



**CABINET
FINANCE, RESOURCES & EQUAL OPPORTUNITIES
SCRUTINY COMMITTEE
COUNCIL**

14 JANUARY 2002

24 JANUARY 2002

31 JANUARY 2002

COUNCIL TAX - TAXBASE

REPORT OF THE CHIEF FINANCIAL OFFICER

1.0 PURPOSE OF REPORT

The City Council is required to set a “taxbase” by 31st January 2002 for the purpose of setting its Council Tax, and to enable the police authority to set its Council Tax. This report details the recommended taxbase for 2002/2003.

2.0 REPORT

For Council Tax purposes, all properties are put into one of 8 bands (A to H) by the Inland Revenue Valuation Officer. The occupiers of Band A properties pay the lowest Council Tax while those in Band H properties pay the highest.

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.

The Appendix 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 discounts and exemptions (e.g. for empty property) 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.)

The outcome is a taxbase for the setting of the Council Tax of 71,802. This is a significant increase from 2001/02 (70,431) due primarily to a reduction in the number of empty properties. This increase will not, however, result in increased income to the city as it is taken into account by central government in calculating our revenue support grant entitlement.

The Cabinet and Scrutiny Committee 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 previous collection performance I am proposing to reduce the adjustment provision from 3% to 2.75%. The provision has gradually reduced since the introduction of council tax in 1993/94 and reflects the acceptance of the new system with the public when compared with Poll Tax. 2.75% is the lowest adjustment provision we have yet made. Were it not for the increase in taxbase (and a danger that the reduction in empty properties proves to be temporary) it would be possible to reduce this further.

A separate report on today's agenda reports the estimated surpluses on the collection fund for 2001/2002. These arise from collection rates which exceeded the provision made in respect of years prior to 2002/03.

3.0 RECOMMENDATION

- i. The Cabinet is asked to endorse this report, and propose a taxbase to Council,
- ii. The Finance, Resources and Equal Opportunities Scrutiny Committee is asked if it wishes to make any comment on the proposed taxbase. (Comments will be reported to the Council.)
- iii. The Council is recommended to agree a taxbase for 2002/2003 of 71,802 properties expressed as the equivalent number of "Band D" properties.

4.0 HEADLINE FINANCIAL AND LEGAL IMPLICATIONS

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 Combined Fire Authority and the Environment Agency as well as the precept to the Police Authority. The taxbase has a direct effect on the level of Council Tax levied for 2002/2003.

As this report affects the level of Council Tax in 2002/03, Standing Order 70 applies to members with arrears of council tax.

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 persons 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

None.

**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 for Transport, Local Government and the Regions - November 2001 - CTB1.

9.0 REPORT AUTHOR/OFFICER TO CONTACT

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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		73,446	21,866	12,796	4,795	2,320	1,037	549	71	116,880
Net adjustment for Disabled Reduction and Demolished	193	-43	-24	-80	-22	-11	4	-6	-21	-10
TOTAL NUMBER OF PROPERTIES	193	73,403	21,842	12,716	4,773	2,309	1,041	543	50	116,870
Full Charge	166	35,290	13,798	9,027	3,621	1,828	852	388	2	64,972
Discount - 25%	27	31,217	6,223	2,862	928	298	128	81	1	41,765
Discount - 50%	0	2,379	604	262	94	69	43	56	41	3,548
Exempt	0	4,517	1,217	565	130	114	18	18	6	6,585
TOTAL NUMBER OF PROPERTIES	193	73,403	21,842	12,716	4,773	2,309	1,041	543	50	116,870
Total Equivalent Properties	186.25	59,892.25	18,767.25	11,304.50	4,364.00	2,086.00	969.50	476.75	23.25	98,069.75
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	103.5	39,928.2	14,596.8	10,048.4	4,364.0	2,549.6	1,400.4	794.6	46.5	73,832.0
Less Provision (2.75%)										2,030.0
Taxbase										71,802.0

- 25% Discount - Mainly dwellings occupied by one person
- 50% Discount - Mainly empty dwellings
- Exempt - Mainly dwellings occupied solely by students or property empty for up to 6 months