

Money Matters : Calculation of Business Rates 2024/25, Council Tax Base for 2024/25 and the projected Collection Fund Surplus / Deficit for 2023/24



Cabinet Member for Finance and Commissioning

Date:	5 December 2023
Agenda Item:	3
Contact Officer:	Anthony Thomas
Tel Number:	01543 308012
Email:	Anthony.thomas@lichfielddc.gov.uk
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 2023/24 the relevant date will be **15 January 2024**.
 - 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 approves in accordance with the relevant legislation and regulations, the Council Taxbase (Band D residential properties) for Lichfield District for the financial year 2024/25 of **41,115.8**.
- 2.2 To note the estimated Council Tax Collection Fund Surplus of **(£846,000)** (LDC Share £99,000) and the estimated Business Rates Collection Fund Surplus of **(£2,826,000)** (LDC Share £1,130,000) for 2023/24.
- 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 2024/25 on behalf of the Council.
 - Update the Council Taxbase for 2024/25 and Collection Fund projections for 2023/24 in the event of changes to guidance or the need for significant changes to underlying assumptions.

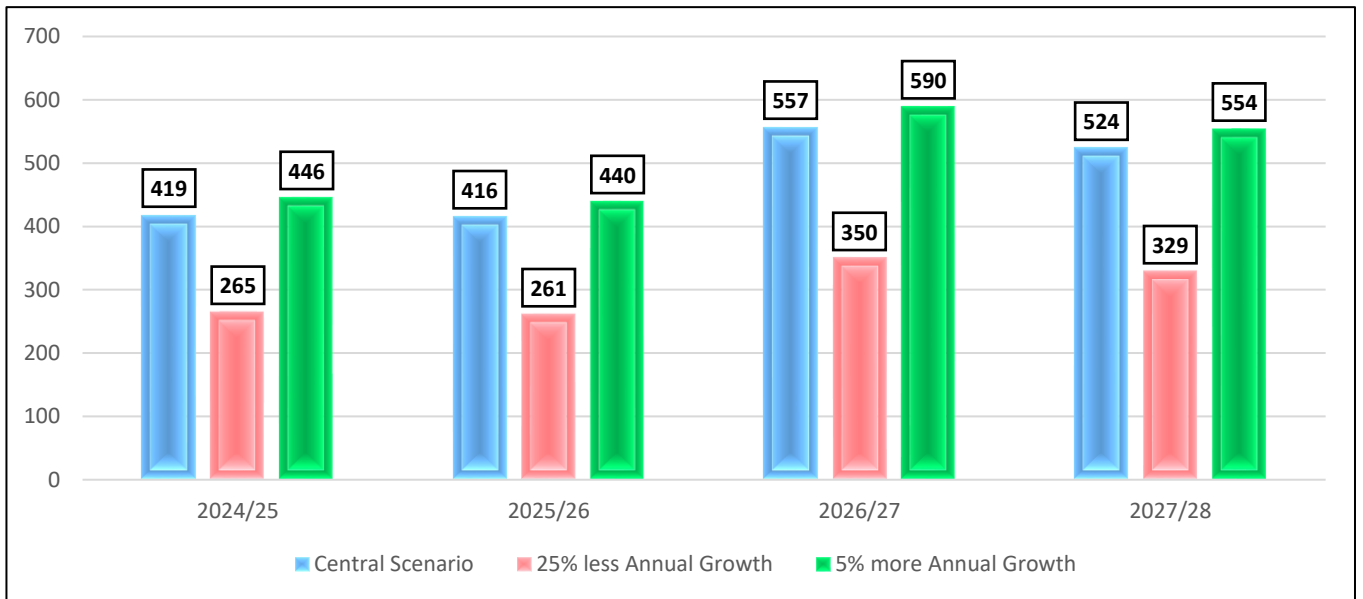
3. Background

Council Taxbase

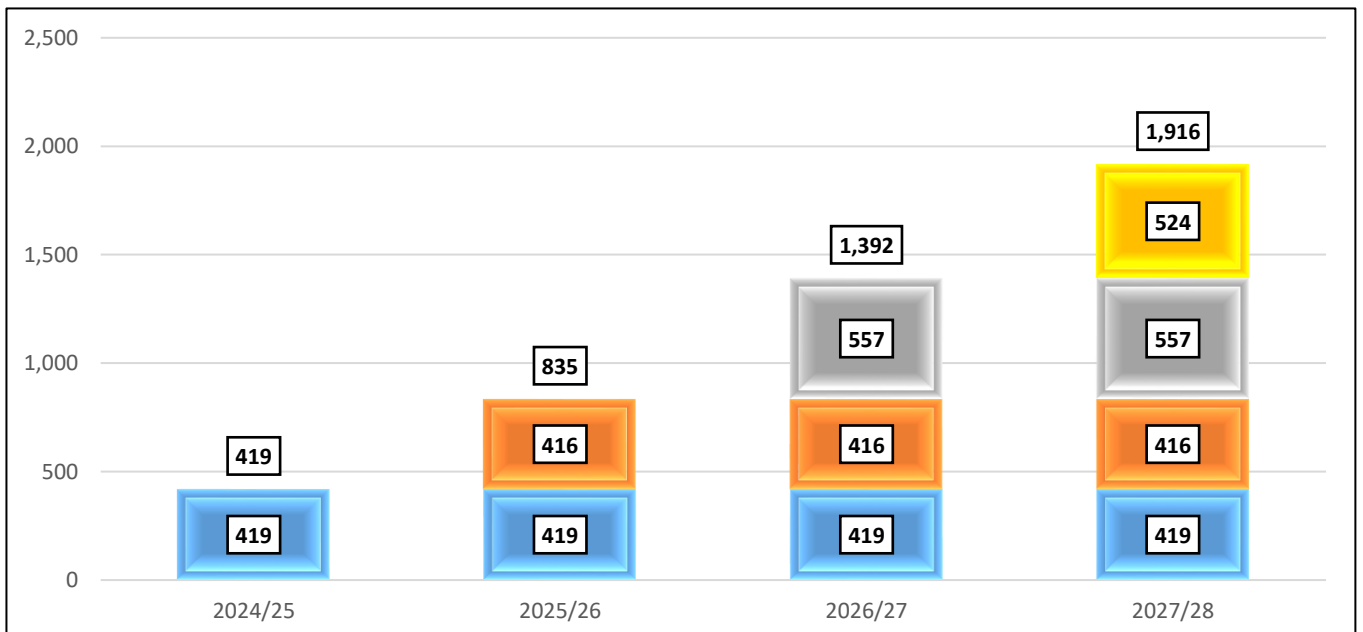
- 3.1 The Council Taxbase represents Band D residential properties within the District for Council Tax purposes.
- 3.2 The calculation includes an allowance for property growth. The starting point is the Five Year Housing Supply and this is adjusted by factors for risks such as delays or non-delivery 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.
- An allowance is made for contributions in lieu of Council Tax for Ministry of Defence Properties.
- An estimate is made for property growth during 2024/25.
- A projection is made for non-collection/in year change of **0.75%**. This reflects the risks and opportunities related to in year changes in properties, exemptions, and discounts together with the collection rate (all year's collection performance was **95.70%** in 2021/22 and **95.27%** in 2022/23. In year collection performance was **98.25%** in 2021/22 and **98.10%** in 2022/23).

