.70%** in 2021/22).

3.6 The budgeted Council Taxbase for 2023/24 at **40,534.4** is **184.4 (0.46%)** higher than the projection of **40,350.0** contained in the Approved MTFs. The reasons for this projected increase are:

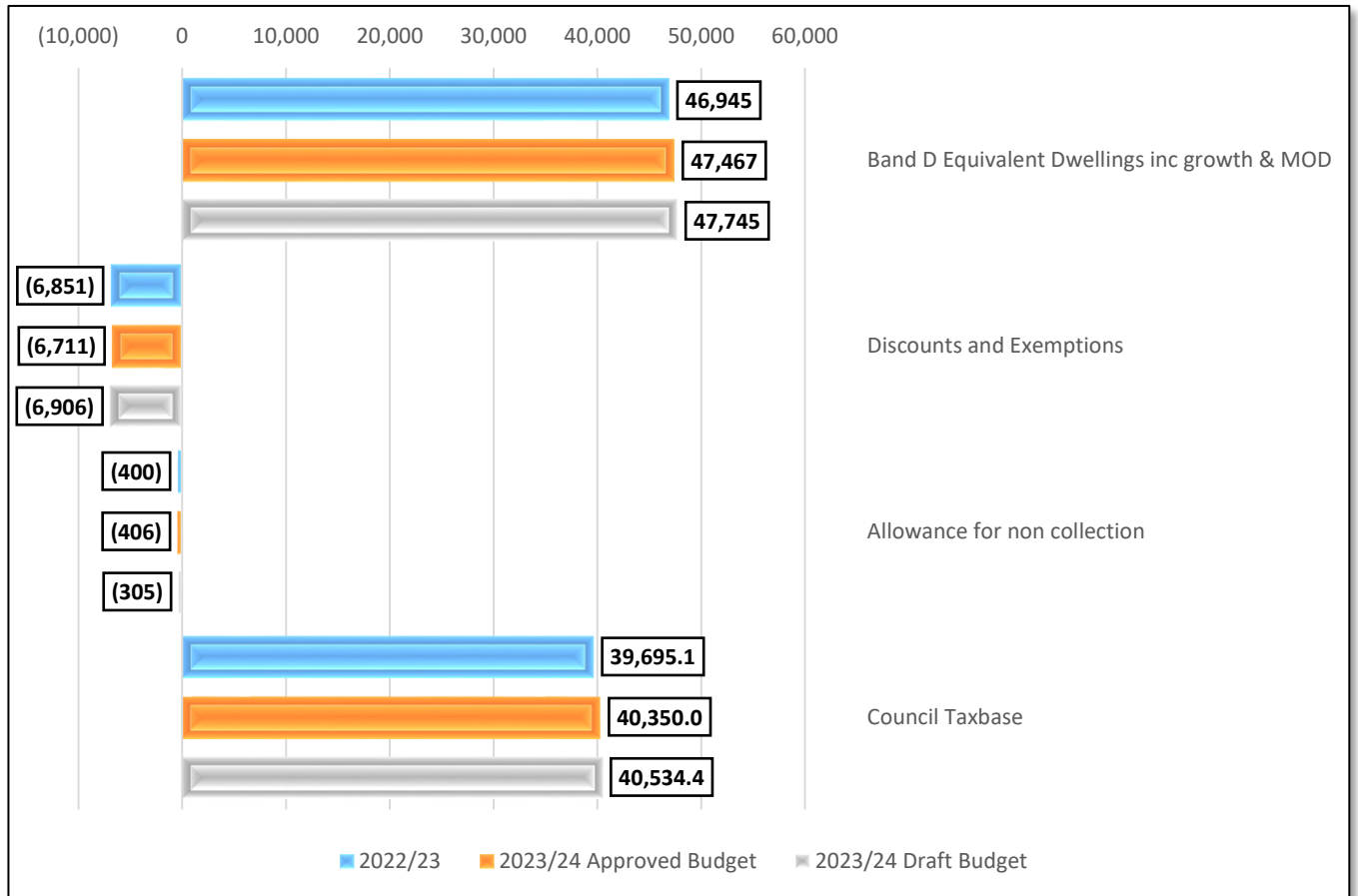
	2023/24			Comments
	Draft Budget	Approved Budget	Variance	
Band D equivalent dwellings	47,744.9	47,467.0	277.9	Projected higher property growth
Discounts and exemptions	(6,905.6)	(6,711.0)	(194.6)	Projected higher discounts and exemptions including LCTS
Allowance for non -collection	(304.9)	(406.0)	101.1	Assumed lower level with a revised LCTS
<b>Total</b>	<b>40,534.4</b>	<b>40,350.0</b>	<b>184.4</b>	

3.7 This increase in the Council Taxbase would result in (**£34,640**) higher Council Tax per annum based on the approved Band D Council Tax for 2022/23 of **£187.85**.

