

# 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 Member for Finance, Procurement, Customer Services and Revenues & Benefits

Date:	1 December 2020
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 2020/21 the relevant date will be **15 January 2021**.
  - 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, Procurement, Customer Services, 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 2021/22 of **38,891.4**.
- 2.2 To note the estimated Council Tax Collection fund Deficit of **£1,322,000** and the estimated Business Rates Collection Fund Deficit of **£14,627,000** for 2020/21.
- 2.3 To delegate authority to the Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits and the Chief Financial Officer (Section 151) to:
  - Complete and certify the NNDR1 for 2021/22 on behalf of the Council.
  - Update the Council Taxbase for 2021/22 and Collection Fund projections for 2020/21 in the event of changes to guidance or the need for significant changes to underlying assumptions.

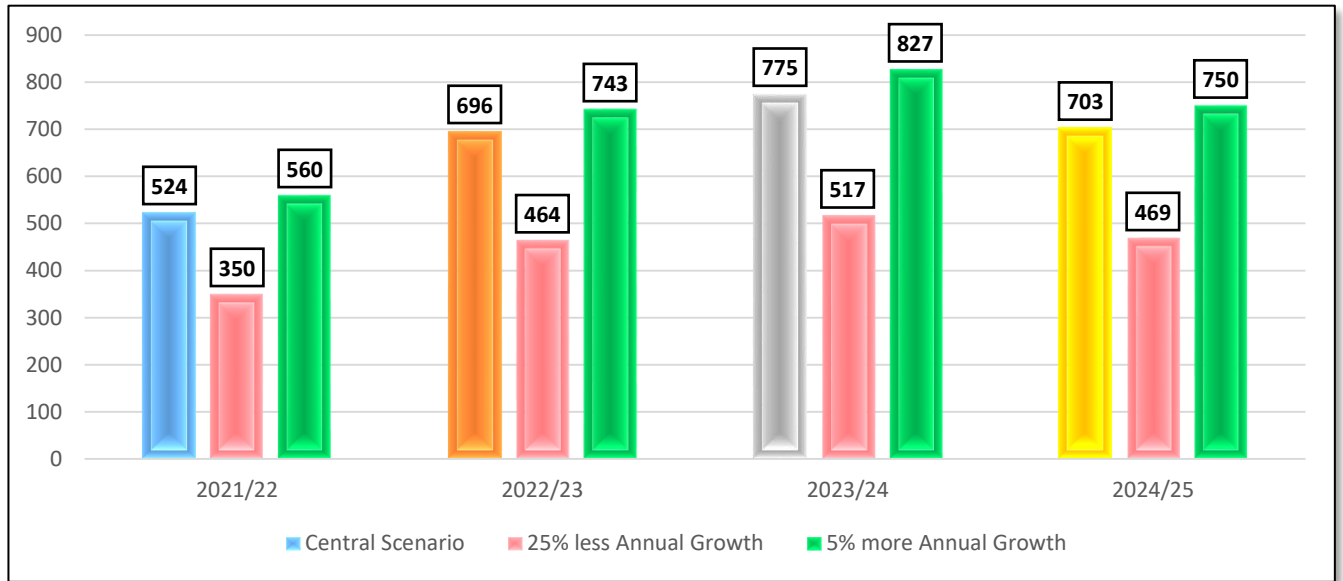
### 3. Background

#### Council Taxbase

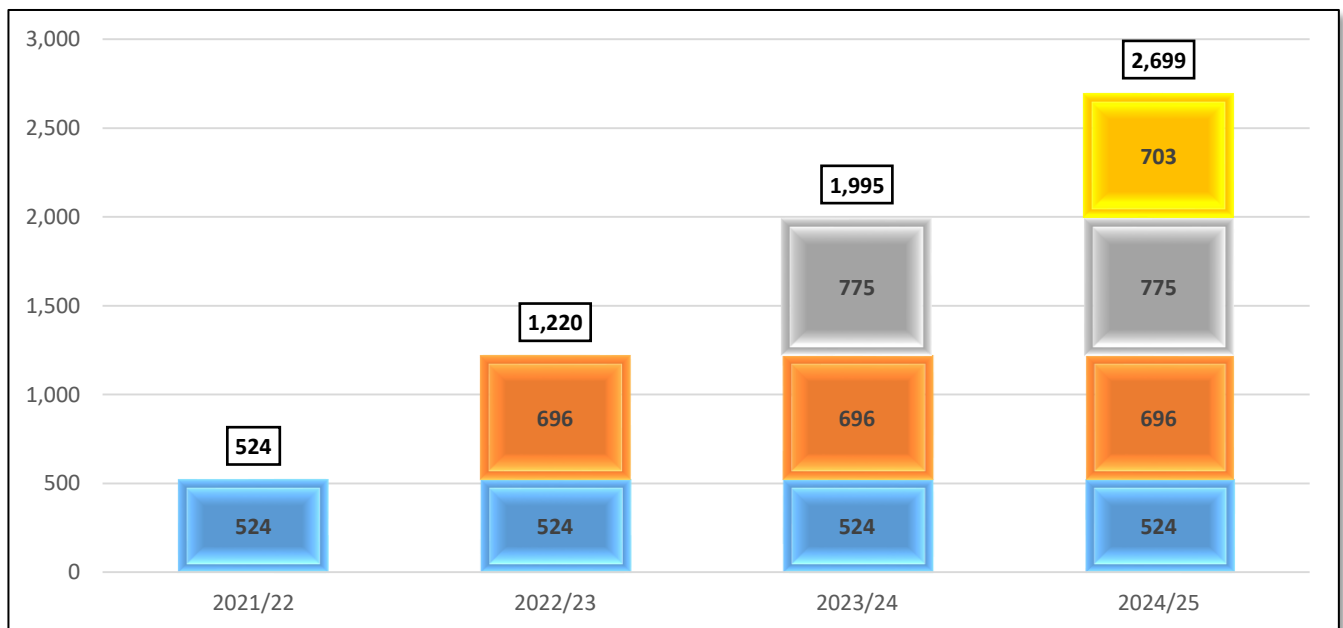
- 3.1 The Council Taxbase represents Band D residential properties within the District for Council Tax purposes.
- 3.2 The calculation includes an allowance for property growth. The starting point is the Five Year Housing Supply and this is adjusted by factors for risks such as delays or non-delivery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