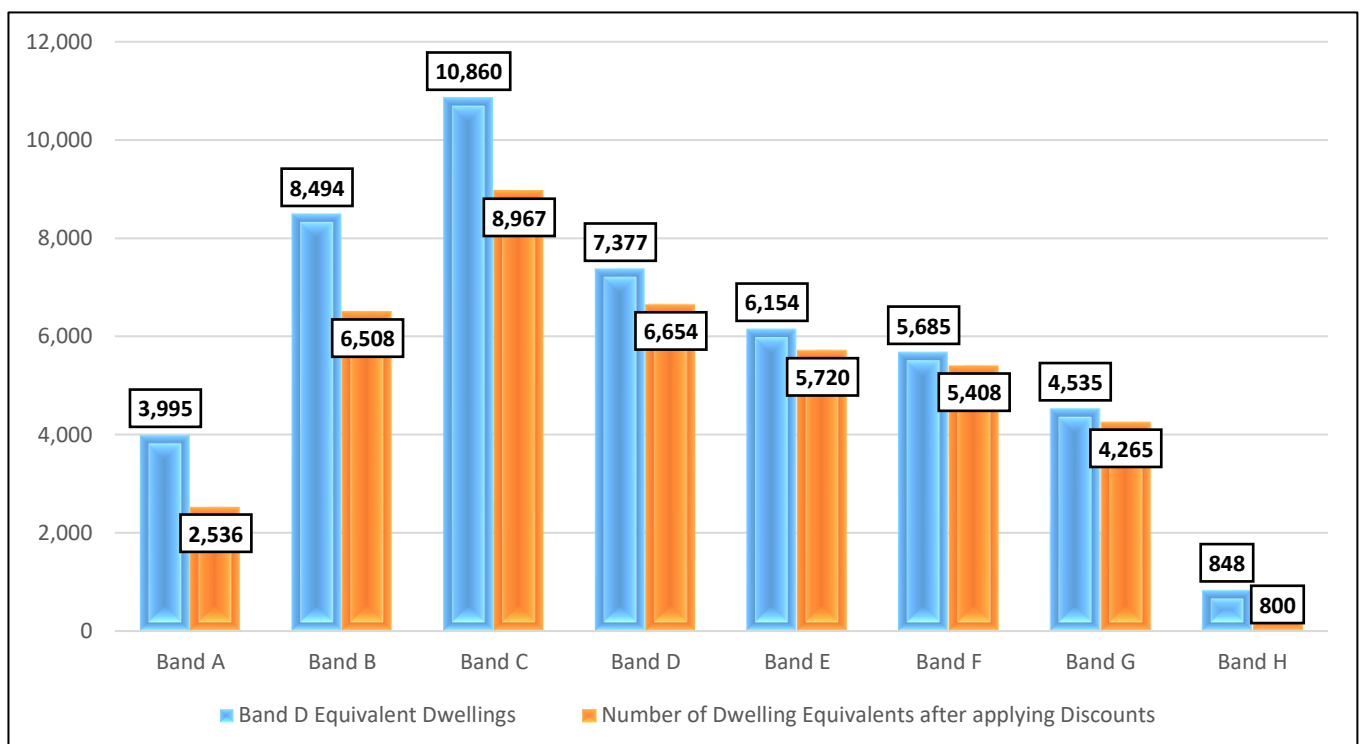
3.6 The Draft Budget Council Taxbase for 2024/25 at **41,115.8** is **99.8 (0.24%)** Band D Equivalent properties higher than the projection of **41,016.0** contained in the Approved MTFs.