3.8 The Council Taxbase (Band D equivalents) by Council Tax band for the District in 2023/24 prior to and after discounts and exemptions is shown in the graph below and in detail at **APPENDIX B**:

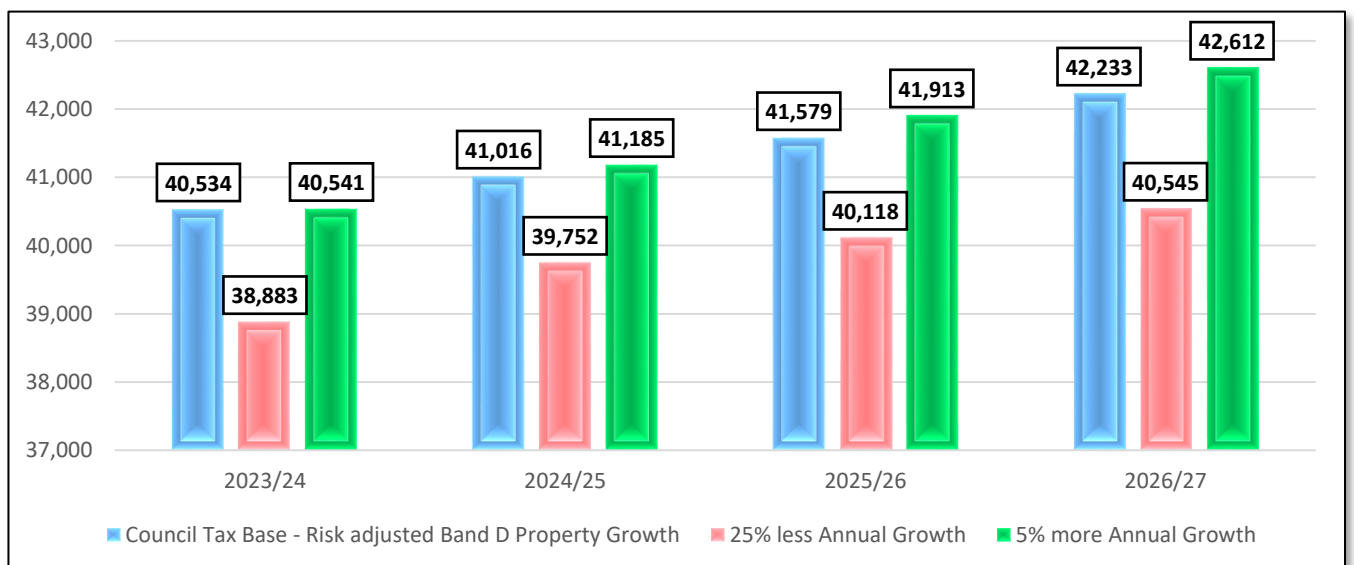


3.9 The figures in the calculation of the Council Taxbase for the Draft Budget 2023/24 of **40,534.4** compared to the calculation for 2022/23 of **39,695.1** and the Approved Budget for 2023/24 of **40,350.0** are shown below:



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 2023/24.

