

Money Matters : Calculation of Business Rates 2025/26, Council Tax Base for 2025/26 and the projected Collection Fund Surplus / Deficit for 2024/25



Lichfield
District Council

Cabinet Member for Finance and Commissioning

Date: 3 December 2024
 Agenda item:
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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 The timetable for MTFs development is summarised below:

	Date	Meeting	Topics
Budget Consultation (October to December)	30/07/2024	Cabinet	Budget timetable, Budget principles, MTFs update, Budget consultation and Budget assumptions for 2025/26
	02/10/2024	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	08/10/2024	Cabinet	An update on the Draft Medium Term Financial Strategy
	02/12/2024	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	03/12/2024	Cabinet	Set the Council Taxbase for 2025/26
	28/01/2025	Overview and Scrutiny	To review the Draft Medium Term Financial Strategy
	06/02/2025	Audit Committee	To review the Treasury Management Strategy Statement
	11/02/2025	Cabinet	To recommend the Medium Term Financial Strategy and Council Tax increase to Council
	25/02/2025	Council	Approve the Medium Term Financial Strategy, updated Local Council Tax Support Scheme and set the Council Tax

- 1.3 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 2024/25 the relevant date will be **15 January 2024**.
 - Business Rates (NNDR) – **31 January** using the NNDR1 Form.
- 1.4 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.
- 1.5 The Council must submit its estimates for Business Rates to the Ministry for Housing, Communities and Local Government (MHCLG) 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.
- 1.6 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.
- 1.7 A further report on the introduction of the 2nd homes premium and the empty homes premium will be provided to Cabinet on 14 January 2025.

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 2025/26 of **41,522.7**.
- 2.2 To note the estimated Council Tax Collection Fund Surplus of **(£11,780)** (LDC Share £1,370) and the estimated Business Rates Collection Fund Surplus of **(£3,869,880)** (LDC Share £1,547,950) for 2024/25.
- 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 2025/26 on behalf of the Council.
 - Update the Council Taxbase for 2025/26 and Collection Fund projections for 2024/25 in the event of changes to guidance or the need for significant changes to underlying assumptions.

