



DERBY CITY COUNCIL

COUNCIL CABINET
13 JANUARY 2004

Report of the Director of Finance

COUNCIL TAX BASE FOR 2004/05**RECOMMENDATION**

- 1.1 That pursuant to the report and in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 12003/3012), Cabinet agrees the council tax base for the year 2004/05 as 67,930.8 band D equivalent properties be approved in accordance with the calculations and estimates shown at appendix 3.
- 1.2 To refer this report and Cabinet decisions to full Council on 28 January 2004.

SUPPORTING INFORMATION

- 2.1 The calculation of the council tax base for the City is a key stage in the budget setting process and will form the basis for the council tax charge for the Council's council tax payers for 2004/05. The tax base has to be notified to Derbyshire Police Authority and Derbyshire Fire Authority by 31 January 2004 so that they can set their precept for all the council tax payers in Derbyshire.
- 2.2 The Council has to calculate the 'Council Tax Base' for 2004/05 as a means of raising council tax income from Derby council tax payers. The Base is a figure which represents the effective number of properties in terms of Band D in the Council's area during the year. It is used as a divisor to translate total council tax requirements in a 'headline' charge for Band D. Charges for other bands are calculated as fractions of the headline charge.
- 2.3 By law, the Council must calculate its council tax base for 2004/05 by no later than 31 January 2004.
- 2.4 The Council must also notify the Police and Fire Authorities of the amount calculated so that they can make their own calculations as precepting authorities that will be payable by all council tax payers in Derbyshire.
- 2.5 Appendix 2 explains the statutory formulae which are used in the calculations and gives details of how the recommended tax base figure has been worked out. A prudent allowance for non-collection of 1.6% has been made as a best estimate in the context of current collection performance.

2.6 Appendix 3 shows the calculations of the relevant amounts.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Calculations Appendix 3 – Calculation of relevant amounts

IMPLICATIONS

Financial

1. The estimated council tax base for 2004/05 of 67,930.8 compares with 67238.49 used for 2003/04 tax setting purposes. The increase is due to the growth in the number of domestic properties and the Council's decision of 28 January 2004 to increase the charges on empty properties and second homes from 50% to 90% with effect from 1 April 2004.

Legal

2. The Council is required to calculate its tax base under the Local Government Finance Act 1992, Section 33(1), and the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003. The Council has a duty to notify Derbyshire Police Authority and Derbyshire Fire Authority of its council tax base by 31 January 2004.

Personnel

3. None.

Corporate Themes and Priorities

4. This report links to all of the Council's themes and priorities.

COUNCIL TAX BASE FOR 2004/05

Calculation required:

- 1.1 When a billing authority calculates the basic amount of its council tax a year, it must do so by applying the statutory formula:

$$\frac{R - P}{T}$$

In this formula:

R is its total budget requirement

P is the expected total of grants and amounts received from the national non-domestic rates pool

T is the authority's tax base.

- 1.2 The Council must calculate the tax base (item T) between 20 December and 31 January 2004. It must do so by totalling the 'relevant amounts' for all the valuation bands in its valuation list and multiplying the result by its 'collection rate.'
- 1.3 The relevant amount for a band is the effective number of properties in the band during the year after allowing for discounts, expressed in terms of Band D equivalents.

It is calculated by applying the statutory formula $(H - Q + J \times (F/G))$

In this formula:

H is the number of chargeable dwellings in the Valuation List on 30 November in the previous year after allowing for exemptions, and the down banding of properties adapted for disabled people. Properties in Band A which are adapted for disabled people are treated as if they were in an additional band.

Q is a factor to take account of the discounts to which the amount of council tax payable was subject on the 30 November in the previous year.

J is an adjustment for anticipated changes in the number of chargeable dwellings or discounts, expressed as the difference between:

- (a) the estimated number of chargeable dwellings not included in H which will be in the Valuation List for all or part of the financial year, plus 25% of the estimated number of discounts included in I which will not apply for all or part of the financial year, and
- (b) the estimated number of chargeable dwellings included in H which will not be in the Valuation List, or will be exempt, for all or part of the financial year, plus 25% of the discounts not included in I which will apply for all or part of the financial year.

In estimating number of properties, down-banding of properties adapted for disabled people has to be allowed for.

Numbers of dwelling or discounts which will apply for only part of the financial year have to be proportionately reduced.

$\frac{E}{G}$ is the statutory ratio of charges for the particular band to charges for Band D

- 1.4 The collection rate is the percentage of the amount charged which the Council estimates it will ultimately succeed in collecting over time.

Calculations for 2004/05

- 2.1 The total of the relevant amounts for 2004/05 is 69,035.4. Details of this calculation are shown in Appendix 3
- 2.2 The estimate of the Council's collection rate for 2004/05 is 98.4%. This has been estimated in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003, taking into account all known factors which may affect the amounts ultimately to be paid to the Council. Collection performance to date indicates that this is a best estimate.
- 2.3 The council tax base calculated by applying the statutory formula is:

$$69,035.4 \times 98.4\% = 67,930.8$$

APPENDIX 3

COUNCIL TAX BASE FOR 2004/05 Calculation of relevant amounts

Valuation Band	Number of properties per Valuation List 30.11.03	Number of chargeable dwellings after exemptions 30.11.03 (H)	Number of single person discounts and disregards 30.11.03	Number of long term void properties for which 90% charge to be levied 30.11.03	Number of double discounts (50% charge) 30.11.03	Total net effect of discounts (Q)	Adjustment for future changes (J)	Proportion of Band D (F/G)	Relevant amount (ie Band D equivalent)
A*		91	26	0	0	6.50	3.69	5/9	49.00
A	53539	51063	24725	1653	24	6258.55	-755.40	6/9	29,366.03
B	18530	18042	6171	314	14	1581.15	-25.18	7/9	12,783.30
C	14903	14526	4157	226	16	1049.85	10.93	8/9	11,988.52
D	7636	7484	1568	77	9	397.20	28.17	9/9	7,114.97
E	3809	3742	504	39	7	130.40	14.04	11/9	4,431.34
F	1829	1827	202	13	38	70.80	15.24	13/9	2,558.75
G	547	509	62	8	23	75.30	1.96	15/9	726.10
H	45	11	0	3	4	2.30	0	18/9	17.40
Total	100838	97295	37415	2333	137	9572.05	-706.55		69,035.41

A* signifies band A properties subject to disabled relief

TOTAL RELEVANT AMOUNT 69,035.4

Council tax base after adjustment for non-collection = 69,035.4 x $\frac{98.4}{100}$ = 67,930.8

Notes:

- (1) Reference in brackets to (H) and (Q) to (J) correspond with the items so referred to in the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003.
- (2) The numbers of chargeable dwellings have been ascertained, the number of discounts estimated and the amounts of adjustments calculated in accordance with Regulation 5 of the above regulations
- (3) Tax base for 2004/05 = total relevant amount x estimated collection rate

 = 69,035.4 x $\frac{98.4}{100}$ = **67,930.8 band D equivalent properties**

The corresponding tax base for 2003/04 was 67238.49 band D equivalent properties.