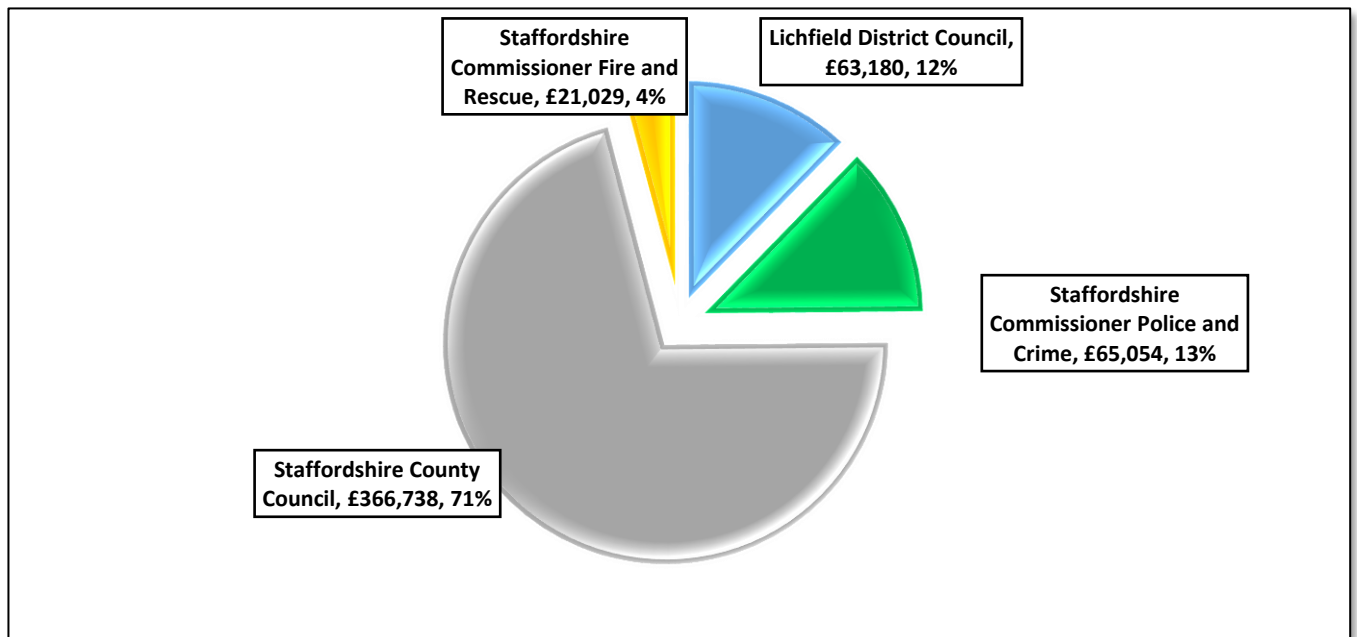
3.11 In addition, to the Council Taxbase for 2023/24, the graph below shows the Council Taxbase for 2024/25 to 2026/27. This information will be used in the Medium Term Financial Strategy for the projection of Council Tax income.



3.12 The Council Taxbase for 2023/24 by Parish area is shown at **APPENDIX C**.

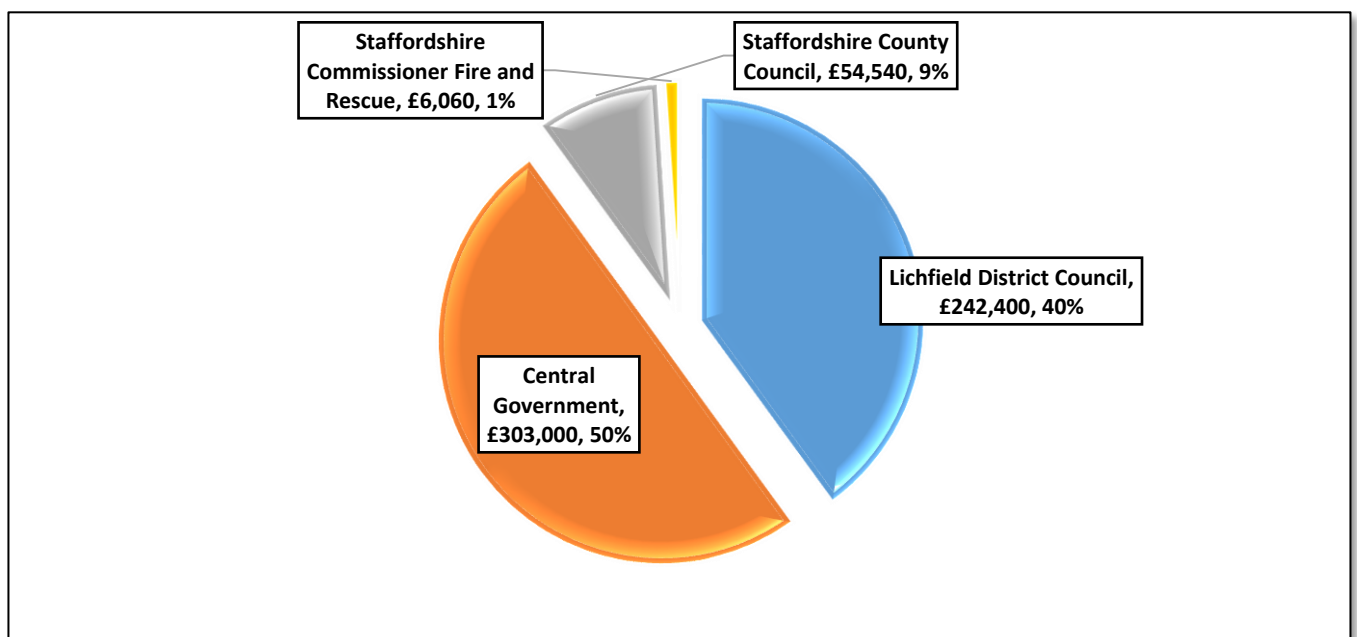
### The Projected Council Tax Collection Fund Surplus for 2022/23