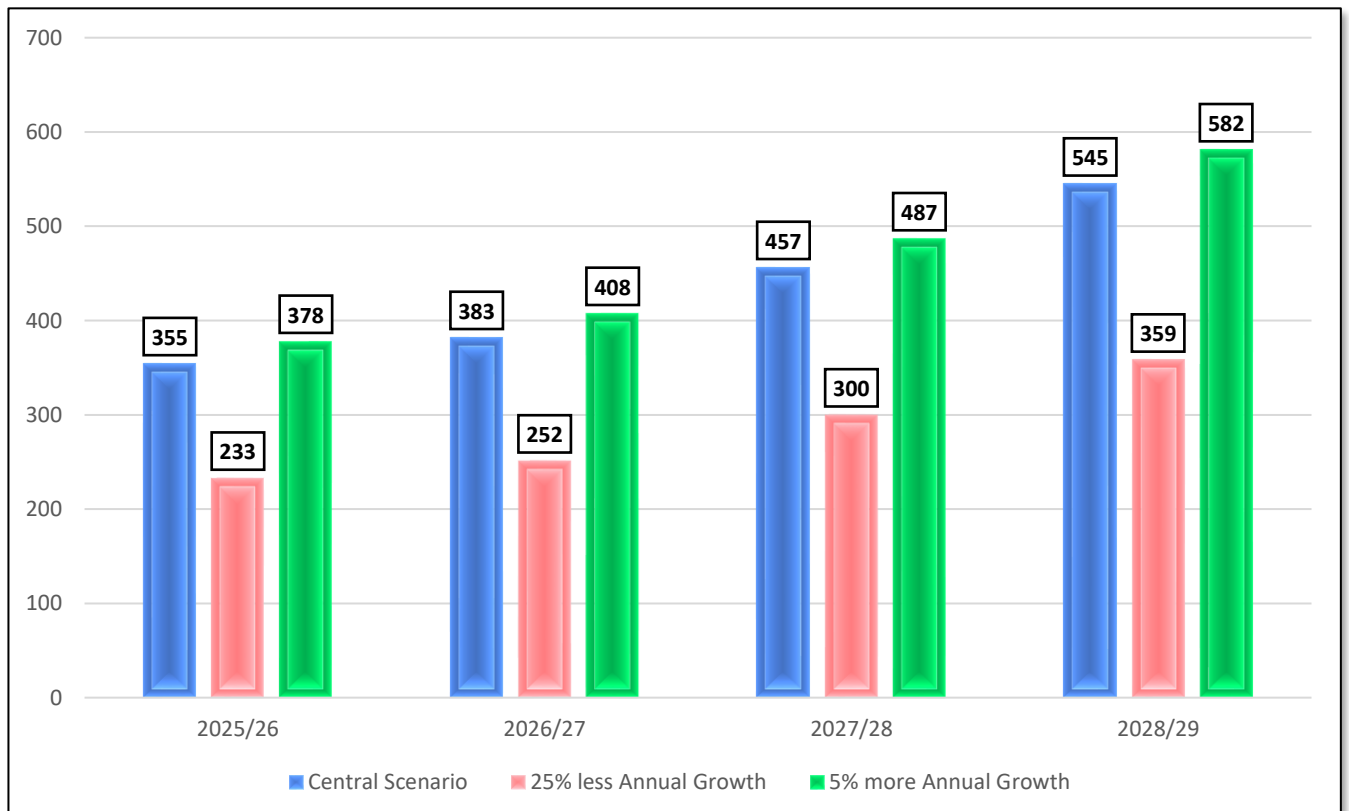
3. Background

Council Taxbase

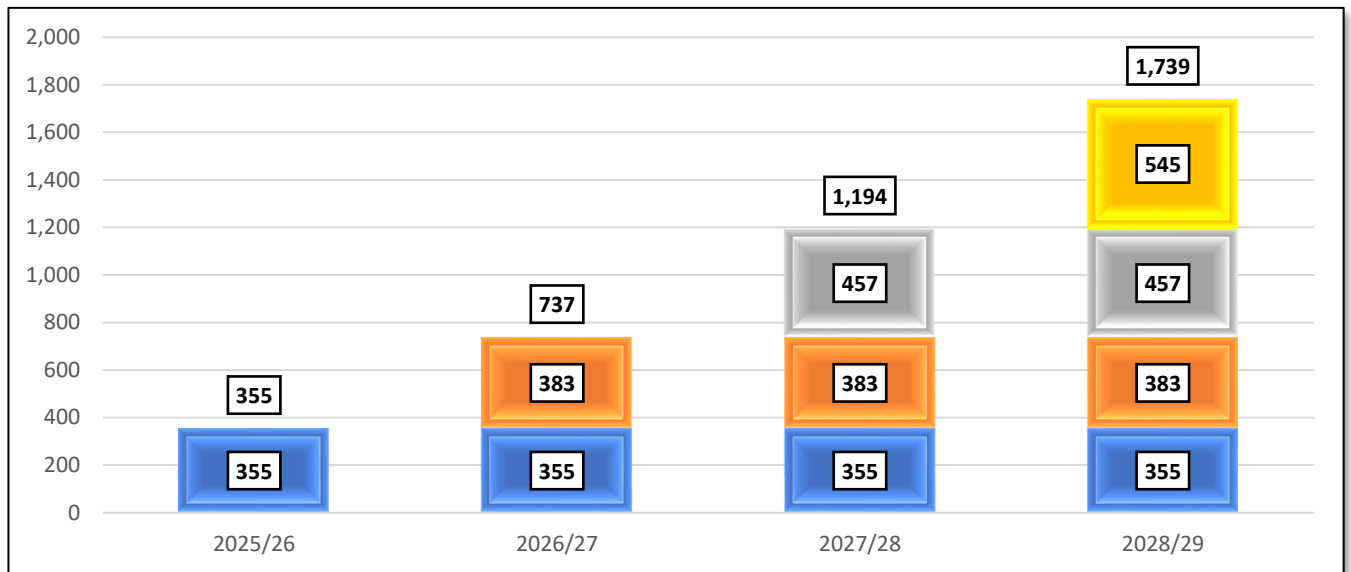
- 3.1 The Council Taxbase represents Band D residential properties within the District for Council Tax purposes.
- 3.2 The calculation includes an allowance for property growth. The starting point is the Five Year Housing Supply and this is adjusted by factors for risks such as delays or non-delivery 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 2025/26.
- An estimate has been made for the introduction of the premium on second homes agreed by Council on 27 February 2024.
- 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 **95.27%** in 2022/23 and **95.33%** in 2023/24. In year collection performance was **98.10%** in 2022/23 and **98.40%** in 2023/24).

