



Leicester
City Council

WARDS AFFECTED
ALL WARDS

CABINET
COUNCIL

5th JANUARY 2009
29th JANUARY 2009

COUNCIL TAX - TAXBASE

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 31st January 2009 for the purpose of setting its Council Tax. This is, in effect, the number of properties in the City on which council tax is charged. It also enables the police and fire authorities to set their precepts. This report details the recommended taxbase for the financial year 2009/2010.

2.0 RECOMMENDATIONS

2.1 The Cabinet is recommended to endorse a taxbase for 2009/2010 of 78,299 properties expressed as the equivalent number of “Band D” properties.

2.2 The Council is recommended to agree a taxbase for 2009/2010 of 78,299 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.
- 3.5 Collection performance has been improving considerably in recent years. Furthermore, Leicester has seen continual growth in new building, which has resulted in increased council tax yields during the course of each recent year. This has allowed the adjustment provision to be reduced, and it has progressively fallen to 2.0%. Notwithstanding this, we have still achieved collection fund surpluses, although such surpluses now appear to be in decline.
- 3.6 Recommending a provision for 2009/10 is difficult for a number of reasons. I am of the view that a “steady state” provision, when property numbers are stable, should (in the long run) be around 1.75%. In past years, this has proved to be the proportion of debt which is ultimately uncollectable. However, times are not stable:
- (a) the onset of economic recession has led to a reduction in new building activity, which will significantly impact growth in the taxbase. However, we are aware of a number of new properties which are complete or nearly complete which have not yet been valued (and hence are not in the taxbase);
 - (b) late granting of discounts and exemptions will continue to be a factor reducing the taxbase after it has been set. However, we are embarking upon an exercise to more thoroughly review people’s entitlement to single person discount, which could see an increase in tax due;
 - (c) finally, recession is going to have an impact on some taxpayers’ ability to pay. All other things being equal, this would imply that an increase in provision is required. To complicate matters further, we have around 130 empty, newly built properties in the taxbase which pose a higher collection risk than ordinary occupied properties.
- 3.7 All things considered, I am recommending that the provision remains at 2.0%, although this does carry some risk.
- 3.8 The outcome is a taxbase for the setting of the Council Tax of 78,299. This is an increase from 2008/09 (77,298) of 1,001 and is mainly due to an overall increase in the numbers of properties in Leicester.
- 3.9 A separate report on today’s Cabinet agenda reports the estimated surpluses on the collection fund for 2008/2009. These arise from collection rates that

have exceeded the provision made in respect of years prior to 2008/09 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.

4 FINANCIAL AND LEGAL IMPLICATIONS

- 4.1 The Council Tax Base for the year 2009/10 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 2009/2010.
- 4.3 As this report affects the level of Council Tax in 2009/10, 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 2008 - CTB.

7. REPORT AUTHOR

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8. Decision Status

Key Decision	Yes
Reason	Provides key element of information required in the annual budget cycle
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

13th November 2008

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet)

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		74,959	23,809	14,664	6,141	2,906	1,318	598	62	124,457
Net adjustment for Disabled Reduction and Demolished	154	-11	-13	-76	-17	-12	-4	2	-23	0
TOTAL NUMBER OF PROPERTIES	154	74,948	23,796	14,588	6,124	2,894	1,314	600	39	124,457
Full Charge	126	37,337	15,161	9,917	4,287	2,296	1,063	453	21	70,661
Discount - 10%	0	495	164	96	55	15	9	5	1	840
Discount - 25%	25	32,717	6,981	3,331	1,125	415	176	79	1	44,850
Discount - 50%	3	92	25	23	22	29	35	40	11	280
Exempt	0	4,307	1,465	1,221	635	139	31	23	5	7,826
TOTAL NUMBER OF PROPERTIES	154	74,948	23,796	14,588	6,124	2,894	1,314	600	39	124,457
Total Equivalent Properties	146.25	62,366.25	20,556.85	12,513.15	5,191.25	2,635.25	1,220.60	536.75	28.15	105,194.50
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	81.3	41,577.5	15,988.7	11,122.8	5,191.3	3,220.9	1,763.1	894.6	56.3	79,965.3
Less Provision (2.00%)										1,597.3
Taxbase										78,299.0

- 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.