3.7 The reasons for this projected increase are:

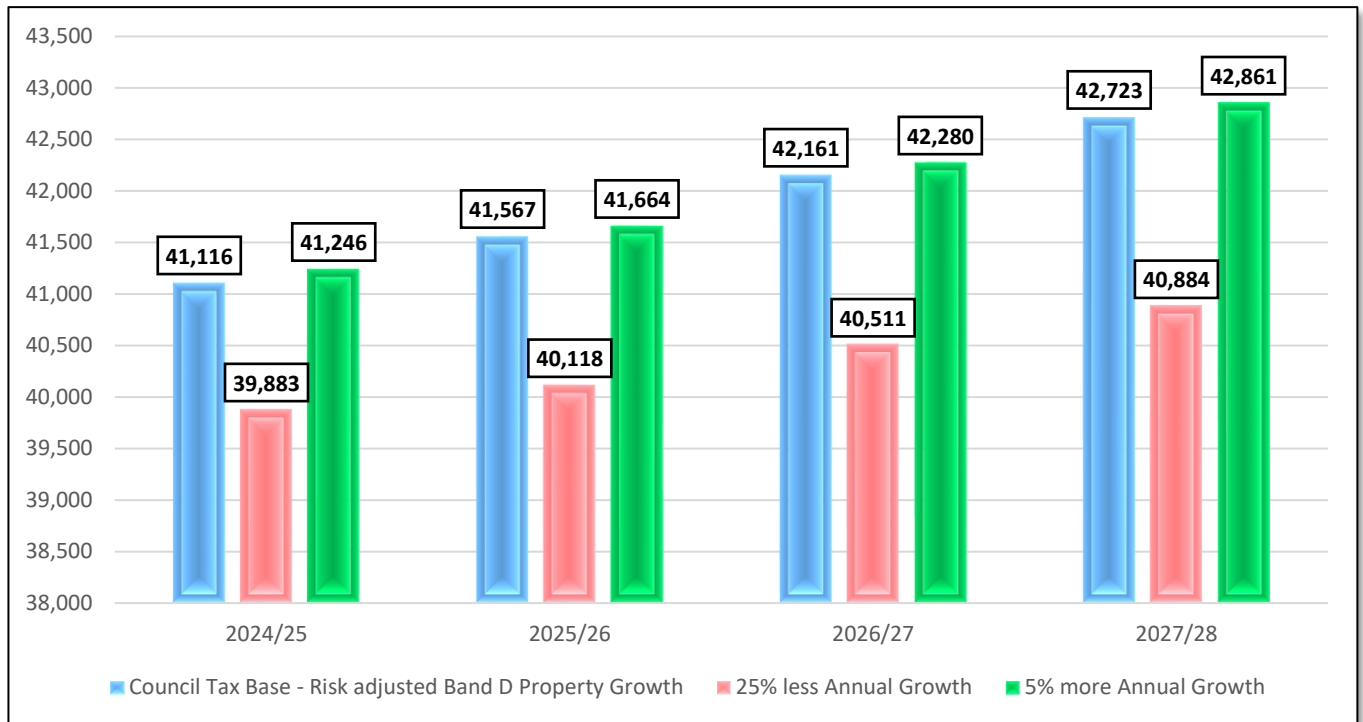
	2024/25			Comments
	Draft Budget	Approved Budget	Variance	
Band D equivalent dwellings	48,517.1	48,233.6	283.5	Projected higher property growth
Discounts and exemptions	(7,091.7)	(6,908.8)	(182.9)	Projected higher discounts and exemptions that will correlate with dwelling numbers
Allowance for non-collection	(309.6)	(308.8)	(0.8)	
Total	41,115.8	41,016.0	99.8	

3.8 This increase in the Council Taxbase would result in **(£18,750)** higher Council Tax per annum based on the approved Band D Council Tax for 2023/24 of **£187.85**.

3.9 The Council Taxbase (Band D equivalents) by Council Tax band for the district in 2024/25 prior to and after discounts and exemptions is shown in the graph below and in detail at **APPENDIX B**:



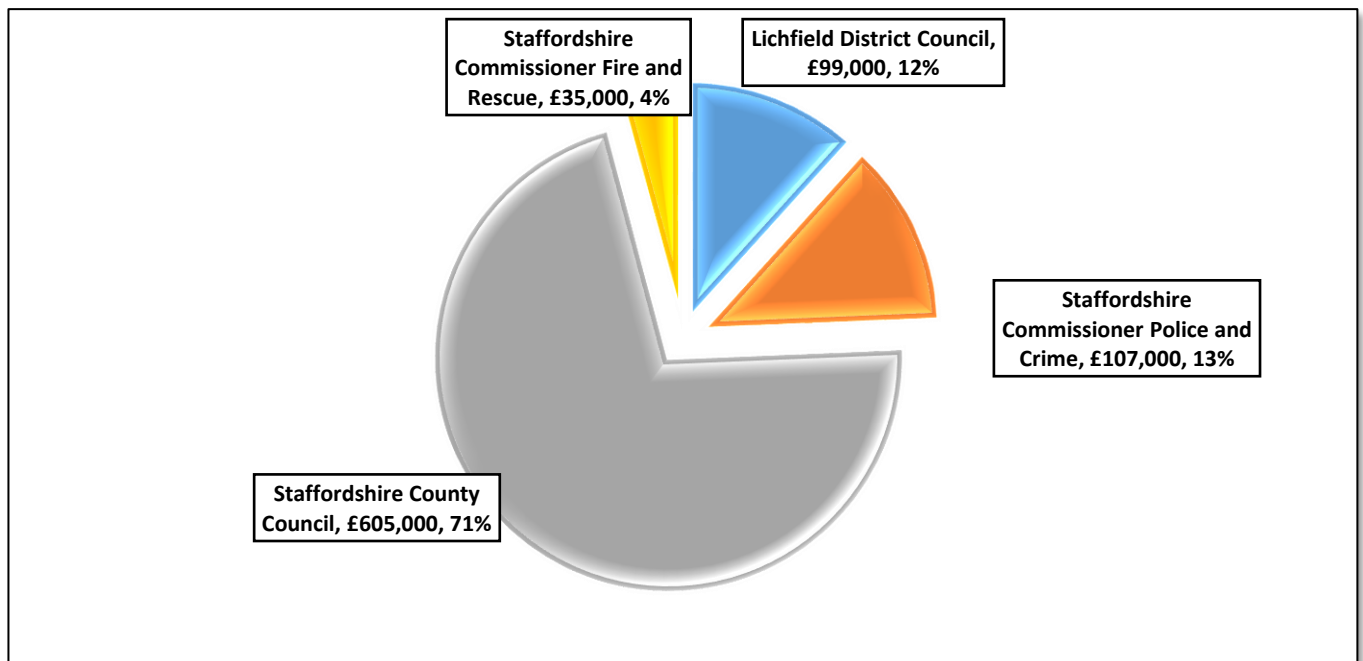
- 3.10 The Council Taxbase will be used by this Council, Parish Councils, Staffordshire County Council, the Staffordshire Commissioner for Police and Crime and the Staffordshire Commissioner for Fire and Rescue to calculate their element of the Council Tax for 2024/25.
- 3.11 In addition, to the Council Taxbase for 2024/25, the graph below shows the Council Taxbase for 2025/26 to 2027/28. This information will be used in the Medium Term Financial Strategy for the projection of Council Tax income.



- 3.12 The Council Taxbase for 2024/25 by Parish area is shown at **APPENDIX C**.

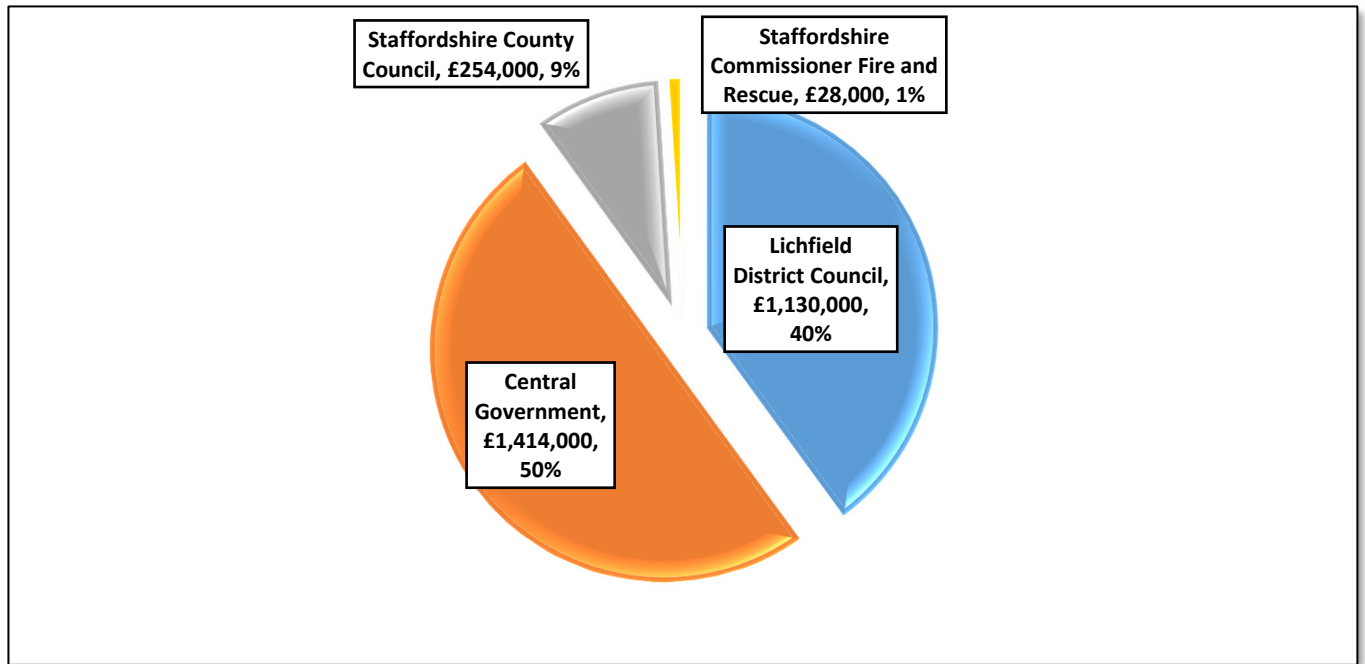
The Projected Council Tax Collection Fund Surplus for 2023/24