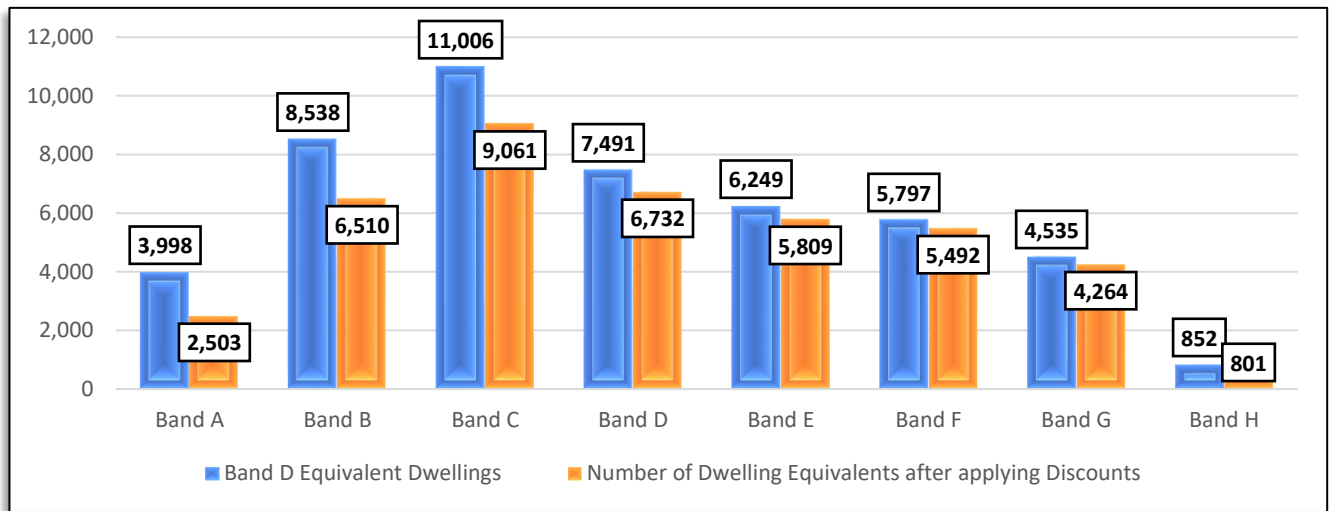
3.6 The Draft Recommended Budget Council Taxbase for 2025/26 at **41,522.7** is **43.8 (0.11%)** Band D Equivalent properties lower than the projection of **41,566.5** contained in the Approved MTFS.

3.7 The reasons for this projected reduction are:

	2024/25 Approved Budget	2025/26 Projection	2025/26 Recommended Budget	Variance
Band D equivalent dwellings	47,948.2	48,367.2	48,466.4	99.2
Growth	419.0	416.0	354.9	(61.1)
2nd Home and empty homes Premiums	0	113.2	151.4	38.2
MOD properties	149.9	145.5	157.8	12.3
Discounts and exemptions	(4,291.0)	(4,333.8)	(4,388.1)	(54.3)
Local Council Tax Support	(2,800.7)	(2,828.6)	(2,907.5)	(78.9)
Allowance for non -collection	(309.6)	(313.0)	(312.2)	0.8
Total	41,115.8	41,566.5	41,522.7	(43.8)

