

# Money Matters : Calculation of Business Rates 2020/21, Council Tax Base for 2020/21 and the projected Collection Fund Surplus / Deficit for 2019/20

Cabinet Member for Finance and Procurement

Date: 3 December 2019  
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 2019/20 the relevant date will be **15 January 2020**.
  - 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 Ministry of 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.
- 1.5 The timing of the NNDR1 form is uncertain. To enable completion by the statutory deadline, a delegation to the Cabinet Member for Finance and Procurement 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 2020/21 of **39,032.3**.
- 2.2 To note the estimated Council Tax Collection fund Surplus of **(£1,519,520)** and the estimated Business Rates Collection Fund surplus of **(£303,200)** for 2019/20.
- 2.3 To delegate authority to the Cabinet Member for Finance and Procurement and the Chief Financial Officer (Section 151) to complete and certify the NNDR1 for 2020/21 on behalf of the Council.

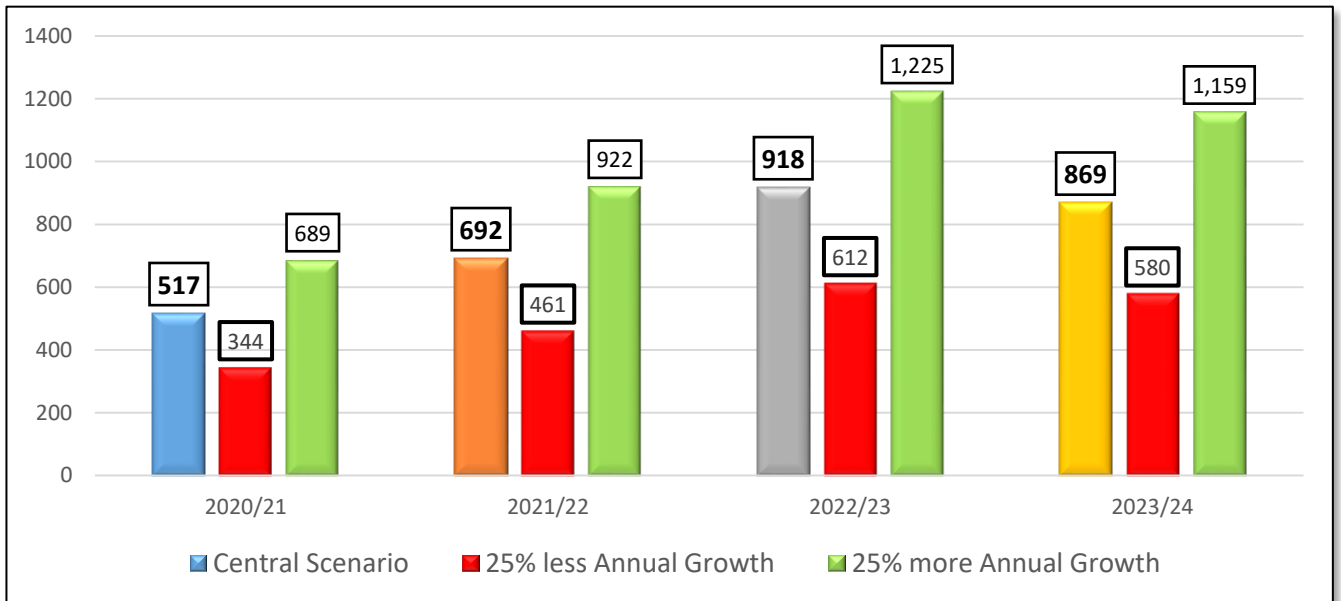
## 3. Background

### Council Taxbase

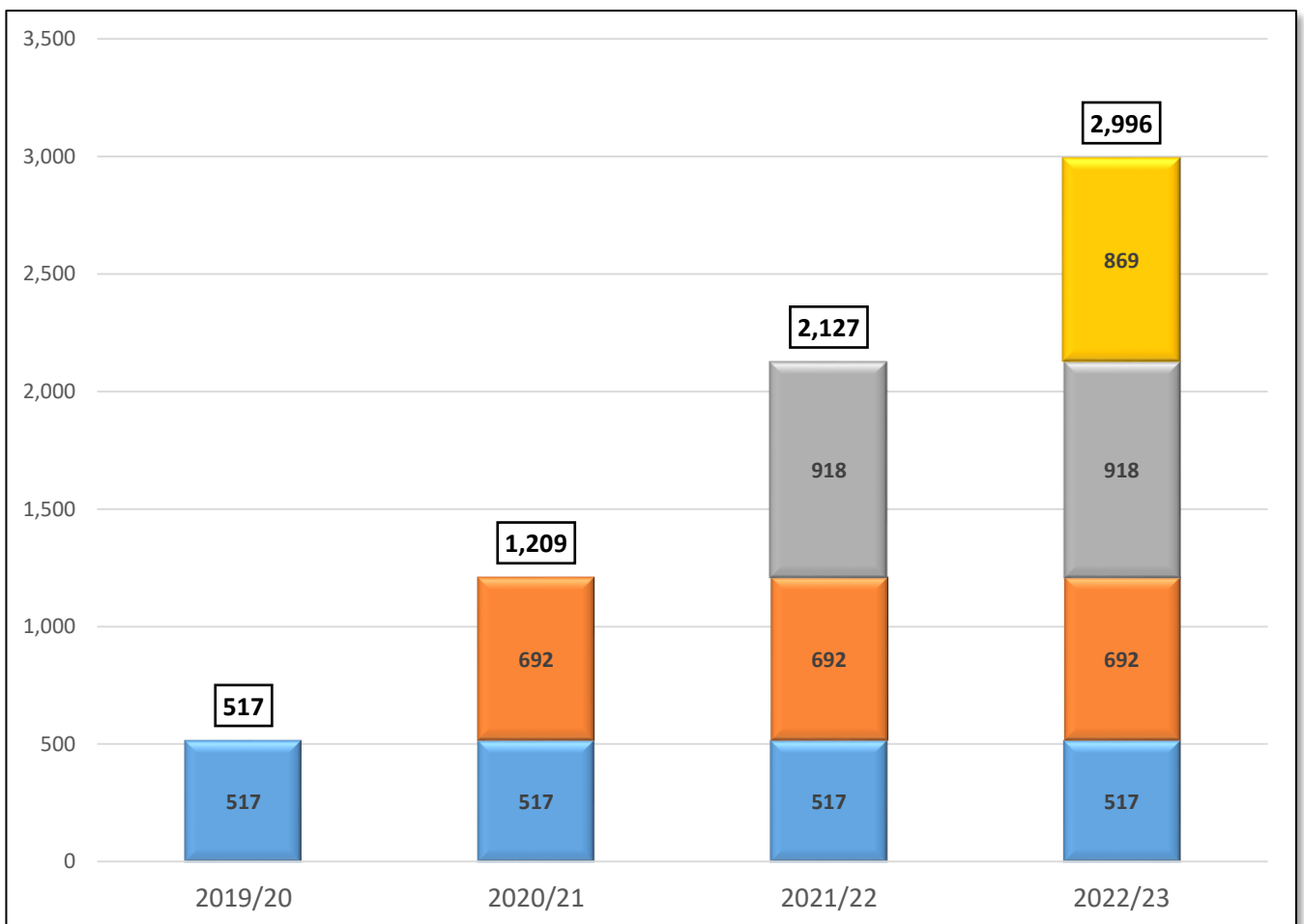
- 3.1 The Council Taxbase represents Band D residential properties within the District for Council Tax purposes.
- 3.2 The calculation includes an allowance for property growth. The starting point is the Five Year Housing Supply and this is adjusted by factors for risks such as delays or non-delivery 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%** (previously this was 50% however over the last three years the average is 77% and therefore a higher delivery rate has been modelled) of planned property growth (shown as leftmost column for each year) being delivered plus two alternatives (50% and 100% 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 be used as part of the calculation of New Homes Bonus income (or its replacement).

