



Leicester
City Council

CABINET
COUNCIL

24th JANUARY 2005
27TH JANUARY 2005

COUNCIL TAX - TAXBASE

REPORT OF THE CHIEF FINANCE OFFICER

1.0 PURPOSE OF REPORT

- 1.1 The City Council is required to set a “taxbase” by 31st January 2005 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 the financial year 2005/2006.

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 changes in the number of discounts and exemptions awarded (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 74,696. This is an increase from 2004/05 (72,791) of 1,905 and is mainly due to an overall

increase in the numbers of properties in Leicester and the effect of removing the discount awarded to long term empty properties.

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 overall collection performance and the trend in property movements, I am proposing to maintain the adjustment provision at 2.50%, which is in itself the lowest adjustment provision we have made.

2.6 A separate report on today's Cabinet agenda reports the estimated surpluses on the collection fund for 2004/2005. These arise from collection rates that have exceeded the provision made in respect of years prior to 2005/06 and to in-year increases in the amount of the tax due following the occupation of new property being built during the course of the financial year.

3.0 RECOMMENDATION

i. The Cabinet is recommended to agree a taxbase for 2005/2006 of 74,696 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 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 2005/2006.

4.2 As this report affects the level of Council Tax in 2005/06, 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. (Mark Noble)

4.3 There are no additional legal implications. (Peter Nicholls)

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 2004 - CTB1.

9.0 **REPORT AUTHOR/OFFICER TO CONTACT**

Alan Lemmon
Quality and Performance Manager,
Revenues and Benefits.

Extn. 7521

DECISION STATUS

Key Decision	Yes
Reason	Part of policy and Budget framework
Appeared in Forward Plan	No
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		73,868	22,654	13,529	5,345	2,550	1,139	572	71	119,728
Net adjustment for Disabled Reduction and Demolished	148	-12	-29	-63	-14	-10	-3	3	-20	0
TOTAL NUMBER OF PROPERTIES	148	73,856	22,625	13,466	5,331	2,540	1,136	575	51	119,728
Full Charge	121	36,001	14,370	9,280	3,860	1,966	900	421	27	66,946
Discount - 10%	0	488	179	77	34	18	9	5	1	811
Discount - 25%	27	33,226	6,710	3,163	1,067	395	167	80	0	44,835
Discount - 50%	0	89	26	28	21	31	30	46	16	287
Exempt	0	4,052	1,340	918	349	130	30	23	7	6,849
TOTAL NUMBER OF PROPERTIES	148	73,856	22,625	13,466	5,331	2,540	1,136	575	51	119,728
Total Equivalent Properties	141.25	61,404.20	19,576.60	11,735.55	4,701.35	2,293.95	1,048.35	508.5	35.90	101,445.65
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	78.5	40,936.1	15,226.2	10,431.6	4,701.4	2,803.7	1,514.3	847.5	71.8	76,611.1
Less Provision (2.50%)										1,915.1
Taxbase										74,696.0

- 10% Discount - Unoccupied but furnished property
- 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