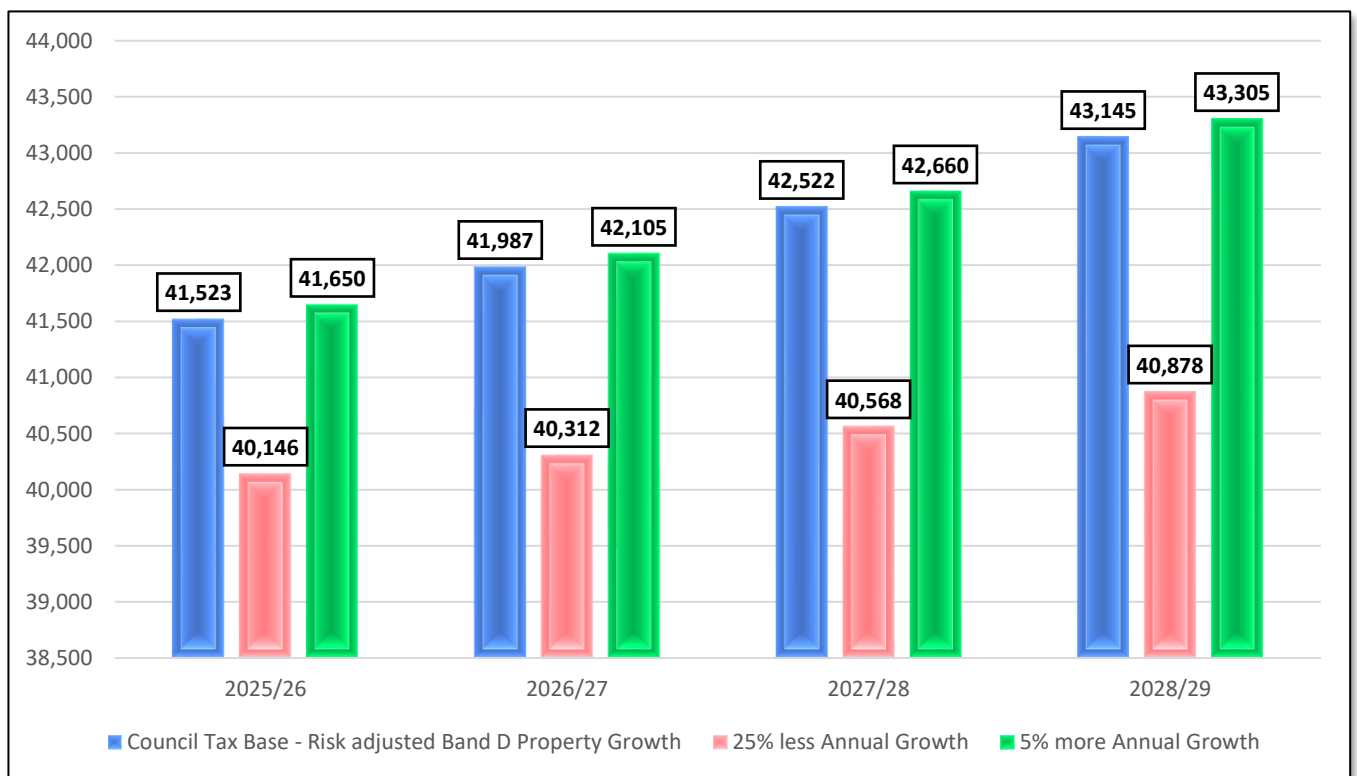
3.8 This reduction in the Council Taxbase would result in **£8,447** lower Council Tax per annum based on the approved Band D Council Tax for 2024/25 of **£192.85**.

3.9 The Council Taxbase (Band D equivalents) by Council Tax band for the district in 2025/26 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 2025/26.