- 3.13 The six months projected Council Tax Collection Fund Surplus for 2023/24 of (£846,000) is shown below (Lichfield’s share of 12% includes Parish Councils):



The Projected Business Rates Collection Fund Surplus for 2023/24

3.14 The six months projected Business Rates Collection Fund surplus for 2023/24 of (£2,826,000) 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 require 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.
-----------------------	---------------------------------

Data assessment	<p>The ability to deliver the outcomes set out in the Lichfield District Council Strategic Plan, and beyond, is dependent on the resources available in the MTFs. The MTFs identifies the level of resources available and spend necessary to deliver the outcomes across the entire District.</p> <p>However, the application of relevant data and the Social Progress Index can be considered for new budget pressures, savings and income proposals as they are developed.</p>
-----------------	--

Environmental Impact (including Climate Change and Biodiversity).	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	<p>The periodic Money Matters Reports to Cabinet and Overview and Scrutiny Committee provide information on collection rates.</p> <p>A revised LCTS scheme was approved last financial year and provides additional support to those in greatest need.</p>	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	<p>The periodic Money Matters Reports to Cabinet and Overview and Scrutiny Committee provide information on housing growth.</p> <p>The MTFs assumes 75% of projected housing growth is delivered.</p>	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	<p>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.</p> <p>The projections assume correlation with dwelling numbers.</p>	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 2023
- 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 7 December 2022
- Medium Term Financial Strategy (Revenue and Capital) 2023-27 – Council 28 February 2023
- Money Matters 2022/23: Review of Financial Performance – Cabinet 27 June 2023
- Medium Term Financial Strategy (MTFS) – Cabinet 27 June 2023
- Money Matters 2023/24: Review of Financial Performance – Cabinet 5 September 2023
- Medium Term Financial Strategy (MTFS) – Cabinet 10 October 2023
- Money Matters 2023/24: Review of Financial Performance – Cabinet 5 December 2023

Relevant web link	
------------------------------	--

Provision for Housing Growth

Actual Delivery Performance compared to the Projections

	2020/21	2021/22	2022/23
Provision for Growth			
Housing Completions per Strategic Housing Land Availability Assessment (SHLAA)	725	737	669
Risk Allowance for Non-Completions and timing differences	50%	50%	75%
Housing Completions Projection	363	369	501
Band D Ratio	0.95	0.98	1.00
Band D Equivalents	344	361	501

