

Council Tax Base for 2010/11

SUMMARY

- 1.1 The Council has to calculate its 'council tax base' for 2010/11 as a means of raising council tax income for the 2010/11 financial year from Derby council tax payers.
- 1.2 The tax base is an estimated figure of the number of domestic properties in terms of 'Band D' in the Council's area during the year. It is used to determine a headline charge for Band D properties in the city. Charges for other bands are calculated as defined fractions of the headline charge
- 1.3 The proposed council tax base for 2010/11 is 71,114.57 Band D equivalent properties compared with the 2009/10 council tax base of 70187.03. This represents an increase of 927.54 Band D equivalent properties.

The reasons for this increase are:

- An increase in the number of domestic properties within the city at the time of calculating the proposed council tax base for 2010/11 when compared to the figure used for calculating 2009/10 council tax base. The actual increase in domestic properties is 544.
- A reduction in the number of long term empty homes within the city from 2070 in 2009/10 to 1633 in 2010/11.
- When the council tax base was calculated for 2009/10 it included a forecasted reduction to take account of outstanding work at that time. Existing workload is up to date so no forecast is necessary for the 2010/11 council tax base calculation.

RECOMMENDATION

- 2.1 That Cabinet approves the council tax base for the year 2010/11 as 71,114.57 band D equivalent properties in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 2003/3012).
- 2.2 That in accordance with the methodology and estimates shown at Appendices 2 and 3 Cabinet recommends to approve this calculation to Full Council at their meeting on 20 January 2010.

REASON FOR RECOMMENDATION

- 3.1 Agreeing the council tax base is the first step in the process of setting the council tax to be collected in 2010/11 and is an essential part of establishing the 2010/11 budget.

SUPPORTING INFORMATION

- 4.1 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 2010/11. The tax base has to be notified to Derbyshire Police Authority and Derbyshire Fire Authority by 31 January 2010 so that they can set their precept for all the council tax payers in Derbyshire.
- 4.2 The tax base is an estimated figure of the number of domestic properties in terms of Band D in the Council's area during the year. It is used to determine a headline charge for Band D. Charges for other bands are calculated as defined fractions of the headline charge.
- 4.3 By law, the Council must calculate its council tax base for 2010/11 by no later than 31 January 2010.
- 4.4 Appendix 2 explains the statutory formulae which are used in the estimates 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.
- 4.5 The tax base calculations are shown at appendix 3 which shows our estimated tax base to be 72,270.9 Band D equivalent properties. This figure corresponds closely to that provided to the Government in October 2009 for Revenues Support Grant Settlement purposes which was 72,460.6 Band D equivalent properties. Applying the non-collection allowance of 1.6% to the estimated tax base of 72,270.9 gives a rounded Band D equivalent tax base of **71,114.57**.

OTHER OPTIONS CONSIDERED

- 5 Setting the Council Tax Base is a statutory duty.

For more information contact: John Massey 01332 255771 john.massey@derby.gcsx.gov.uk
Background papers: None
List of appendices: Appendix 1 – Implications
Appendix 2 – Government's tax base methodology
Appendix 3 – Calculation of relevant amounts

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| IMPLICATIONS |
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Financial

- 1.1 The estimated council tax base for 2010/11 of 71,114.57 compares with 70187.03 used for 2009/10 tax setting purposes. The main reasons for the increase are shown in part 1.3 of the report.

Legal

- 2.1 The Council is required to calculate its tax base under the Local Government Finance Act 1993, 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 2010.

Personnel

- 3.1 None.

Equalities Impact

- 4.1 None.

Corporate priorities

- 5.1 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 needs the income from council tax to fund its activities.

COUNCIL TAX BASE FOR 2010/11

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 2009 and 31 January 2010. 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 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 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.

F 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 2010/11

- 2.1 The total of the relevant amounts for 2010/11 is **72270.9**. Details of this calculation are shown in Appendix 3
- 2.2 The estimate of the Council's collection rate for 2010/11 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:

$$72270.9 \times 98.4\% = \mathbf{71,114.57}$$

APPENDIX 3

COUNCIL TAX BASE FOR 2010/11

Calculation of relevant amounts

| Valuation Band | Number of properties per Valuation List 30.11.09 | Number of chargeable dwellings after exemptions 30.11.09 (H) | Number of single person discounts and disregards 30.11.09 | Number of long term void properties for which 90% charge to be levied 30.11.09 | Number of double discounts (50% charge) 30.11.09 | Total net effect of discounts (Q) | Adjustment for future changes (J) | Proportion of Band D (F/G) | Relevant amount (ie Band D equivalent) (H+Q+J)x(F/G) (rounded to 1 decimal place) |
|----------------|--|--|---|--|--|-----------------------------------|-----------------------------------|----------------------------|--|
| A* | | 104 | 27 | 0 | 0 | -6.75 | | 5/9 | 54.0 |
| A | 54992 | 52121 | 26319 | 1036 | 55 | -6710.85 | | 6/9 | 30268.4 |
| B | 19749 | 19059 | 6936 | 306 | 10 | -1769.6 | | 7/9 | 13441.7 |
| C | 15649 | 15182 | 4704 | 163 | 20 | -1202.3 | | 8/9 | 12423.6 |
| D | 8094 | 7906 | 1822 | 70 | 9 | -467 | | 9/9 | 7435.4 |
| E | 4113 | 4032 | 616 | 27 | 6 | -159.7 | | 11/9 | 4731.3 |
| F | 2164 | 2149 | 273 | 22 | 35 | -87.95 | | 13/9 | 2976.5 |
| G | 611 | 587 | 72 | 8 | 31 | -34.3 | | 15/9 | 921.2 |
| H | 38 | 12 | 0 | 1 | 5 | -2.6 | | 18/9 | 18.8 |
| Total | 105410 | 101152 | 40769 | 1633 | 171 | -10441.05 | | | 72270.9 |

A* signifies band A properties subject to disabled relief

TOTAL RELEVANT AMOUNT 72270.9

Council tax base after adjustment for non-collection = $72270.9 \times \frac{98.4}{100} = 71,114.57$