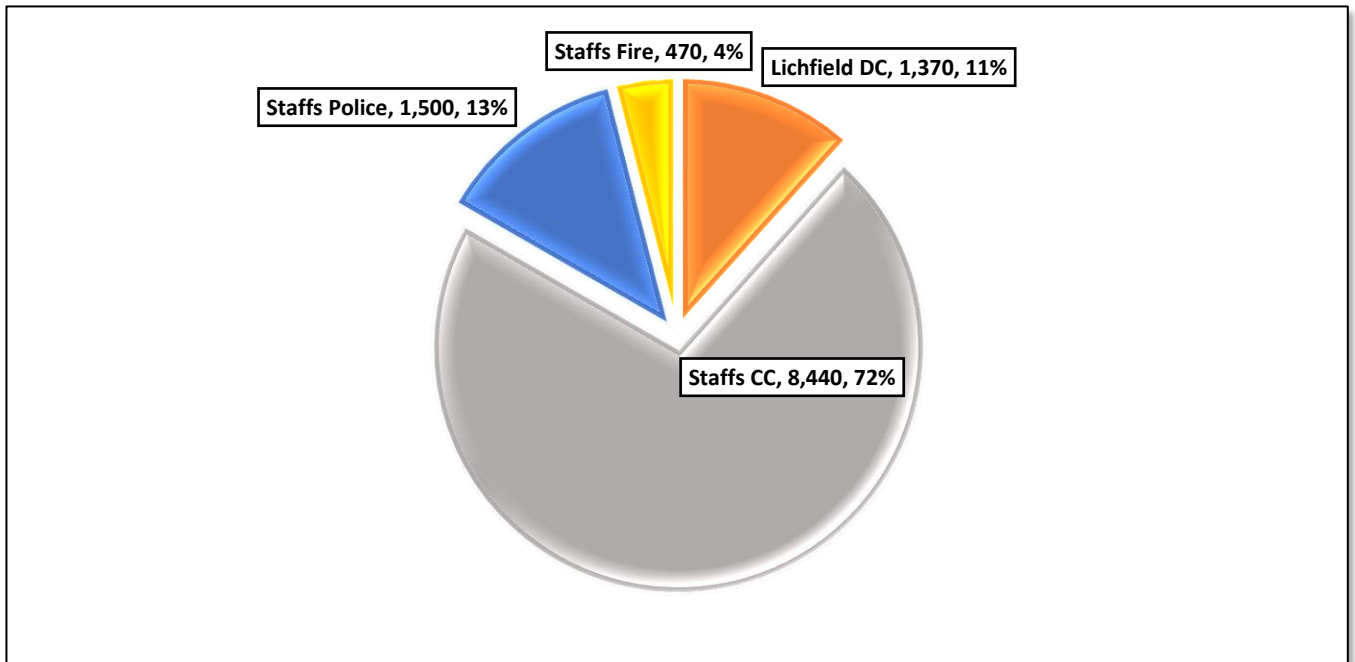
3.11 In addition, to the Council Taxbase for 2025/26, the graph below shows the Council Taxbase for 2026/27 to 2028/29. This information will be used in the Medium Term Financial Strategy for the projection of Council Tax income.



3.12 The Council Taxbase for 2025/26 by Parish area is shown at **APPENDIX C**.

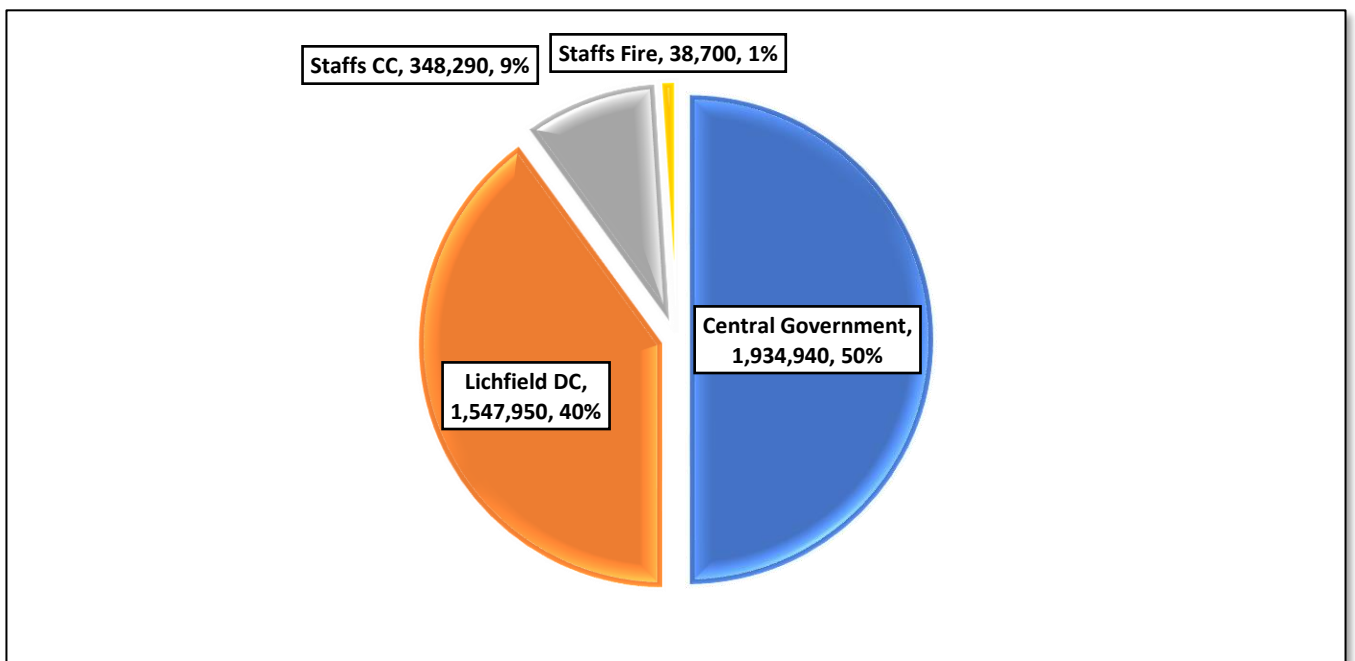
The Projected Council Tax Collection Fund Surplus for 2024/25