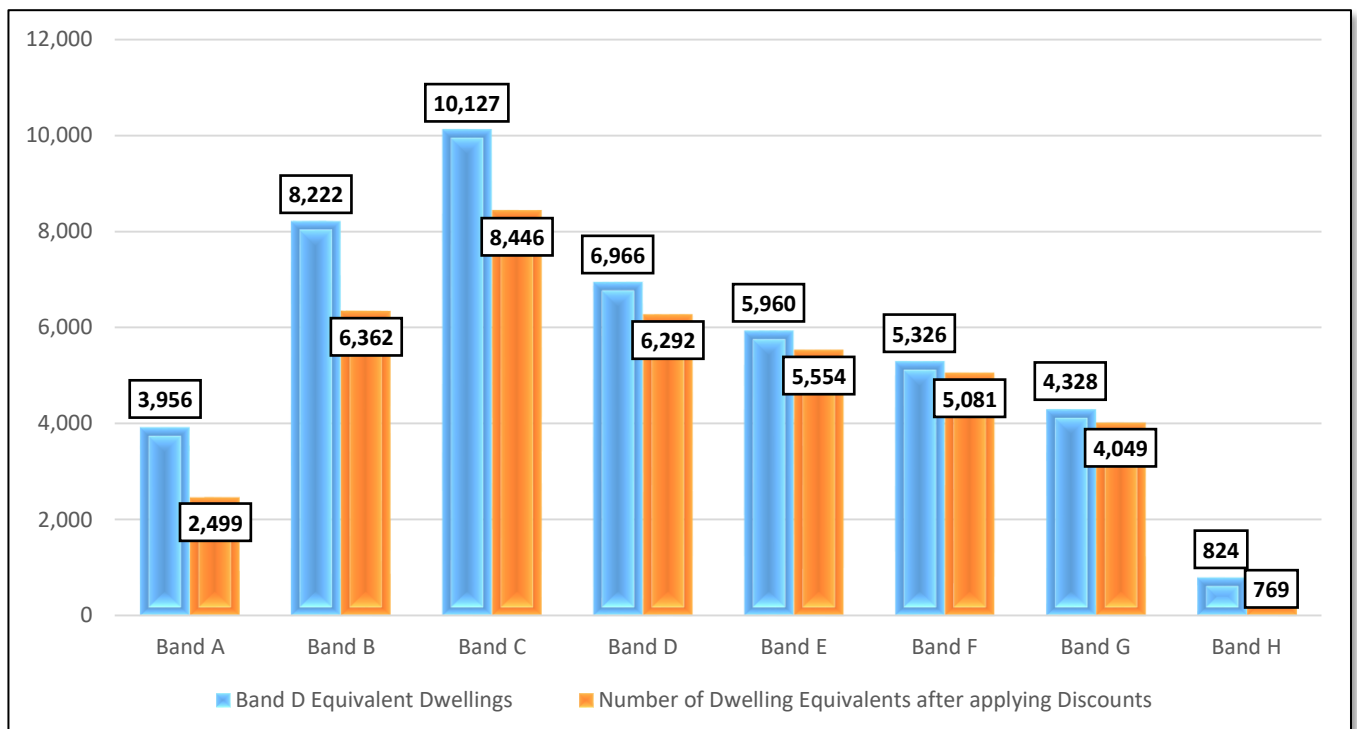
- The Band D equivalent dwellings (the dwellings in each Council Tax Band multiplied by the Band D ratio).
- The Band D equivalent dwellings are reduced by discounts such as single person discount or Local Council Tax Support and exemptions.
- A specific COVID-19 increase of **30%** for working age claimants of Local Council Tax Support has been included.
- An allowance is made for contributions in lieu of Council Tax for Ministry of Defence Properties.
- An estimate is made for property growth during 2021/22.
- 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 **97.19%** in 2018/19 and **97.74%** in 2019/20).

3.6 The budgeted Council Taxbase for 2021/22 at **38,891.4** is **(826)** lower than the projection of **39,717.4** contained in the MTFS. The reasons for this projected reduction are:

	2021/22			Comments
	Projection	Budget	Variance	
Band D equivalent dwellings	46,545.3	46,378.1	(167.2)	Projected lower property growth
Discounts and exemptions	(6,428.2)	(7,095.2)	(667.0)	Projected higher discounts and exemptions and 30% increase in working age claimants
Allowance for non-collection	(399.7)	(391.5)	8.2	
<b>Total</b>	<b>39,717.4</b>	<b>38,891.4</b>	<b>(826.0)</b>	

3.7 This reduction in the Council Taxbase would result in **£149,000** lower Council Tax per annum based on the approved Band D Council Tax for 2020/21 of **£180.07**.

3.8 The Council Taxbase (Band D equivalents) by Council Tax band for the District in 2021/22 prior to and after discounts and exemptions is shown in the graph below and in detail at **APPENDIX B**:

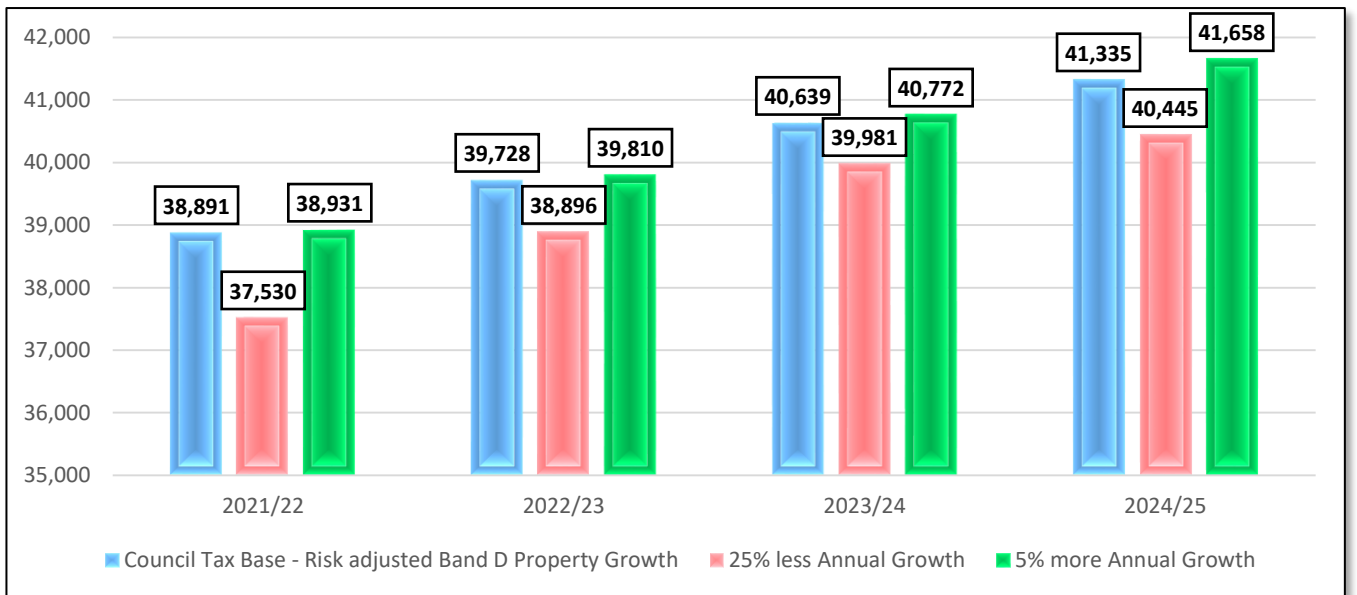


3.9 The figures in the calculation of the Council Taxbase for 2021/22 of **38,891.4** compared to the calculation for 2020/21 of **39,032.3** and the projection for 2021/22 of **39,717.4** are shown below:



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 2021/22.

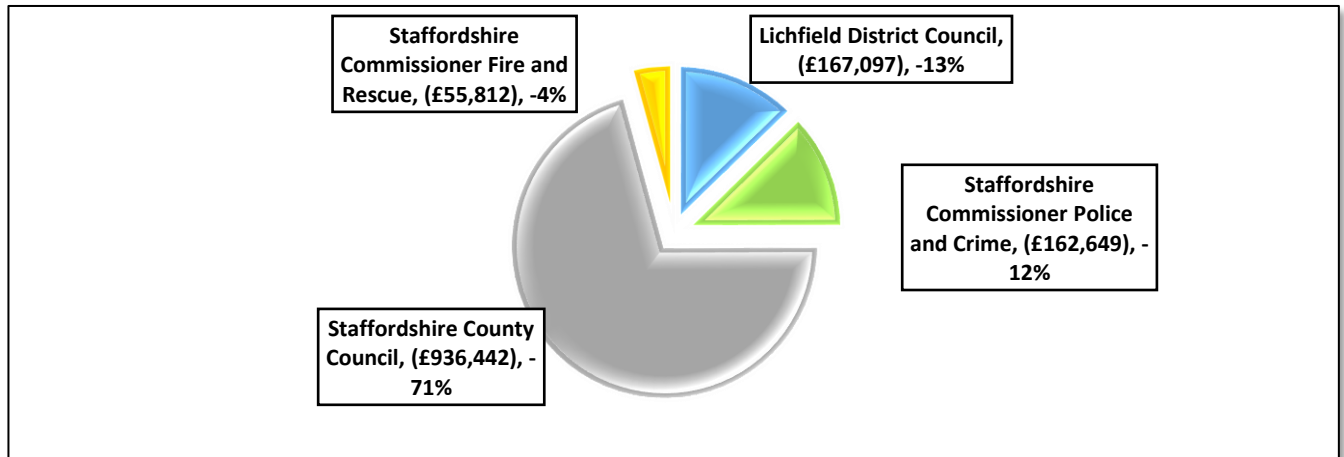
3.11 In addition, to the Council Taxbase for 2021/22, the graph below shows the Council Taxbase for 2021/22 to 2024/25. This information will be used in the Medium Term Financial Strategy for the calculation of Council Tax income.



