



Leicester  
City Council

CABINET  
COUNCIL

7<sup>th</sup> JANUARY 2008  
24<sup>th</sup> JANUARY 2008

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## COUNCIL TAX - TAXBASE

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### REPORT OF THE CHIEF FINANCIAL OFFICER

#### 1.0 PURPOSE AND SUMMARY OF REPORT

- 1.1 The City Council is required to set a “taxbase” by 31<sup>st</sup> January 2008 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 2008/2009.

#### 2.0 RECOMMENDATIONS

- 2.1 The Cabinet is recommended to endorse a taxbase for 2008/2009 of 77,298 properties expressed as the equivalent number of “Band D” properties.
- 2.2 The Council is recommended to agree a taxbase for 2008/2009 of 77,298 properties expressed as the equivalent number of “Band D” properties.

#### 3.0 REPORT

- 3.1 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.
- 3.2 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.
- 3.3 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.)

- 3.4 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 maintain the adjustment provision at 2.00%. This maintains the lowest adjustment provision we have made since the introduction of this tax in 1993.
- 3.5 The outcome is a taxbase for the setting of the Council Tax of 77,298. This is an increase from 2007/08 (76,593) of 705 and is mainly due to an overall increase in the numbers of properties in Leicester.
- 3.6 A separate report on today's Cabinet agenda reports the estimated surpluses on the collection fund for 2007/2008. These arise from collection rates that have exceeded the provision made in respect of years prior to 2007/08 and to in-year increases in the amount of the tax due arising from new properties being built. This is offset by late reductions in bills due to new eligibility to discounts and exemptions.
- 3.7 Consideration was given to lowering the adjustment provision, in the context of continuous high collection fund surpluses, however, all available data suggests surpluses should now be declining and that the surplus declared results from continuous collection of old years' tax. This is going to be kept under review and may result in a reduction in provision next year.

#### **4 FINANCIAL AND LEGAL IMPLICATIONS**

- 4.1 The Council Tax Base for the year 2008/09 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 2008/2009.
- 4.3 As this report affects the level of Council Tax in 2008/09, 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
Equal Opportunities	YES
Policy	NO
Sustainable Environment	NO
Crime and Disorder	NO
Human Rights Act	NO
Elderly People / People on Low Income	NO

**6. 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 2007 - CTB.

**7. REPORT AUTHOR**

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**8. DECISION STATUS**

<b>Key Decision</b>	Yes
<b>Reason</b>	Policy and Budget framework
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Council

11<sup>th</sup> December 2007

# 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		74,616	23,459	14,608	6,029	2,813	1,275	587	64	123,451
Net adjustment for Disabled Reduction and Demolished	157	-20	-16	-66	-14	-17	-7	4	-21	0
<b>TOTAL NUMBER OF PROPERTIES</b>	<b>157</b>	<b>74,596</b>	<b>23,443</b>	<b>14,542</b>	<b>6,015</b>	<b>2,796</b>	<b>1,268</b>	<b>591</b>	<b>43</b>	<b>123,451</b>
Full Charge	124	36,350	14,839	9,832	4,192	2,183	1,007	445	21	68,993
Discount - 10%	0	539	189	101	45	19	12	5	2	912
Discount - 25%	32	33,389	6,812	3,370	1,106	404	179	81	1	45,374
Discount - 50%	1	85	21	24	21	29	32	40	13	266
Exempt	0	4,233	1,582	1,215	651	161	38	20	6	7,906
<b>TOTAL NUMBER OF PROPERTIES</b>	<b>157</b>	<b>74,596</b>	<b>23,443</b>	<b>14,542</b>	<b>6,015</b>	<b>2,796</b>	<b>1,268</b>	<b>591</b>	<b>43</b>	<b>123,451</b>
Total Equivalent Properties	148.50	61,919.35	20,128.60	12,462.40	5,072.50	2,517.60	1,168.05	530.25	30.05	103,977.30
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	82.5	41,279.6	15,655.6	11,077.7	5,072.5	3,077.1	1,687.2	883.8	60.1	78,875.9
Less Provision (2.00%)										1,577.9
<b>Taxbase</b>										<b>77,298.0</b>

- 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.