3.13 The six months projected Council Tax Collection Fund Surplus for 2024/25 of (£11,780) is shown below (Lichfield’s share of 11.6% includes Parish Councils):



The Projected Business Rates Collection Fund Surplus for 2024/25

3.14 The six months projected Business Rates Collection Fund surplus for 2024/25 of (£3,869,880) 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/no*

Contribution to Lichfield District 2050	The Medium Term Financial Strategy (MTFS) underpins the delivery of the Strategic Plan.
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Data assessment	Not applicable.
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Equality, diversity and human rights implications	None identified in this report.
EIA logged by Equalities Officer	

Crime & safety Issues	None identified in this report.
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Environmental impact (including climate change and biodiversity)	None identified in this report.
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Crime & safety Issues	None identified in this report.
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GDPR / privacy impact assessment	None identified in this report.
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	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
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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.				
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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 was approved relatively recently, and it provides additional support to those in greatest need.	Likelihood – Green Impact - Yellow Severity of Risk - Yellow
B	The assumed level of growth included in the	Likelihood – Yellow Impact - Yellow	The periodic Money Matters Reports to Cabinet and Overview and Scrutiny	Likelihood – Green Impact - Yellow

	calculation of the Council Taxbase is not achieved.	Severity of Risk - Yellow	Committee provide information on housing growth. The MTFS assumes 75% of projected housing growth is delivered.	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 projections assume correlation with dwelling numbers.	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	<ul style="list-style-type: none"> • 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 2024 • 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 5 December 2023 • Medium Term Financial Strategy (Revenue and Capital) 2024-28 – Council 27 February 2024
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Relevant web links	Finance Working Papers
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Provision for Housing Growth

Actual Delivery Performance compared to the Projections.

	2021/22	2022/23	2023/24
Provision for Growth			
Housing Completions per SHLAA	737	669	712
Risk Allowance for Non-Completions and timing differences	50%	75%	75%
Housing Completions Projection	369	501	534
Band D Ratio	0.98	1.00	0.95
Band D Equivalents	361	501	507