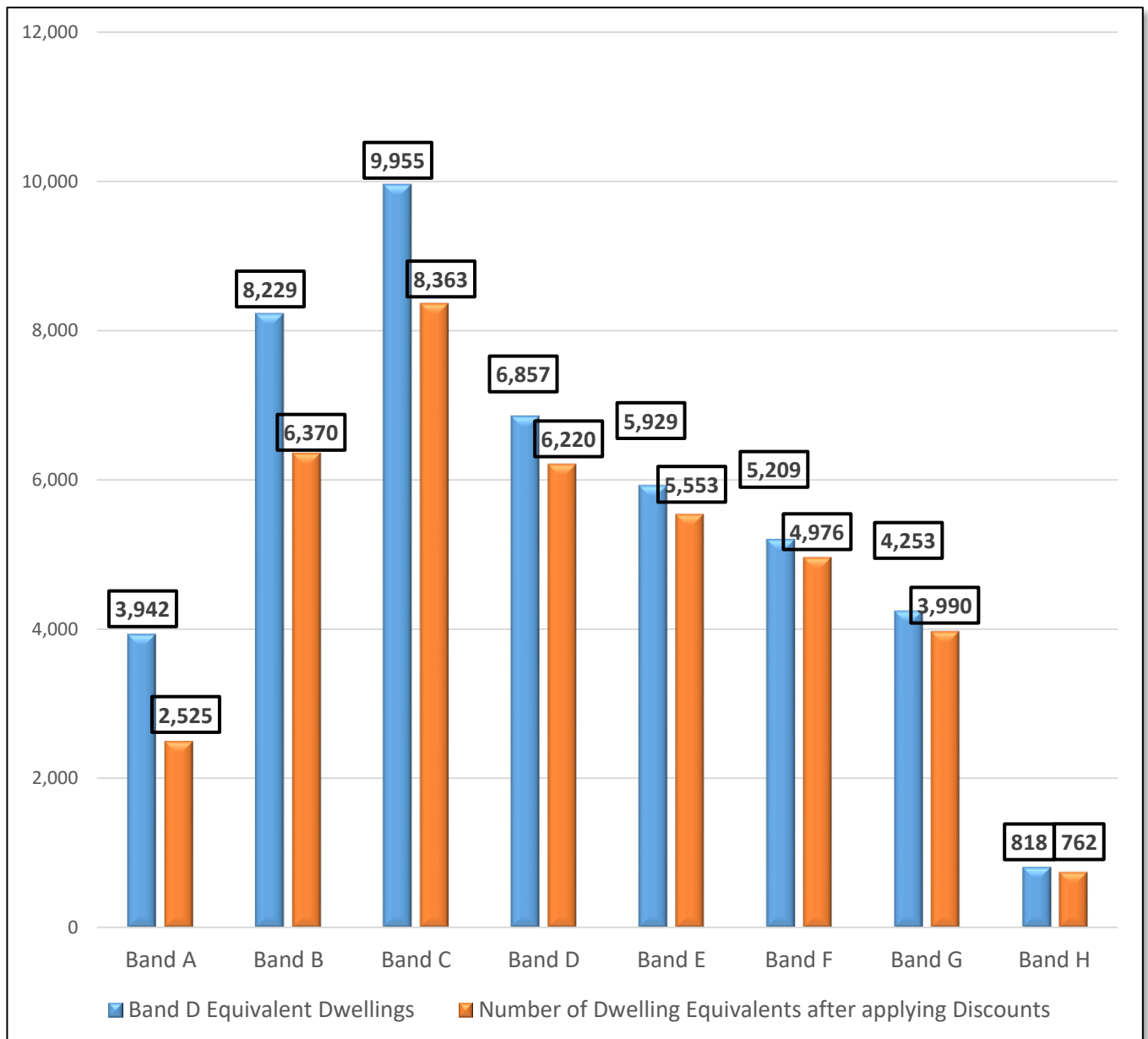


### Council Taxbase Calculation

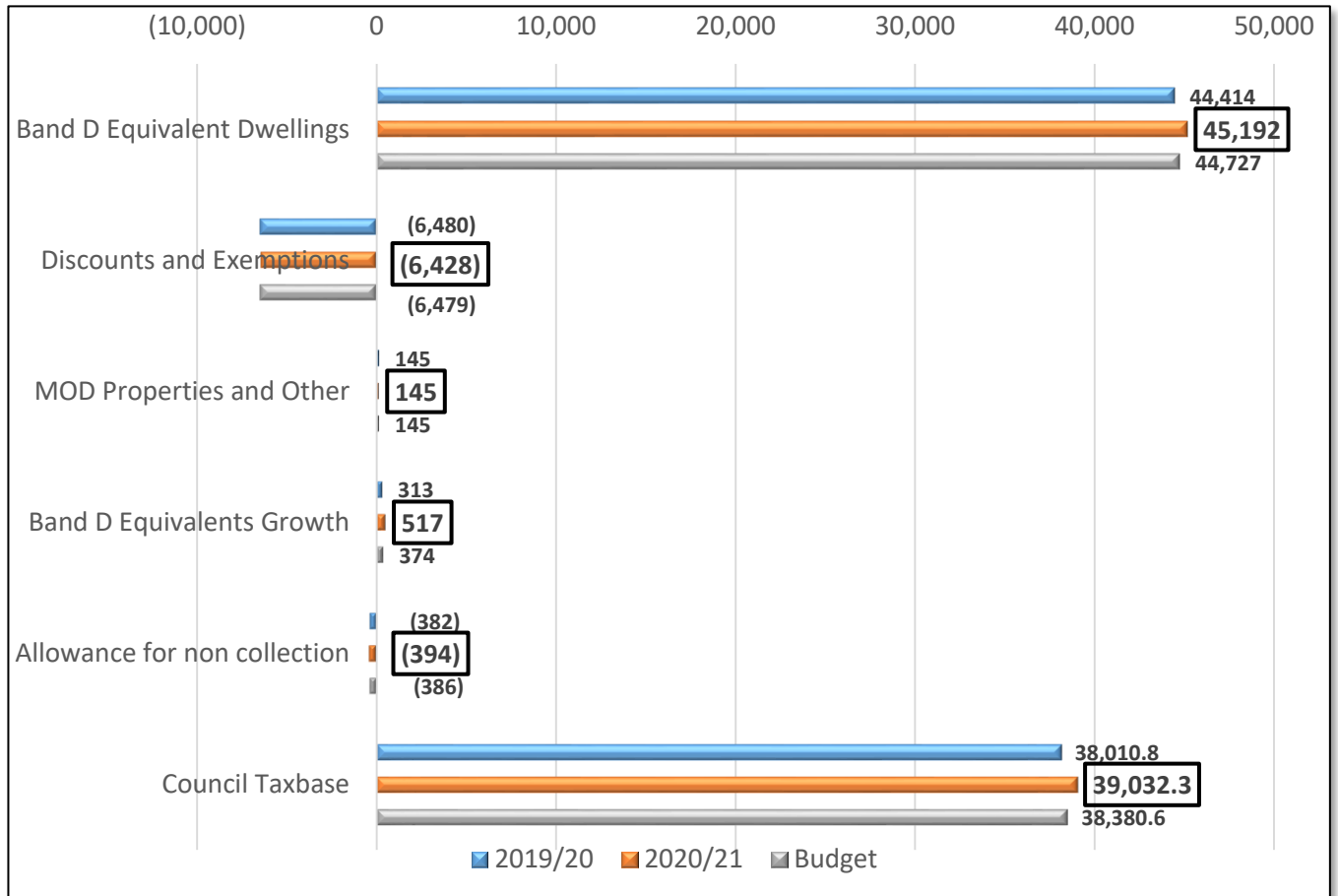
3.5 The Council Taxbase is calculated as follows:

- 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 2020/21.
- 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 **97.47%** in 2017/18 and in **97.19%** 2018/19).

3.6 The Council Taxbase (Band D equivalents) by Council Tax band for the District in 2020/21 prior to and after discounts and exemptions is shown in the graph below and in detail at **APPENDIX B**.



