

## COUNCIL TAX BASE FOR 2005/06

### 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 2005/06 as 68,589.4 band D equivalent properties be approved in accordance with the calculations and estimates shown at appendix 3. The Council Tax Base was approved in a report to Cabinet on 21 December 2004.
- 1.2 That Council delegates the power to agree future Council Tax Base reports to the Special Purposes Committee.

### 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 2005/06. The tax base has to be notified to Derbyshire Police Authority and Derbyshire Fire Authority by 31 January 2005 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 2005/06 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 2005/06 by no later than 31 January 2005.
- 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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<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Calculations Appendix 3 – Calculation of relevant amounts

<b>IMPLICATIONS</b>
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**Financial**

1. The estimated council tax base for 2005/06 of 68,589.4 compares with 67,930.8 used for 2004/05 tax setting purposes. The increase is due to the continued growth in the number of domestic properties.

**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 2005.

**Personnel**

3. None.

**Equalities impact**

4. None.

**Corporate objectives and priorities for change**

5. This report is the first step in setting the Council Tax for the forthcoming financial year. As such, it is part of the income generating process for the Council . It therefore links to all the Council objectives, as the Council need the income from Council Tax to fund it's activities.

**COUNCIL TAX BASE FOR 2005/06**

**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 2005. 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 2005/06**

- 2.1 The total of the relevant amounts for 2005/06 is 69,704.71. Details of this calculation are shown in Appendix 3
- 2.2 The estimate of the Council's collection rate for 2005/06 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:

$$69,704.71 \times 98.4\% = 68,589.4$$

## APPENDIX 3

### COUNCIL TAX BASE FOR 2005/06 Calculation of relevant amounts

Valuation Band	Number of properties per Valuation List 30.11.04	Number of chargeable dwellings after exemptions 30.11.04 (H)	Number of single person discounts and disregards 30.11.04	Number of long term void properties for which 90% charge to be levied 30.11.04	Number of double discounts (50% charge) 30.11.04	Total net effect of discounts (Q)	Adjustment for future changes (J)	Proportion of Band D (F/G)	Relevant amount (ie Band D equivalent)
A*		96	25	0	0	-6.25	2.94	5/9	51.49
A	53543	51117	25338	1410	58	-6504.50	-789.30	6/9	29,215.47
B	18615	18121	6344	227	23	-1620.20	73.50	7/9	12,891.12
C	15062	14666	4227	223	23	-1090.55	80.94	8/9	12,139.01
D	7760	7589	1647	78	11	-425.05	93.45	9/9	,7257.40
E	3857	3801	500	36	10	-133.60	30.88	11/9	4,520.11
F	1918	1906	219	12	38	-74.95	69.95	13/9	2,745.89
G	570	535	65	5	30	-31.75	19.00	15/9	870.42
H	44	10	0	1	5	-3.10	0.00	18/9	13.80
Total	101369	97841	38365	1992	198	-9889.95	-418.65		69,704.71

A\* signifies band A properties subject to disabled relief

TOTAL RELEVANT AMOUNT 69,704.68

Council tax base after adjustment for non-collection =  $69704.71 \times \frac{98.4}{100} = 68,589.4$

**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 and definitions are shown in appendix 2.
- (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 2005/06 = total relevant amount x estimated collection rate  
$$= 69,704.71 \times \frac{98.4}{100} = \mathbf{68,589.4 \text{ band D equivalent properties}}$$

The corresponding tax base for 2004/05 was 67,930.8 band D equivalent properties and the main reason for this increase is due to the number of domestic properties in Derby increasing from 100,838 last year to 101,369 this year.