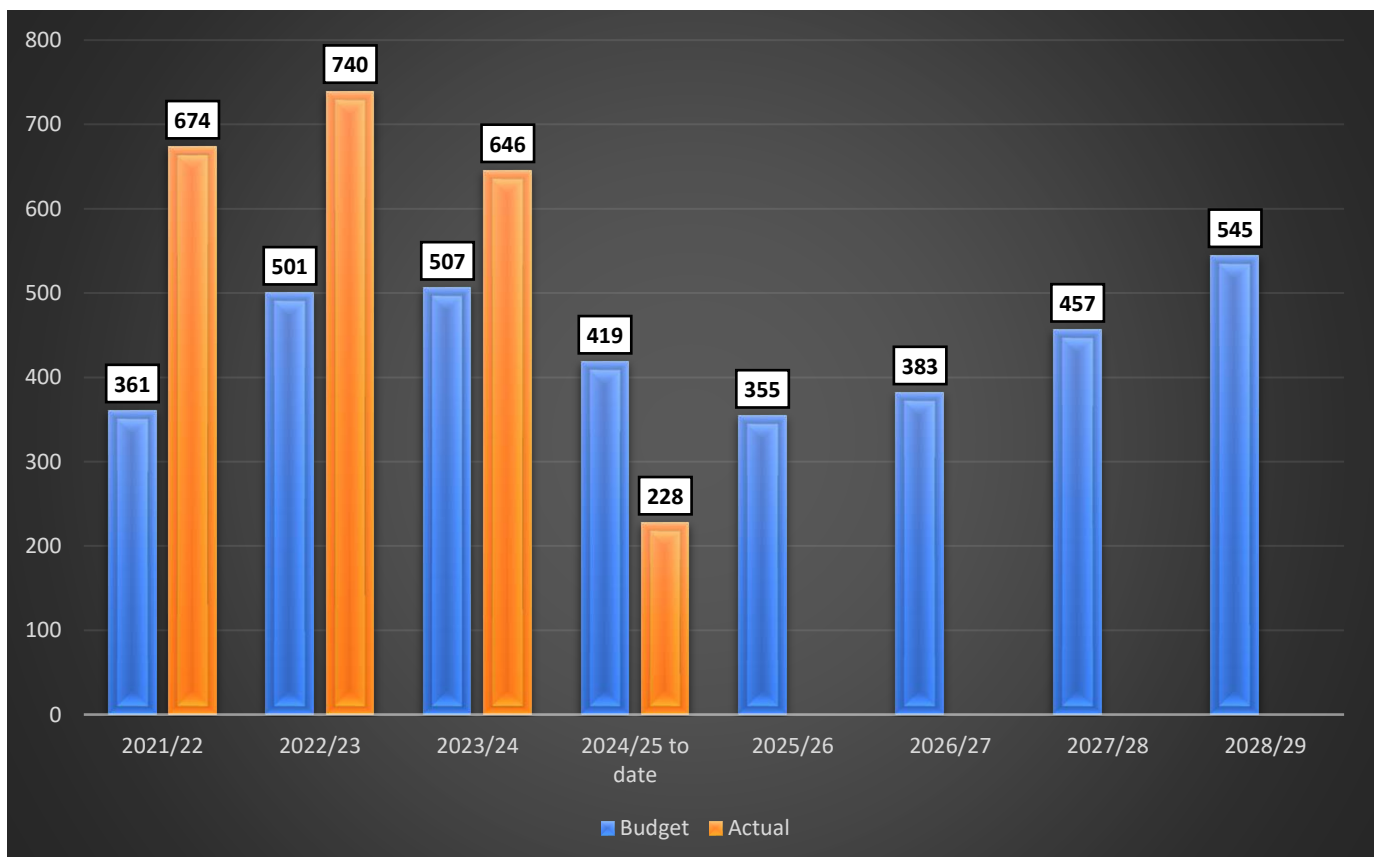
Actual Band D Equivalent Housing Completions	674	740	646
Actual Band D Equivalent Housing Completions compared to SHLAA	151%		

Housing Growth Projections

	Medium Term Financial Strategy				
	2024/25	2025/26	2026/27	2027/28	2028/29
Provision for Growth					
Projected housing completions	558	473	510	609	727
Risk Allowance for Non-Completions and timing differences	75%	75%	75%	75%	75%
Housing Completions Projection	419	355	383	457	545
Band D Ratio	1.00	1.00	1.00	1.00	1.00
Band D Equivalents	419	355	383	457	545

25% less Annual Growth
5% more Annual Growth

233	252	300	359
378	408	487	582



The Council Taxbase Return and the Council Taxbase for the purposes of setting the Council Tax in 2025/26