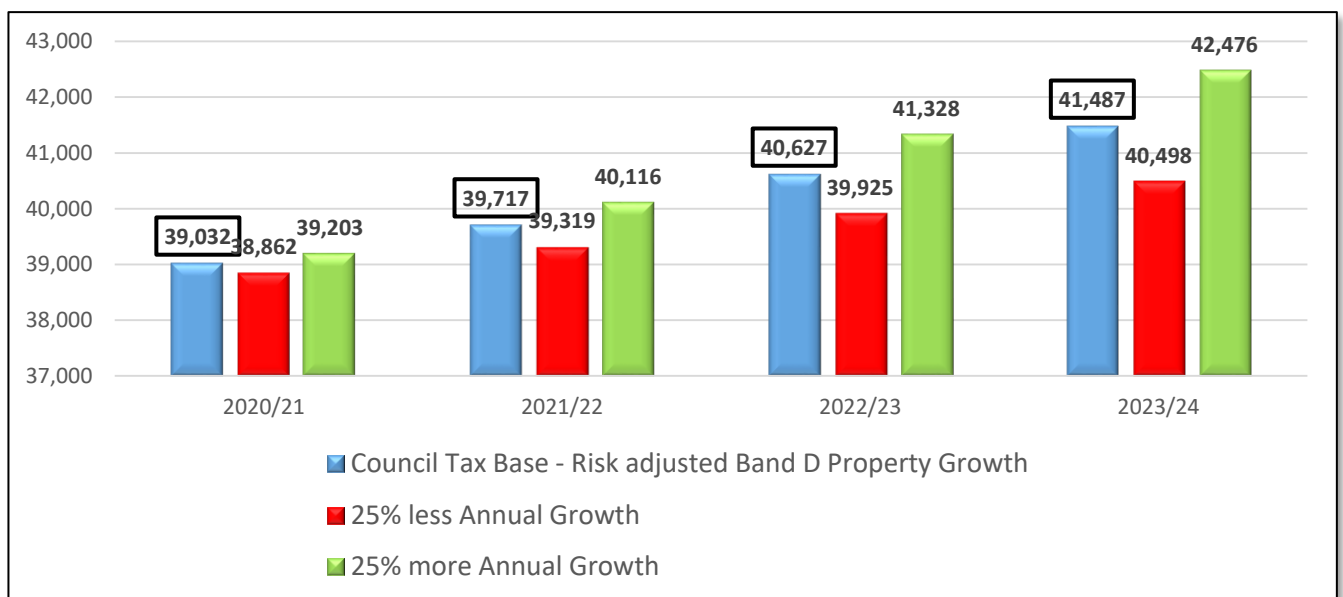
3.7 The figures in the calculation of the Council Taxbase for 2020/21 of **39,032.3** compared to the calculation for 2019/20 of **38,010.8** and the Approved Budget for 2020/21 of **38,380.6** are shown below:



3.8 The Council Taxbase will be used by this Council, Parish Councils, Staffordshire County Council, the Office of the Police and Crime Commissioner and Staffordshire Fire and Rescue to calculate their element of the Council Tax for 2020/21.

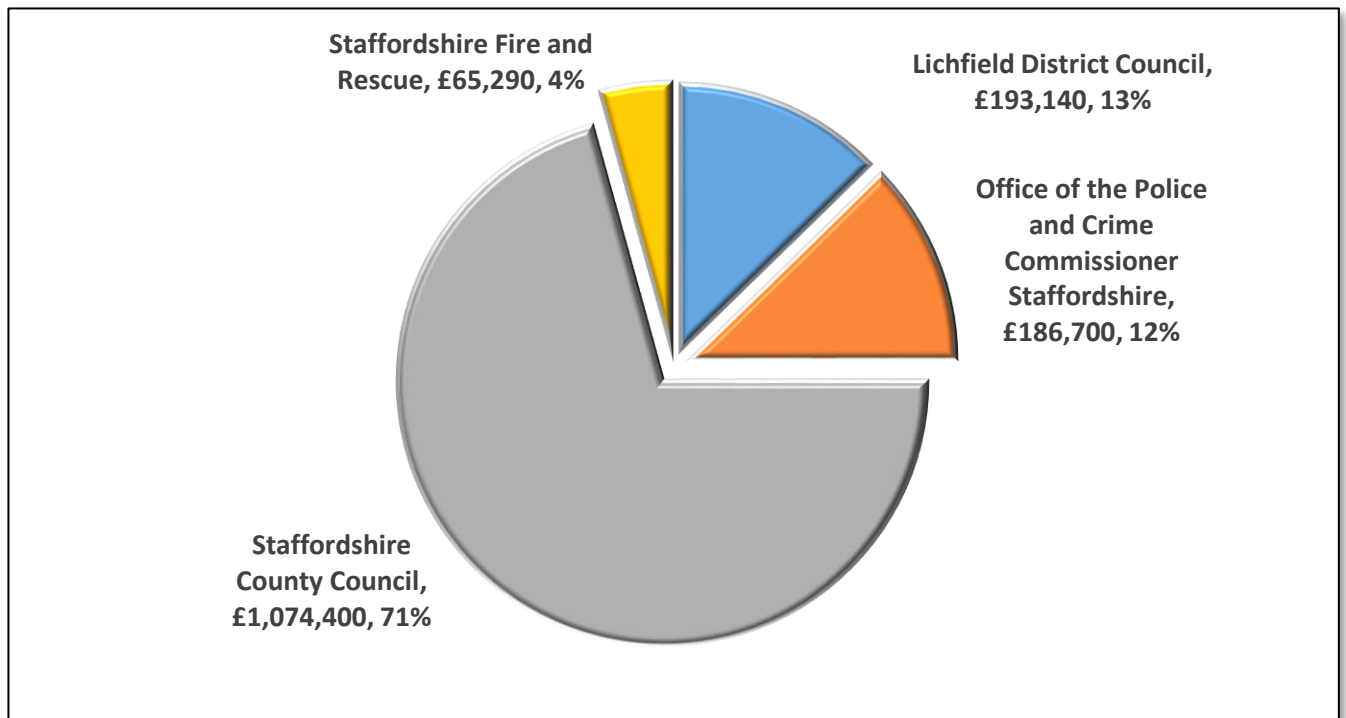
3.9 The Council Taxbase for 2020/21 by Parish area is shown at **APPENDIX C**.