3.13 The six months projected Council Tax Collection Fund Surplus for 2022/23 of (£516,000) is shown below (Lichfield’s share of 12% includes Parish Councils):



### The Projected Business Rates Collection Fund Surplus for 2022/23

3.14 The six months projected Business Rates Collection Fund surplus for 2022/23 of (£606,000) is shown below (Lichfield’s share of 40%):



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)
<b>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.</b>				
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.  A revised LCTS scheme is recommended that will provide additional support to those in greatest need.	Likelihood – Green 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 <b>75%</b> of projected housing growth is delivered.	Likelihood – Green 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 <b>10%</b> increase in working age claimants for Local Council Tax Support in 2023/24.	Likelihood – Green Impact - Green Severity of Risk - Green
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 2022
- 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 7 December 2021
- Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Cabinet 8 February 2022
- Medium Term Financial Strategy (Revenue and Capital) 2021-2026 (MTFS) – Council 22 February 2022
- Money Matters: 2021/22 Review of Financial Performance against the Financial Strategy – Cabinet 7 June 2022
- Medium Term Financial Strategy (MTFS) – Cabinet 11 July 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 September 2022
- Money Matters: 2022/23 Review of Financial Performance against the Financial Strategy – Cabinet 6 December 2022

**Relevant  
web link**

**Provision for Housing Growth**

**Actual Delivery Performance compared to the Projections**

	2019/20	2020/21	2021/22
<u>Provision for Growth</u>			
Housing Completions per SHLAA	701	725	737
Risk Allowance for Non-Completions and timing differences	50%	50%	75%
<b>Housing Completions Projection</b>	<b>351</b>	<b>363</b>	<b>553</b>
Band D Ratio	0.9	0.95	0.98
<b>Band D Equivalent</b>	<b>315</b>	<b>344</b>	<b>541</b>

Actual Band D Equivalent Housing Completions	648	674	740
Actual Band D Equivalent Housing Completions compared to SHLAA	<b>172%</b>		

**Housing Growth Projections**

	2022/23	Medium Term Financial Strategy			
		2023/24	2024/25	2025/26	2026/27
<u>Provision for Growth</u>					
Projected housing completions	669	712	686	796	925
Risk allowance for non-completions and timing differences	75%	75%	75%	75%	75%
<b>Housing completions projection</b>	<b>501</b>	<b>534</b>	<b>515</b>	<b>597</b>	<b>694</b>
Band D ratio	1.00	0.95	0.95	0.95	0.95
Band D equivalent	<b>501</b>	<b>507</b>	<b>489</b>	<b>567</b>	<b>659</b>

