



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

15 JANUARY 2001

16 JANUARY 2001

25 JANUARY 2001

COUNCIL TAX - TAXBASE

REPORT OF THE CHIEF FINANCIAL OFFICER

1.0 PURPOSE OF REPORT

The City Council is required to set a “taxbase” 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 2001/2002.

2.0 REPORT

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

By law, the full Council has to approve the taxbase by 31st January 2001.

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.

Appendix A to the report details how the properties are converted to Band D equivalents. The appendix also details how the Band D figure is reduced to take account of appeals to bands, changes in exemptions and discounts and the anticipated collection rate.

The outcome is a taxbase for the setting of the Council Tax of 70,431 the calculation of which is shown in Appendix B

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 provision we make for non-payment and for in-year changes (e.g. demolition of property reduces our tax income). Based on previous collection performance, and our view of likely changes in housing stock, I am proposing to reduce this provision from 3.25% to 3%.

A separate report on today's agenda reports the estimated surpluses on the collection fund in 2000/01. These arise from collection rates which exceeded the provision made in respect of years prior to 2001/02. We now have several years' experience of Council Tax, and a good idea of the likely amounts we will eventually have to write-off for earlier years. As a consequence, the way in which surpluses have been calculated have been reviewed, and I believe the system now operated is more robust than was operated in previous years.

I believe we are still likely to see a collection fund surplus in 2001/02, and (if so) believe it will be possible to reduce the provision further in respect of 2002/03. However, members are asked to note that 3% is the lowest provision we have yet made.

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.
- iii. The Council is recommended to agree a taxbase for 2001/2002 of 70,431 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 2001/2002.

5.0 OTHER IMPLICATIONS

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.

POLICY IMPLICATIONS -There are no Policy implications arising from this report.

SUSTAINABLE AND ENVIRONMENTAL IMPLICATIONS - There are no Sustainable and Environmental implications arising from this report.

CRIME AND DISORDER IMPLICATIONS - There are no Crime and Disorder implications arising from this report.

DETAILS OF CONSULTATIONS

None.

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 Environment, Transport and the Regions -
November 2000 - CTB1.

5.0 REPORT AUTHOR/OFFICER TO CONTACT

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20th December 2000.



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SUPPORTING INFORMATION

APPENDIX A

Adjustment to the Taxbase.

- A1. 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, and so attract less Council Tax than a Band D property, the number of Band D equivalent properties is less than the actual number of properties in the City. The taxbase is further reduced to take account of forecast changes in the number of exemptions and discounts awarded in the year, the number of new entitlements for disabled persons relief and a provision for non-payment.
- A2. The following table shows the calculation of the taxbase analysing properties over Bands A to H and shows the number of exemptions and discounts currently granted. These figures are then converted into the "Band D Equivalent". The "Band D Equivalent" is reduced by 3% to reflect the estimated effect on the taxbase of outstanding appeals, changes to exemptions, discounts and disabled persons relief; growth or reductions in housing stock; and the anticipated collection rate. This figure is called the adjustment provision below.

- A3. The outcome is a taxbase of 70,431. This compares to a figure of 70,196 for the current financial year, an increase of 235. This is the second highest taxbase for Council Tax setting purposes since Council Tax was introduced in 1993. The main reason for this change in the taxbase is an increase in the number of properties in the City and a change in the adjustment provision from 3.25% to 3%.
- A4. The adjustment provision has been gradually reducing since the introduction of Council Tax in 1993/94 reflecting the fact that the Council Tax has proved more acceptable to the public and relatively easier to collect. Collection performance improved in 1999/2000 and is continuing to improve in 2000/2001. It is proposed to reduce the overall adjustment provision from 3.25% to 3% for 2001/2002. This is believed to be a prudent reduction.

COUNCIL TAX – TAXBASE

APPENDIX B

<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		73,891	21,668	12,737	4,759	2,226	1,006	544	73	116,904
Net adjustment for Disabled Reduction and Demolished	177	-282	-36	-68	-30	-1	0	-2	-22	-264
TOTAL NUMBER OF PROPERTIES	177	73,609	21,632	12,669	4,729	2,225	1,006	542	51	116,640
Full Charge	154	34,882	13,517	8,978	3,597	1,755	816	397	0	64,096
Discount - 25%	23	30,812	6,161	2,850	911	268	123	73	1	41,222
Discount - 50%	0	1,992	457	207	79	66	44	52	40	2,937
Exempt	0	5,923	1,497	634	142	136	23	20	10	8,385
TOTAL NUMBER OF PROPERTIES	177	73,609	21,632	12,669	4,729	2,225	1,006	542	51	116,640
Total Equivalent Properties	171.25	58,987.00	18,366.25	11,219.00	4,319.75	1,989.00	930.25	477.75	20.75	96,481.00
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	95.1	39,324.7	14,284.9	9,972.4	4,319.8	2,431.0	1,343.7	796.2	41.5	72,609.3
Less Provision (3.0%)										2,178.3
Taxbase										70,431.0

- 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