



Leicester
City Council

CABINET
COUNCIL

15th JANUARY 2007
25th JANUARY 2007

COUNCIL TAX - TAXBASE

REPORT OF THE CHIEF FINANCIAL OFFICER

1.0 PURPOSE OF REPORT

- 1.1 The City Council is required to set a “taxbase” by 31st January 2007 for the purpose of setting its Council Tax. The taxbase also determines the proportion of the levy charged to the City Council by the Environment Agency and enables the police and fire authorities to set their precepts. This report details the recommended taxbase for the financial year 2007/2008.

2.0 REPORT

- 2.1 For Council Tax purposes, all properties are put into one of eight bands (A to H) by the Valuation Office Agency, an executive agency of HM Revenues and Customs. The occupiers of Band A properties pay the lowest Council Tax while those in Band H properties pay the highest.
- 2.2 The taxbase is the number of properties in the City on which Council Tax is charged but expressed as if all properties were in Band D. As most properties in Leicester are in Bands A or B the number of Band D equivalent properties is less than the actual number of properties in the City.
- 2.3 Appendix 1 to the report details how the properties are converted to Band D equivalents. The appendix also details how the Band D equivalent figure is reduced to take account of changes in the taxbase after it has been set (e.g. in the number of discounts and exemptions awarded) and the anticipated collection rate. The taxbase is not reduced in respect of council tax benefit granted to taxpayers on low income (because council tax benefit does not reduce the amount of council tax due on a property – it simply means that part of the sum due is paid by the government.)
- 2.4 The Cabinet is asked to note that there is only one element of policy choice in the setting of the taxbase, which is the adjustment provision we make for non-

payment and for in-year changes to the tax base. Based on the overall collection performance and the trend in property movements, I am proposing to reduce the adjustment provision from 2.25% to 2.00%, which is the lowest adjustment provision we have made since the introduction of this tax in 1993.

2.5 The outcome is a taxbase for the setting of the Council Tax of 76,593. This is an increase from 2006/07 (75,490) of 1,103 and is mainly due to an overall increase in the numbers of properties in Leicester and the reduction in the adjustment provision. It also includes the effect of the changes in the exemption of unoccupied but furnished properties approved by Cabinet in December 2006.

2.6 A separate report on today's Cabinet agenda reports the estimated surpluses on the collection fund for 2006/2007. These arise from collection rates that have exceeded the provision made in respect of years prior to 2006/07 and to in-year increases in the amount of the tax due for 2006/07 (mainly due to new property being built during the course of the financial year.)

3.0 RECOMMENDATION

3.1 The Cabinet is recommended to endorse a taxbase for 2007/2008 of 76,593 properties expressed as the equivalent number of "Band D" properties.

3.2 The Council is recommended to agree a taxbase for 2007/2008 of 76,593 properties expressed as the equivalent number of "Band D" properties.

4.0 HEADLINE FINANCIAL AND LEGAL IMPLICATIONS

4.1 The Council Tax Base for the year 2007/08 must be calculated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations, 1992 as amended by the Local Authorities (Calculation of Council Tax Base)(Amendment) Regulations, 2003 made under Section 33(5) of the Local Government Act 1992.

4.2 The report details the taxbase on which the Council Tax for the City Council is charged. The taxbase also determines the proportion of the levy charged to the City Council from the Environment Agency as well as the precept to the Police Authority and the Combined Fire Authority. The taxbase has a direct effect on the level of Council Tax levied for 2007/2008.

4.3 As this report affects the level of Council Tax in 2007/08, Section 106 of the Local Government Finance Act 1992 applies. Where a member is at least two months in arrear in payment of their Council Tax, the member must not vote on any report that relates directly to the setting of the Council Tax.

4.4 There are no additional legal implications.

5. OTHER IMPLICATIONS

Other Implications	YES/NO	Paragraph References Within Supporting References
Equal Opportunities	YES	Para 6 below
Policy	NO	
Sustainable Environment	NO	
Crime and Disorder	NO	
Human Rights Act	NO	
Elderly	NO	
Low Income	NO	

6. **EQUAL OPPORTUNITY IMPLICATIONS**

In certain circumstances where a disabled person's sole or main residence incorporates a special need, for example, a room required for providing therapy, there may be an entitlement to a reduction in the banding of that property. Any adjustment to the banding affects the calculation of the taxbase and is shown in the attached appendix.

7. **DETAILS OF CONSULTATIONS**

Legal Officer Consultation – Peter Nicholls

8. **BACKGROUND PAPERS: (LOCAL GOVERNMENT ACCESS TO INFORMATION ACT) 1985**

Local Government Finance Act 1992.
Local Authorities (Calculation of Taxbase) Regulations 1992 as amended.
Return to the Department of Communities and Local Government
- October 2006 - CTB.

9.0 **REPORT AUTHOR/OFFICER TO CONTACT**

Alan Lemmon
Quality and Performance Manager,
Revenues and Benefits Extn. 38 5102
12th December 2006

DECISION STATUS

Key Decision	No
Reason	Policy and Budget framework
Appeared in Forward Plan	No
Executive or Council Decision	Council

COUNCIL TAX – TAXBASE

APPENDIX

<i>DESCRIPTION/BAND</i>	<i>Band A and entitled to Disabled Relief</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>TOTAL</i>
Dwellings in the Valuation List		74,240	23,091	14,132	5,880	2,771	1,233	575	69	121,991
Net adjustment for Disabled Reduction and Demolished	149	-18	-21	-63	-12	-14	-4	3	-20	0
TOTAL NUMBER OF PROPERTIES	149	74,222	23,070	14,069	5,868	2,757	1,229	578	49	121,991
Full Charge	118	36,496	14,678	9,557	4,074	2,129	990	430	25	68,497
Discount - 10%	0	298	101	67	37	14	5	5	2	529
Discount - 25%	30	33,555	6,897	3,324	1,150	433	182	84	1	45,656
Discount - 50%	1	98	22	26	20	29	32	40	14	282
Exempt	0	3,775	1,372	1,095	587	152	20	19	7	7,027
TOTAL NUMBER OF PROPERTIES	149	74,222	23,070	14,069	5,868	2,757	1,229	578	49	121,991
Total Equivalent Properties	141.00	61,845.95	19,914.65	12,109.30	4,974.80	2,480.35	1,147.00	517.50	34.55	103,165.10
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	78.3	41,230.6	15,489.2	10,763.8	4,974.8	3,031.5	1,656.8	862.5	69.1	78,156.7
Less Provision (2.00%)										1,563.7
Taxbase										76,593.0

- 10% Discount - Unoccupied but furnished property.
- 25% Discount - Mainly dwellings occupied by one person.
- 50% Discount - Mainly hostels or dwellings solely occupied by people severely mentally impaired.
- Exempt - Mainly dwellings occupied solely by students or property empty for up to 6 months.