	Band A Disabled Relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	2025/26	2024/25	2023/24
Total Number of Dwellings on the Valuation List	0.0	5,997.0	10,978.0	12,382.0	7,491.0	5,113.0	4,013.0	2,721.0	426.0	49,121.0	48,624.0	47,776.0
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	3,998.0	8,538.4	11,006.2	7,491.0	6,249.2	5,796.6	4,535.0	852.0	48,466.4	47,948.2	47,092.4
<u>Discounts and Exemptions</u>												
Exempt Dwellings and Demolitions	0.0	(120.0)	(150.1)	(223.9)	(149.0)	(67.2)	(52.0)	(78.3)	(8.0)	(848.5)	(826.9)	(771.0)
Disabled Relief	11.7	27.3	17.9	(41.8)	7.0	(11.0)	(2.9)	(40.0)	(20.0)	(51.8)	(48.8)	(48.8)
Single Person Discount - 25%	(1.1)	(566.8)	(869.8)	(973.1)	(496.5)	(329.7)	(226.8)	(170.4)	(24.5)	(3,658.7)	(3,582.0)	(3,448.8)
Discount - 50%	0.0	(7.0)	(9.7)	(4.0)	(2.0)	(4.9)	(2.9)	(10.0)	(6.0)	(46.5)	(35.8)	(30.9)
Local Council Tax Support Discount	(3.1)	(863.8)	(1,049.1)	(725.4)	(136.9)	(59.9)	(37.8)	(30.1)	(1.4)	(2,907.5)	(2,800.7)	(2,517.0)
Other Discounts	(0.3)	27.7	32.3	22.7	18.0	32.4	18.1	57.5	9.0	217.4	202.5	198.4
Sub Total - Discounts and Exemptions	7.2	(1,502.6)	(2,028.5)	(1,945.5)	(759.4)	(440.3)	(304.3)	(271.3)	(50.9)	(7,295.6)	(7,091.7)	(6,618.1)
Number of Dwelling Equivalents after applying Discounts	7.2	2,495.4	6,509.9	9,060.7	6,731.6	5,808.9	5,492.3	4,263.7	801.1	41,170.8	40,856.5	40,474.3
Contributions in Lieu (MOD Properties)										157.8	149.9	145.4
Council Taxbase Return (CTB) Taxbase										41,328.6	41,006.4	40,619.7
2 nd Homes and Empty Homes Premiums										151.4	0.0	0.0
New Local Council Tax Support Scheme Provision for Growth										0.0	0.0	(287.5)
Provision for Non Collection										354.9	419.0	507.1
										(312.2)	(309.6)	(304.9)
Total Council Taxbase for Council Tax Setting Purposes										41,522.7	41,115.8	40,534.4

Council Taxbase for the purposes of setting the Council Tax in 2025/26 by Parish Area

	2025/26 Apportioned Taxbase	2024/25 Apportioned Taxbase	2023/24 Apportioned Taxbase
Alrewas	1,374.7	1,342.6	1,330.6
Armitage with Handsacre	2,202.4	2,188.8	2,183.8
Burntwood	8,485.6	8,489.3	8,467.2
Clifton Campville with Thorpe Constantine	386.1	388.6	380.1
Colton	344.6	344.1	337.4
Curborough and Elmhurst and Farewell and Chorley	275.0	269.7	269.7
Drayton Bassett	475.2	466.9	464.7
Edingale	282.7	280.5	279.1
Elford	325.4	322.6	307.6
Fazeley	1,482.2	1,489.1	1,445.8
Fradley ***	1,846.0	1,770.7	1,626.9
Hammerwich	1,385.8	1,390.5	1,387.0
Hamstall Ridware	164.6	164.1	165.1
Harlaston	215.2	208.4	209.7
Hints and Canwell	199.3	198.5	200.9
King's Bromley	597.1	590.4	590.1
Lichfield	12,957.0	12,742.6	12,516.9
Longdon	782.9	784.9	788.1
Mavesyn Ridware	535.7	536.4	528.9
Shenstone	3,684.1	3,657.3	3,677.4
Streethay ***	1,003.5	1,018.1	1,006.6
Swinfen and Packington	171.3	171.2	165.4
Wall	210.6	207.2	203.7
Weeford	104.8	104.7	111.7
Whittington and Fisherwick	1,231.9	1,217.3	1,210.4
Wigginton and Hopwas	799.0	771.3	679.6
Total Council Taxbase for Council Tax Setting Purposes	41,522.7	41,115.8	40,534.4

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