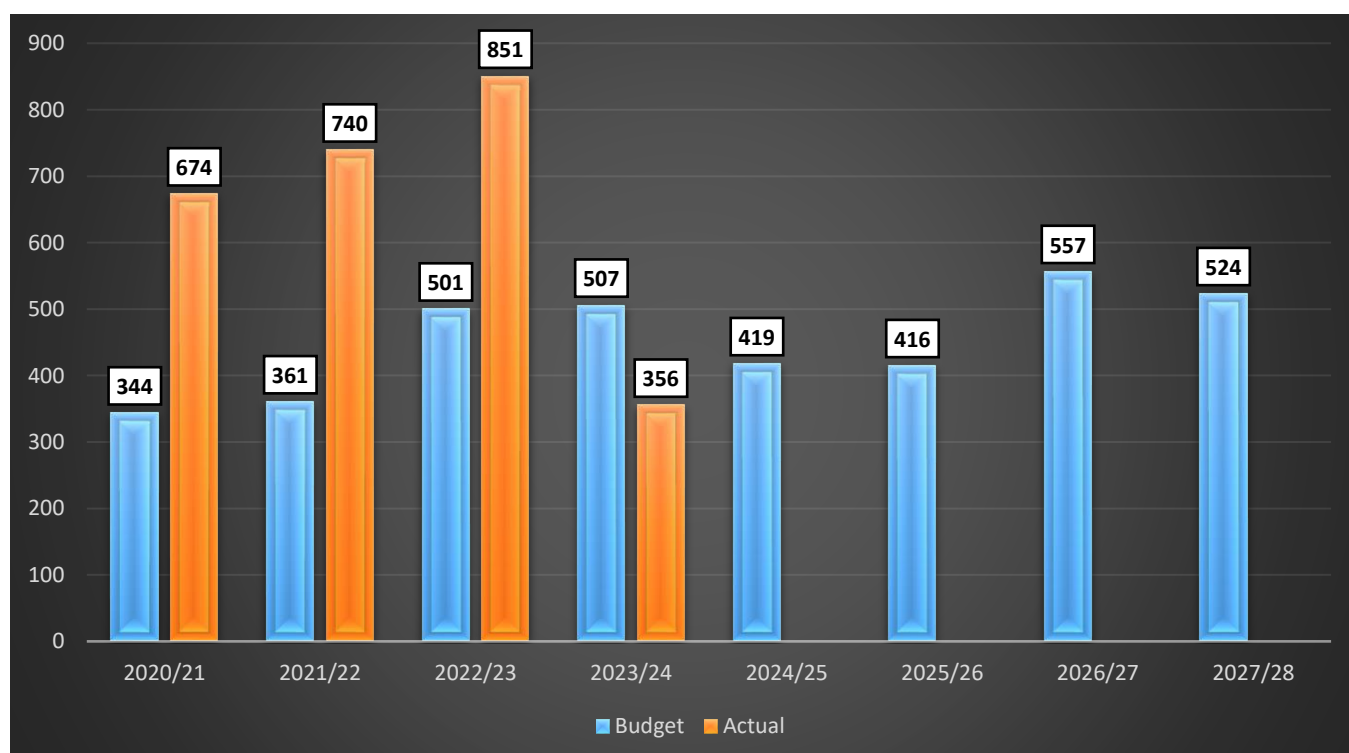
Actual Band D Equivalent Housing Completions	674	740	851
Actual Band D Equivalent Housing Completions compared to SHLAA	188%		

Housing Growth Projections

	Medium Term Financial Strategy				
	2023/24	2024/25	2025/26	2026/27	2027/28
Provision for Growth					
Projected housing completions	712	558	550	737	693
Risk allowance for non-completions and timing differences	75%	75%	75%	75%	75%
Housing completions projection	534	419	413	553	520
Band D ratio	0.95	1.00	1.01	1.01	1.01
Band D equivalents	507	419	416	557	524

25% less Annual Growth
5% more Annual Growth

265	261	350	329
446	440	590	554



The Council Taxbase Return and the Council Taxbase for the purposes of setting the Council Tax in 2024/25