3.10 In addition, to the Council Taxbase for 2020/21, the graph below shows the Council Taxbase for 21/22 to 2023/24. This information will be used in the Medium Term Financial Strategy for the calculation of Council Tax income.



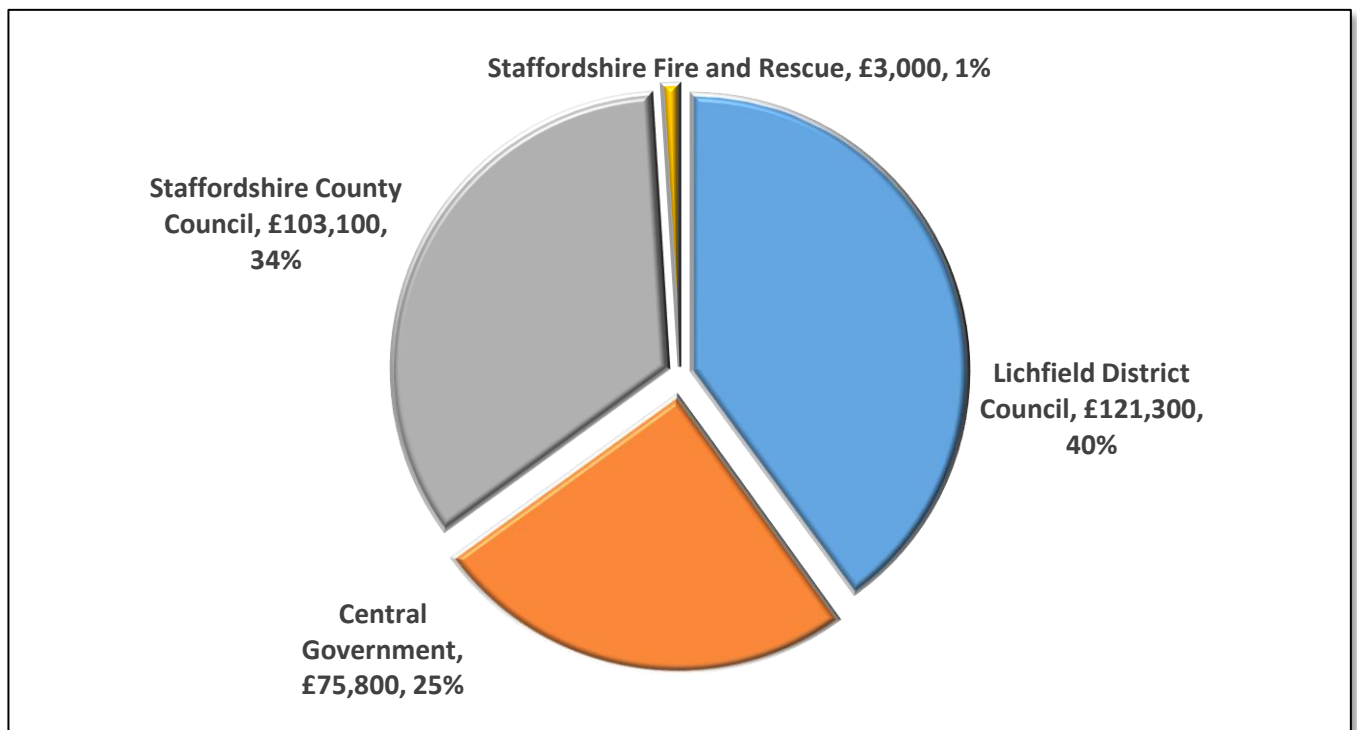
### The Projected Council Tax Collection Fund Surplus for 2019/20