25% less Annual Growth
5% more Annual Growth

338	326	378	439
541	521	605	703



### The Council Taxbase Return and the Council Taxbase for the purposes of setting the Council Tax in 2023/24

	Band A Disabled Relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	2023/24	2022/23	2021/22
Total Number of Dwellings on the Valuation List	0.0	5,966.0	10,748.0	11,918.0	7,235.0	4,954.0	3,868.0	2,668.0	419.0	47,776.0	46,982.0	46,436.0
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9			
<b>Band D Equivalent Dwellings</b>	<b>0.0</b>	<b>3,977.3</b>	<b>8,359.6</b>	<b>10,593.8</b>	<b>7,235.0</b>	<b>6,054.9</b>	<b>5,587.1</b>	<b>4,446.7</b>	<b>838.0</b>	<b>47,092.4</b>	<b>46,298.1</b>	<b>45,708.7</b>
<u>Discounts and Exemptions</u>												
Exempt Dwellings and Demolitions	0.0	(124.0)	(156.3)	(208.9)	(103.0)	(64.8)	(47.7)	(58.3)	(8.0)	(771.0)	(672.6)	(711.0)
Disabled Relief	11.1	28.7	17.9	(46.2)	3.0	(2.4)	(7.2)	(31.7)	(22.0)	(48.8)	(50.5)	(53.1)
Single Person Discount - 25%	(1.7)	(552.7)	(817.6)	(911.3)	(471.5)	(306.8)	(204.0)	(161.7)	(21.5)	(3,448.8)	(3,319.4)	(3,231.4)
Discount - 50%	0.0	(5.3)	(3.1)	(2.2)	(2.5)	(2.4)	(1.4)	(10.0)	(4.0)	(30.9)	(29.3)	(29.9)
Local Council Tax Support Discount	(3.9)	(777.4)	(913.1)	(587.3)	(132.4)	(51.1)	(28.7)	(21.7)	(1.4)	(2,517.0)	(2,938.7)	(2,769.0)
Other Discounts	(0.3)	25.5	34.9	23.5	16.4	31.2	21.7	37.5	8.0	198.4	159.7	137.5
<b>Sub Total - Discounts and Exemptions</b>	<b>5.2</b>	<b>(1,405.2)</b>	<b>(1,837.3)</b>	<b>(1,732.4)</b>	<b>(690.0)</b>	<b>(396.3)</b>	<b>(267.3)</b>	<b>(245.9)</b>	<b>(48.9)</b>	<b>(6,618.1)</b>	<b>(6,850.8)</b>	<b>(6,656.9)</b>
<b>Number of Dwelling Equivalents after applying Discounts</b>	<b>5.2</b>	<b>2,572.1</b>	<b>6,522.3</b>	<b>8,861.4</b>	<b>6,545.0</b>	<b>5,658.6</b>	<b>5,319.8</b>	<b>4,200.8</b>	<b>789.1</b>	<b>40,474.3</b>	<b>39,447.3</b>	<b>39,051.8</b>
Contributions in Lieu (MOD Properties)										145.4	146.2	145.4
Council Taxbase Return (CTB) Taxbase										<b>40,619.7</b>	<b>39,593.5</b>	<b>39,197.2</b>
Other Local Council Tax Support										(287.5)	Included Above	(438.3)
Provision for Growth										507.1	501.0	524.0
Provision for Non Collection										(304.9)	(399.5)	(391.5)
<b>Total Council Taxbase for Council Tax Setting Purposes</b>										<b>40,534.4</b>	<b>39,695.1</b>	<b>38,891.4</b>

### Council Taxbase for the purposes of setting the Council Tax in 2023/24 by Parish Area

	2023/24 Apportioned Taxbase	2022/23 Apportioned Taxbase	2021/22 Apportioned Taxbase
Alrewas	1,330.6	1,298.7	1,248.2
Armitage with Handsacre	2,183.8	2,136.1	2,117.7
Burntwood	8,467.2	8,367.8	8,428.7
Clifton Campville with Thorpe Constantine	380.1	379.1	375.6
Colton	337.4	337.1	325.7
Curborough and Elmhurst and Farewell and Chorley	269.7	257.5	277.5
Drayton Bassett	464.7	464.9	445.9
Edingale	279.1	278.9	268.2
Elford	307.6	301.8	281.9
Fazeley	1,445.8	1,435.1	1,471.6
Fradley and Streethay ***	2,633.5	2,451.3	2,208.8
Hammerwich	1,387.0	1,376.1	1,339.1
Hamstall Ridware	165.1	164.0	152.1
Harlaston	209.7	211.4	200.4
Hints and Canwell	200.9	192.2	178.7
King's Bromley	590.1	585.6	561.7
Lichfield	12,516.9	12,150.2	12,110.3
Longdon	788.1	785.7	753.5
Mavesyn Ridware	528.9	529.2	502.5
Shenstone	3,677.4	3,658.0	3,461.8
Swinfen and Packington	165.4	160.1	151.5
Wall	203.7	203.9	199.8
Weeford	111.7	103.5	98.8
Whittington and Fisherwick	1,210.4	1,193.7	1,145.9
Wigginton and Hopwas	679.6	673.1	585.5
<b>Total Council Taxbase for Council Tax Setting Purposes</b>	<b>40,534.4</b>	<b>39,695.1</b>	<b>38,891.4</b>

\*\*\* = the approval of the outcome of the Community Governance Review by Council will mean this Parish is split into two separate Parishes:

Fradley	1,626.90
Streethay	1,006.60