



Leicester
City Council

CABINET
COUNCIL

27 JANUARY 2003
30 JANUARY 2003

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 2003 for the purpose of setting its Council Tax, and to enable the police authority to set its precept. This report details the recommended taxbase for 2003/2004.

2.0 REPORT

- 2.1 For Council Tax purposes, all properties are put into one of 8 bands (A to H) by the Valuation Office Agency, an executive agency of the Inland Revenue. 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 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.)
- 2.4 The outcome is a taxbase for the setting of the Council Tax of 72,413. This is an increase from 2002/03 (71,802) of 611 and is mainly due to an overall

increase in the numbers of properties in Leicester. 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.

- 2.5 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 previous collection performance I am proposing to reduce the adjustment provision from 2.75% to 2.5%. 2.5% is the lowest adjustment provision we have yet made. The provision has gradually reduced since the introduction of council tax in 1993/94 and reflects the public's general acceptance of the tax. Over the last three years the taxbase is starting to show a trend to increase during the course of the year. If this trend continues there may be a possibility, in future years, to reduce the adjustment provision even further.
- 2.6 A separate report on today's agenda reports the estimated surpluses on the collection fund for 2002/2003. These arise from collection rates that have exceeded the provision made in respect of years prior to 2003/04 largely due to in-year increases in the amount of the tax due.
- 2.7 Whilst the full Council is currently required to set the taxbase, it is expected that this requirement will be removed as a consequence of the Local Government Bill currently going through Parliament.

3.0 RECOMMENDATION

- i. The Cabinet is asked to endorse this report, and propose a taxbase to Council.
- ii. The Council is recommended to agree a taxbase for 2003/2004 of 72,227 properties expressed as the equivalent number of "Band D" properties.

4.0 HEADLINE FINANCIAL AND LEGAL IMPLICATIONS

- 4.1 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 2003/2004.
- 4.2 As this report affects the level of Council Tax in 2003/04, 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.

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

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 Office of the Deputy Prime Minister -
November 2002 - CTB1.

9.0 REPORT AUTHOR/OFFICER TO CONTACT

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Control and Quality Manager,
Local Taxation. Extn. 7521

24th December 2002

DECISION STATUS

Key Decision	Yes
Reason	Part of Budget and Policy Framework
Appeared in Forward Plan	Yes
Executive or Council Decision	Council

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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		73,592	22,076	12,926	4,839	2,393	1,067	564	71	117,528
Net adjustment for Disabled Reduction and Demolished	205	-38	-26	-88	-21	-9	4	-6	-22	-1
TOTAL NUMBER OF PROPERTIES	205	73,554	22,050	12,838	4,818	2,384	1,071	558	49	117,527
Full Charge	176	34,964	13,800	8,996	3,595	1,864	866	404	0	64,665
Discount - 25%	26	31,994	6,398	2,986	959	322	144	74	1	42,904
Discount - 50%	3	2,232	625	301	104	73	45	58	41	3,482
Exempt	0	4,364	1,227	555	160	125	16	22	7	6,476
TOTAL NUMBER OF PROPERTIES	205	73,554	22,050	12,838	4,818	2,384	1,071	558	49	117,527
Total Equivalent Properties	197.00	60,075.50	18,911.00	11,386.00	4,366.25	2,142.00	996.50	488.50	21.25	98,584.00
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	109.4	40,050.3	14,708.6	10,120.9	4,366.3	2,618.0	1,439.4	814.2	42.5	74,269.6
Less Provision (2.75%)										1,856.6
Taxbase										72,413.0

- 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