3.11 The six months projected Council Tax Collection Fund Surplus for 2019/20 of **(£1,519,520)** and its distribution to partners in 2020/21 is shown below (Lichfield's share of 13% includes Parish Councils):



### The Projected Business Rates Collection Fund Surplus for 2019/20

3.12 The six months projected Business Rates Collection Fund Surplus for 2019/20 of **(£303,200)** and its distribution to partners in 2020/21 is shown below:



#### 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.
Contribution to the Delivery of the Strategic Plan	The Medium Term Financial Strategy (MTFS) underpins the delivery of the Strategic Plan 2018-23.
Equality, Diversity and Human Rights Implications	None identified in this report.
Crime & Safety Issues	None identified in this report.
GDPR/Privacy Impact Assessment	None identified in this report.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Decrease in the Collection rates for Business Rates (NNDR) and Council Tax.	The periodic Money Matters Reports to Cabinet and Strategic (Overview and Scrutiny) Committee provide information on collection rates.	Yellow – Material
B	The assumed level of growth included in the calculation of the Council Taxbase is not achieved.	The periodic Money Matters Reports to Cabinet and Strategic (Overview and Scrutiny) Committee provide information on housing growth.	Yellow – Material
C	The assumed level of discounts and exemptions increases.	The periodic Money Matters Reports to Cabinet and Strategic (Overview and Scrutiny) Committee provide information on the projected surplus or deficit in the Council Tax Collection Fund.	Yellow – Material
D	Failure to calculate the Council Taxbase and Collection Fund Surplus or Deficit	These are calculated in accordance with the Local Government Finance Act 1992 and relevant regulations.	Green - Tolerable

### 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 2019
- Money Matters : Council Tax, National Non Domestic Rates and Pension Contributions - Cabinet 4 December 2018
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2018-23 – Cabinet 12 February 2019.
- Money Matters: 2018/19 Review of Financial Performance against the Financial Strategy – Cabinet 13 June 2019.
- Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 10 September 2019.
- Medium Term Financial Strategy 2019-24 – Cabinet 8 October 2019.
- Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 3 December 2019.

### Relevant web links

Provision for Housing Growth

Actual Delivery Performance compared to the Projections

	2016/17	2017/18	2018/19
<u>Provision for Growth</u>			
Housing Completions per SHLAA	622	633	855
Risk Allowance for Non-Completions and timing differences	50%	50%	50%
Housing Completions Projection	<b>311</b>	<b>317</b>	<b>428</b>
Band D Ratio	0.9	0.9	0.9
<b>Band D Equivalents</b>	<b>280</b>	<b>285</b>	<b>385</b>

Actual Housing Completions	259	648	719
Actual Housing Completions compared to SHLAA	<b>77%</b>		

Housing Growth Projections

	2019/20	Medium Term Financial Strategy			
		2020/21	2021/22	2022/23	2023/24
<u>Provision for Growth</u>					
Housing Completions per SHLAA	701	725	971	1,289	1,220
Risk Allowance for Non-Completions and timing differences	50%	75%	75%	75%	75%
Housing Completions Projection	<b>351</b>	<b>544</b>	<b>728</b>	<b>967</b>	<b>915</b>
Band D Ratio	0.90	0.95	0.95	0.95	0.95
<b>Band D Equivalents</b>	<b>315</b>	<b>517</b>	<b>692</b>	<b>918</b>	<b>869</b>

25% less Annual Growth	344	461	612	580
25% more Annual Growth	689	922	1,225	1,159