3.12 The Council Taxbase for 2021/22 by Parish area is shown at **APPENDIX C**.

## The Projected Council Tax Collection Fund Deficit for 2020/21

3.13 The six months projected Council Tax Collection Fund Deficit for 2020/21 of **£1,322,000** is shown below (Lichfield's share of 13% includes Parish Councils):

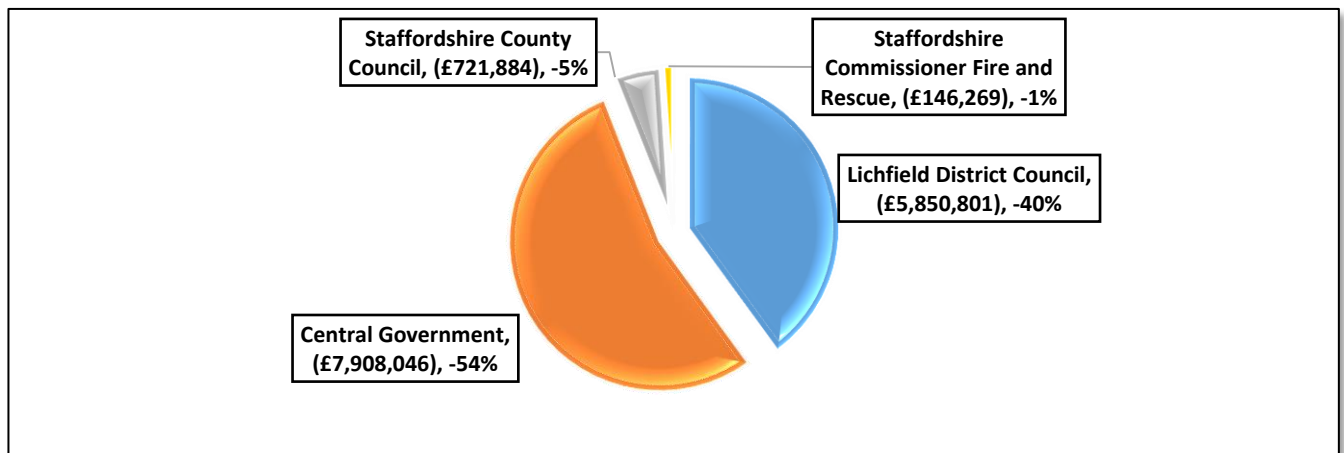


3.14 The allocation of this projected deficit in line with draft guidance with the projected deficit for 2020/21 collection spread over the three years 2021/22, 2022/23 and 2023/24 would be:

	2021/22	2022/23	2023/24	Total
Lichfield District Council	£37,980	£64,559	£64,558	£167,097
Staffordshire Commissioner Police and Crime	£36,969	£62,840	£62,840	£162,649
Staffordshire County Council	£212,848	£361,797	£361,797	£936,442
Staffordshire Commissioner Fire and Rescue	£12,686	£21,563	£21,563	£55,812
<b>Total</b>	<b>£300,483</b>	<b>£510,759</b>	<b>£510,758</b>	<b>£1,322,000</b>

## The Projected Business Rates Collection Fund Deficit for 2020/21

3.15 The six months projected Business Rates Collection Fund Deficit for 2020/21 of **£14,627,000**:



3.16 The allocation of this projected deficit (with the Local Government 50% share offset by Section 31 grants) in line with draft guidance with the projected deficit for 2020/21 collection spread over the three years 2021/22, 2022/23 and 2023/24 would be:

	2021/22	2022/23	2023/24	Total
Lichfield District Council	£4,943,099	£453,850	£453,852	£5,850,801
Central Government	£6,773,420	£567,313	£567,313	£7,908,046
Staffordshire County Council	£517,652	£102,116	£102,116	£721,884
Staffordshire Commissioner Fire and Rescue	£123,577	£11,346	£11,346	£146,269
<b>Total Collection Fund Deficit</b>	<b>£12,357,748</b>	<b>£1,134,625</b>	<b>£1,134,627</b>	<b>£14,627,000</b>
Additional Reliefs - Section 31 grants	(£5,584,328)	(£567,312)	(£567,313)	(£6,718,953)
<b>Central Government share of Collection Fund Deficit</b>	<b>£6,773,420</b>	<b>£567,313</b>	<b>£567,314</b>	<b>£7,908,047</b>

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.
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	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.	The periodic Money Matters Reports to Cabinet and Strategic (Overview and Scrutiny) Committee provide information on collection rates.	Likelihood – Red Impact - Red Severity of Risk - Red
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.  The MTFS assumes <b>75%</b> of projected housing growth is delivered.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow
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.  The central scenario used in the MTFS assumes a <b>30%</b> increase in working age claimants for Local Council Tax Support in 2021/22 and no specific Government financial Support.	Likelihood – Yellow Impact - Yellow Severity of Risk - Yellow
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.	Likelihood – Green Impact - Yellow Severity of Risk - Yellow

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## 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 2020
- 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 3 December 2019
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2019-24 – Cabinet 11 February 2020
- Money Matters: Medium Term Financial Strategy (Revenue and Capital) 2019-24 – Council 18 February 2020
- Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 2 June 2020
- The Medium Term Financial Strategy and the projected financial impact of the COVID-19 Pandemic – Cabinet 7 July 2020
- Money Matters: 2019/20 Review of Financial Performance against the Financial Strategy – Cabinet 8 September 2020
- Medium Term Financial Strategy 2020-25 – Cabinet 6 October 2020

## Relevant web links

**Provision for Housing Growth**

**Actual Delivery Performance compared to the Projections**

	2017/18	2018/19	2019/20
<u>Provision for Growth</u>			
Housing Completions per SHLAA	633	855	701
Risk Allowance for Non-Completions and timing differences	50%	50%	50%
<b>Housing Completions Projection</b>	<b>317</b>	<b>428</b>	<b>351</b>
Band D Ratio	0.9	0.9	0.9
<b>Band D Equivalents</b>	<b>280</b>	<b>285</b>	<b>315</b>

Actual Housing Completions	259	648	674
Actual Housing Completions compared to SHLAA	<b>180%</b>		

**Housing Growth Projections**

	2020/21	Medium Term Financial Strategy			
		2021/22	2022/23	2023/24	2024/25
<u>Provision for Growth</u>					
Projected housing completions	725	737	977	1,088	987
Risk allowance for non-completions and timing differences	75%	75%	75%	75%	75%
<b>Housing completions projection</b>	<b>544</b>	<b>553</b>	<b>733</b>	<b>816</b>	<b>740</b>
Band D ratio	0.95	0.95	0.95	0.95	0.95
Band D equivalents	<b>517</b>	<b>524</b>	<b>696</b>	<b>775</b>	<b>703</b>

