



Leicester  
City Council

**WARDS  
AFFECTED**

All Wards

**CABINET  
COUNCIL**

**17<sup>th</sup> JANUARY 2011  
27<sup>th</sup> JANUARY 2011**

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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 2011 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 2011/2012.

#### **2.0 RECOMMENDATIONS**

2.1 The Cabinet is recommended to endorse a taxbase for 2011/2012 of 78,982 properties expressed as the equivalent number of “Band D” properties.

2.2 The Council is recommended to agree a taxbase for 2011/2012 of 78,982 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 of the recent years. This has, however, been offset by increases in exemptions granted during the year. This had allowed the adjustment provision to be reduced to 2.0% but was increased slightly to 2.25% for 2010/11 to reflect the uncertainty on collection rates due to the recession. Given the collection fund surplus reported elsewhere, it is suggested that 2.25% is currently about right.
- 3.6 I remain of the view that, in the longer term, 1.75% is probably the level of provision required in an environment when the property numbers are stable and the economy is normal.
- 3.7 The outcome is a taxbase for the setting of the Council Tax of 78,982. This is an increase from 2010/11 (78,799) of 183 and is mainly due to an overall increase in the numbers of properties in Leicester.
- 3.8 A separate report on today's Cabinet agenda reports the estimated surpluses on the collection fund for 2010/2011. These arise from collection rates that have exceeded the provision made in respect of years prior to 2010/11 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, LEGAL AND OTHER IMPLICATIONS**

##### **Financial and Legal Implications**

- 4.1 The Council Tax Base for the year 2011/12 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 2011/2012.

- 4.3 As this report affects the level of Council Tax in 2011/12, 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.

**Climate Change Implications**

- 4.5 This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.  
(Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement)

**4.6 Other Implications**

Other Implications	YES/NO
Equal Opportunities	YES
Policy	NO
Sustainable and Environmental	NO
Crime and Disorder	NO
Human Rights Act	NO
Elderly People / People on Low Income	NO
Corporate Parenting	NO
Health Inequalities Impact	NO

**5. 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 2010 - CTB.

**6. REPORT AUTHOR**

Alan Lemmon  
Quality and Performance Manager  
Revenues and Benefits,

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**7. 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)

12<sup>th</sup> November 2010

# 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		75,672	24,366	14,998	6,462	3,030	1,371	604	59	126,562
Net adjustment for Disabled Reduction and Demolished	177	-13	-28	-77	-14	-14	-11	0	-20	0
<b>TOTAL NUMBER OF PROPERTIES</b>	<b>177</b>	<b>75,659</b>	<b>24,338</b>	<b>14,921</b>	<b>6,448</b>	<b>3,016</b>	<b>1,360</b>	<b>604</b>	<b>39</b>	<b>126,562</b>
Full Charge	140	37,256	14,873	10,003	4,336	2,318	1,083	461	21	70,491
Discount - 10%	0	637	297	130	86	24	8	6	1	1,189
Discount - 25%	34	33,226	7,380	3,466	1,236	465	194	81	3	46,085
Discount - 50%	3	85	28	31	21	27	33	41	11	280
Exempt	0	4,455	1,760	1,291	769	182	42	15	3	8,517
<b>TOTAL NUMBER OF PROPERTIES</b>	<b>177</b>	<b>75,659</b>	<b>24,338</b>	<b>14,921</b>	<b>6,448</b>	<b>3,016</b>	<b>1,360</b>	<b>604</b>	<b>39</b>	<b>126,562</b>
Total Equivalent Properties	167.00	62,791.30	20,689.30	12,735.00	5,350.90	2,701.85	1,252.20	547.65	29.65	106,264.85
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	92.8	41,860.9	16,091.7	11,330.0	5,350.9	3,202.3	1,808.7	912.8	59.3	80,799.3
Less Provision (2.25%)										1,817.3
<b>Taxbase</b>										<b>78,982.0</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.