	Band A Disabled Relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	2024/25	2023/24	2022/23
Total Number of Dwellings on the Valuation List	0.0	5,993.0	10,921.0	12,217.0	7,377.0	5,035.0	3,936.0	2,721.0	424.0	48,624.0	47,776.0	46,982.0
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	3,995.3	8,494.1	10,859.6	7,377.0	6,153.9	5,685.3	4,535.0	848.0	47,948.2	47,092.4	46,298.1
Discounts and Exemptions												
Exempt Dwellings and Demolitions	0.0	(124.0)	(142.3)	(233.8)	(121.0)	(74.6)	(46.2)	(75.0)	(10.0)	(826.9)	(771.0)	(672.6)
Disabled Relief	11.1	30.7	14.0	(44.4)	4.0	(6.1)	(1.4)	(36.7)	(20.0)	(48.8)	(48.8)	(50.5)
Single Person Discount - 25%	(1.3)	(558.5)	(854.8)	(960.4)	(482.5)	(316.3)	(214.9)	(171.3)	(22.0)	(3,582.0)	(3,448.8)	(3,319.4)
Discount - 50%	0.0	(6.0)	(5.1)	(2.7)	(2.5)	(3.1)	(1.4)	(10.0)	(5.0)	(35.8)	(30.9)	(29.3)
Local Council Tax Support Discount	(3.2)	(830.9)	(1,033.5)	(675.8)	(141.3)	(59.2)	(31.2)	(24.2)	(1.4)	(2,800.7)	(2,517.0)	(2,938.7)
Other Discounts	(0.3)	22.7	35.9	24.5	20.6	25.1	17.3	46.7	10.0	202.5	198.4	159.7
Sub Total - Discounts and Exemptions	6.3	(1,466.0)	(1,985.8)	(1,892.6)	(722.7)	(434.2)	(277.8)	(270.5)	(48.4)	(7,091.7)	(6,618.1)	(6,850.8)
Number of Dwelling Equivalents after applying Discounts	6.3	2,529.3	6,508.3	8,967.0	6,654.3	5,719.7	5,407.5	4,264.5	799.6	40,856.5	40,474.3	39,447.3
Contributions in Lieu (MOD Properties)										149.9	145.4	146.2
Council Taxbase Return (CTB) Taxbase										41,006.4	40,619.7	39,593.5
Other Local Council Tax Support adjustments										Included Above	(287.5)	Included Above
Provision for Growth										419.0	507.1	501.0
Provision for Non-Collection										(309.6)	(304.9)	(399.5)
Total Council Taxbase for Council Tax Setting Purposes										41,115.8	40,534.4	39,695.1

Council Taxbase for the purposes of setting the Council Tax in 2024/25 by Parish Area

	2024/25 Apportioned Taxbase	2023/24 Apportioned Taxbase	2022/23 Apportioned Taxbase
Alrewas	1,342.6	1,330.6	1,298.7
Armitage with Handsacre	2,188.8	2,183.8	2,136.1
Burntwood	8,489.3	8,467.2	8,367.8
Clifton Campville with Thorpe Constantine	388.6	380.1	379.1
Colton	344.1	337.4	337.1
Curborough and Elmhurst and Farewell and Chorley	269.7	269.7	257.5
Drayton Bassett	466.9	464.7	464.9
Edingale	280.5	279.1	278.9
Elford	322.6	307.6	301.8
Fazeley	1,489.1	1,445.8	1,435.1
Fradley with Streethay ***	0.0	0.0	2,451.3
Fradley ***	1,770.7	1,626.9	0.0
Hammerwich	1,390.5	1,387.0	1,376.1
Hamstall Ridware	164.1	165.1	164.0
Harlaston	208.4	209.7	211.4
Hints and Canwell	198.5	200.9	192.2
King's Bromley	590.4	590.1	585.6
Lichfield	12,742.6	12,516.9	12,150.2
Longdon	784.9	788.1	785.7
Mavesyn Ridware	536.4	528.9	529.2
Shenstone	3,657.3	3,677.4	3,658.0
Streethay ***	1,018.1	1,006.6	0.0
Swinfen and Packington	171.2	165.4	160.1
Wall	207.2	203.7	203.9
Weeford	104.7	111.7	103.5
Whittington and Fisherwick	1,217.3	1,210.4	1,193.7
Wigginton and Hopwas	771.3	679.6	673.1
Total Council Taxbase for Council Tax Setting Purposes	41,115.8	40,534.4	39,695.1

*** = split into two separate Parish Councils for 2023/24