25% less Annual Growth
5% more Annual Growth

350	464	517	469
560	743	827	750



### The Council Taxbase Return and the Council Taxbase for the purposes of setting the Council Tax in 2021/22

	Band A Disabled Relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	2021/22	2020/21	2019/20
Total Number of Dwellings on the Valuation List	0.0	5,934.0	10,571.0	11,393.0	6,966.0	4,876.0	3,687.0	2,597.0	412.0	46,436.0	45,967.0	45,182.0
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>3,956.0</b>	<b>8,221.9</b>	<b>10,127.1</b>	<b>6,966.0</b>	<b>5,959.6</b>	<b>5,325.7</b>	<b>4,328.4</b>	<b>824.0</b>	<b>45,708.7</b>	<b>45,191.6</b>	<b>44,414.4</b>
<u>Discounts and Exemptions</u>												
Exempt Dwellings	0.0	(105.3)	(120.6)	(202.7)	(122.0)	(61.1)	(37.6)	(51.7)	(10.0)	(711.0)	(617.1)	(615.3)
Disabled Relief	11.7	26.0	17.9	(40.9)	6.0	(6.1)	0.0	(41.7)	(26.0)	(53.1)	(54.1)	(56.1)
Single Person Discount - 25%	(1.7)	(546.2)	(770.6)	(827.1)	(425.0)	(286.6)	(193.9)	(160.8)	(19.5)	(3,231.4)	(3,194.4)	(3,092.2)
Discount - 50%	0.0	(5.3)	(3.5)	(1.3)	(1.5)	(2.4)	(2.9)	(10.0)	(3.0)	(29.9)	(30.6)	(29.3)
Local Council Tax Support Discount	(4.5)	(850.6)	(1,014.3)	(625.6)	(152.1)	(65.7)	(29.5)	(25.1)	(1.6)	(2,769.0)	(2,612.5)	(2,715.7)
Other Discounts	(0.3)	18.7	31.1	16.0	21.0	16.5	19.5	10.0	5.0	137.5	80.5	29.1
<b>Sub Total - Discounts and Exemptions</b>	<b>5.2</b>	<b>(1,462.7)</b>	<b>(1,860.0)</b>	<b>(1,681.6)</b>	<b>(673.6)</b>	<b>(405.4)</b>	<b>(244.4)</b>	<b>(279.3)</b>	<b>(55.1)</b>	<b>(6,656.9)</b>	<b>(6,428.2)</b>	<b>(6,479.5)</b>
<b>Number of Dwelling Equivalents after applying Discounts</b>	<b>5.2</b>	<b>2,493.3</b>	<b>6,361.9</b>	<b>8,445.5</b>	<b>6,292.4</b>	<b>5,554.2</b>	<b>5,081.3</b>	<b>4,049.1</b>	<b>768.9</b>	<b>39,051.8</b>	<b>38,763.4</b>	<b>37,934.9</b>
Contributions in Lieu (MOD Properties)										145.4	145.4	145.4
Council Taxbase Return (CTB) Taxbase										<b>39,197.2</b>	<b>38,908.8</b>	<b>38,080.3</b>
Provision for Growth										524.0	517.0	313.0
Provision for increase in working age LCTS										(438.3)		
Provision for Non-Collection										(391.5)	(393.5)	(382.5)
<b>Total Council Taxbase for Council Tax Setting Purposes</b>										<b>38,891.4</b>	<b>39,032.3</b>	<b>38,010.8</b>

## Council Taxbase for the purposes of setting the Council Tax in 2021/22 by Parish Area

Parish Areas	2021/22 Apportioned Taxbase	2020/21 Apportioned Taxbase	2019/20 Apportioned Taxbase
Alrewas	1,248.20	1,205.00	1,207.00
Armitage with Handsacre	2,117.70	2,121.70	2,094.00
Burntwood	8,428.70	8,533.40	8,408.70
Clifton Campville with Thorpe Constantine	375.60	396.20	366.00
Colton	325.70	332.80	329.20
Curborough and Elmhurst and Farewell and Chorley	277.50	245.80	245.60
Drayton Bassett	445.90	444.50	443.00
Edingale	268.20	270.90	271.80
Elford	281.90	286.80	286.50
Fazeley	1,471.60	1,497.40	1,484.30
Fradley and Streethay	2,208.80	2,131.30	1,614.20
Hammerwich	1,339.10	1,362.40	1,355.80
Hamstall Ridware	152.10	149.70	149.10
Harlaston	200.40	184.60	184.80
Hints and Canwell	178.70	178.80	180.80
King's Bromley	561.70	556.30	554.40
Lichfield	12,110.30	12,133.00	12,017.80
Longdon	753.50	756.40	753.10
Mavesyn Ridware	502.50	491.00	466.50
Shenstone	3,461.80	3,505.90	3,475.30
Swinfen and Packington	151.50	147.60	132.50
Wall	199.80	200.40	196.20
Weeford	98.80	96.20	95.30
Whittington and Fisherwick	1,145.90	1,153.50	1,164.00
Wigginton and Hopwas	585.50	650.90	535.00
<b>Total Council Taxbase for Council Tax Setting Purposes</b>	<b>38,891.40</b>	<b>39,032.30</b>	<b>38,010.80</b>