### The Council Taxbase Return and the Council Taxbase for the purposes of setting the Council Tax in 2020/21

	Band A Disabled Relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total 2020/21	Total 2019/20	Total 2018/19
Total Number of Dwellings on the Valuation List	0.0	5,913.0	10,580.0	11,199.0	6,857.0	4,851.0	3,606.0	2,552.0	409.0	45,967.0	45,182.0	44,515.0
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>3,942.0</b>	<b>8,228.9</b>	<b>9,954.7</b>	<b>6,857.0</b>	<b>5,929.0</b>	<b>5,208.7</b>	<b>4,253.3</b>	<b>818.0</b>	<b>45,191.6</b>	<b>44,414.4</b>	<b>43,761.6</b>
<u>Discounts and Exemptions</u>												
Exempt Dwellings	0.0	(100.7)	(111.2)	(178.7)	(95.0)	(47.7)	(28.9)	(45.0)	(10.0)	(617.1)	(615.3)	(578.6)
Disabled Relief	11.7	27.3	14.8	(39.1)	4.0	1.2	(4.3)	(41.7)	(28.0)	(54.1)	(56.1)	(53.4)
Single Person Discount - 25%	(1.8)	(534.0)	(776.8)	(809.1)	(422.8)	(281.1)	(190.3)	(157.5)	(21.0)	(3,194.4)	(3,092.2)	(2,994.5)
Discount - 50%	0.0	(5.3)	(3.5)	(1.8)	(1.0)	(3.1)	(2.9)	(10.0)	(3.0)	(30.6)	(29.3)	(26.4)
Local Council Tax Support Discount	(4.7)	(813.7)	(993.7)	(569.2)	(133.0)	(56.8)	(20.4)	(19.5)	(1.4)	(2,612.5)	(2,715.7)	(2,796.8)
Other Discounts	(0.3)	9.7	11.7	6.7	11.0	11.0	13.7	10.0	7.0	80.5	29.1	(105.8)
<b>Sub Total - Discounts and Exemptions</b>	<b>4.9</b>	<b>(1,416.6)</b>	<b>(1,858.8)</b>	<b>(1,591.2)</b>	<b>(636.8)</b>	<b>(376.5)</b>	<b>(233.1)</b>	<b>(263.7)</b>	<b>(56.4)</b>	<b>(6,428.2)</b>	<b>(6,479.5)</b>	<b>(6,555.6)</b>
<b>Number of Dwelling Equivalents after applying Discounts</b>	<b>4.9</b>	<b>2,525.4</b>	<b>6,370.1</b>	<b>8,363.4</b>	<b>6,220.2</b>	<b>5,552.5</b>	<b>4,975.5</b>	<b>3,989.7</b>	<b>761.6</b>	<b>38,763.4</b>	<b>37,934.9</b>	<b>37,206.0</b>
Contributions in Lieu (MOD Properties)										145.4	145.4	145.4
<b>Council Taxbase Return (CTB) Taxbase</b>										<b>38,908.8</b>	<b>38,080.3</b>	<b>37,351.4</b>
Provision for Growth										517.0	313.0	384.0
Provision for Non Collection @ 1%										(393.5)	(382.5)	(375.9)
<b>Total Council Taxbase for Council Tax Setting Purposes</b>										<b>39,032.3</b>	<b>38,010.8</b>	<b>37,359.5</b>



## Council Taxbase for the purposes of setting the Council Tax in 2020/21 by Parish Area

Parish Areas	2020/21 AppORTioned Taxbase	2019/20 AppORTioned Taxbase	2018/19 AppORTioned Taxbase
Alrewas	1,205.0	1,207.0	1,193.8
Armitage with Handsacre	2,121.7	2,094.0	2,065.2
Burntwood	8,533.4	8,408.7	8,275.6
Clifton Campville with Thorpe Constantine	396.2	366.0	358.4
Colton	332.8	329.2	327.0
Curborough and Elmhurst and Farewell and Chorley	245.8	245.6	245.3
Drayton Bassett	444.5	443.0	429.4
Edingale	270.9	271.8	270.2
Elford	286.8	286.5	284.8
Fazeley	1,497.4	1,484.3	1,468.2
Fradley and Streethay	2,131.3	1,614.2	1,466.9
Hammerwich	1,362.4	1,355.8	1,352.0
Hamstall Ridware	149.7	149.1	145.2
Harlaston	184.6	184.8	184.3
Hints and Canwell	178.8	180.8	179.4
King's Bromley	556.3	554.4	548.1
Lichfield	12,133.0	12,017.8	11,866.2
Longdon	756.4	753.1	747.5
Mavesyn Ridware	491.0	466.5	440.4
Shenstone	3,505.9	3,475.3	3,456.0
Swinfen and Packington	147.6	132.5	130.5
Wall	200.4	196.2	196.1
Weeford	96.2	95.3	93.6
Whittington and Fisherwick	1,153.5	1,164.0	1,131.9
Wigginton and Hopwas	650.9	535.0	503.6
<b>Total Council Taxbase for Council Tax Setting Purposes</b>	<b>39,032.3</b>	<b>38,010.8</b>	<b>37,359.5</b>