



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

19 JANUARY 2004

22 JANUARY 2004

29 JANUARY 2004

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 2004 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 set their precepts. This report details the recommended taxbase for 2004/2005.

2.0 REPORT

2.1 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 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 72,791. This is an increase from 2003/04 (72,413) of 378 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 the ongoing improvement in previous collection performance I am proposing to maintain the adjustment provision at 2.50%, which is in itself the lowest adjustment provision we have 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 four years the taxbase has started to show a trend to either increase or remain stable during the course of the year. If the trend of the taxbase continues to increase 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 2003/2004. These arise from collection rates that have exceeded the provision made in respect of years prior to 2004/05 and are largely due to in-year increases in the amount of the tax due.
- 2.7 Whilst the Constitution of the Council currently requires the full Council to set the taxbase, this requirement has been removed by the Local Government Act 2003. Until the Constitution of the Council is amended, this report will still need to be approved by full Council

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 2004/2005 of 72,791 properties expressed as the equivalent number of "Band D" properties.
- iii. The Finance, Resources and Equal Opportunities scrutiny committee is recommended to note the report.

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 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 2004/2005.
- 4.2 As this report affects the level of Council Tax in 2004/05, 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

Financial Officer Consultation – Mark Noble
Legal Officer Consultation – Peter Nicholls

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 2003 - CTB1.

9.0 REPORT AUTHOR/OFFICER TO CONTACT

Alan Lemmon
Acting Head of Local Taxation,
Local Taxation.

Extn. 7521
5 December 2003

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		73,694	22,322	13,030	4,961	2,477	1,090	571	71	118,216
Net adjustment for Disabled Reduction and Demolished	206	-37	-32	-85	-18	-15	5	-4	-21	-1
TOTAL NUMBER OF PROPERTIES	206	73,657	22,290	12,945	4,943	2,462	1,095	567	50	118,215
Full Charge	172	34,829	13,876	8,982	3,664	1,893	868	422	22	64,728
Discount - 25%	34	32,284	6,435	3,039	977	356	144	71	1	43,341
Discount - 50%	0	2,151	692	285	142	93	57	54	19	3,493
Exempt	0	4,393	1,287	639	160	120	26	20	8	6,653
TOTAL NUMBER OF PROPERTIES	206	73,657	22,290	12,945	4,943	2,462	1,095	567	50	118,215
Total Equivalent Properties	197.5	60,117.5	19,048.25	11,403.75	4,467.75	2,206.5	1,004.5	502.25	32.25	98,980.25
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	109.7	40,078.3	14,815.3	10,136.7	4,467.8	2,696.8	1,450.9	837.1	64.5	74,657.1
Less Provision (2.50%)										1,866.1
Taxbase										72,791.0

- 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