



Council Tax Base for 2008/09

SUMMARY

- 1.1 The Council has to calculate the 'Council Tax Base' for 2008/09 as a means of raising council tax income from Derby council tax payers.
- 1.2 The tax base is an estimated figure which equates to the effective number of domestic properties in terms of 'Band D' valuations in the Council's area during the year. It is used to translate total council tax income requirements in a headline charge for Band D. Charges for other bands are calculated as defined fractions of this headline charge.
- 1.3 Due to the continued growth in the number of domestic properties in the city, the Council Tax Base can be increased from 69,560 to 69,854 Band D equivalent properties.
- 1.4 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

2. That pursuant to the report and in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 2003/3012), Cabinet agrees the council tax base for the year 2008/09 as 69,854 band D equivalent properties be approved in accordance with the methodology and estimates shown at appendices 2 and 3.

REASON FOR RECOMMENDATIONS

3. Agreeing the Council Tax Base is the first step in the process of setting the Council Tax to be collected in the following financial year. It is an essential part of establishing the 2008/09 budget.



Council Tax Base 2008/09

SUPPORTING INFORMATION

- 1.1 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 2008/09. The tax base has to also be notified to Derbyshire Police Authority and Derbyshire Fire Authority by 31 January 2008 so that they can set their precept for all the council tax payers in Derbyshire.
- 1.2 The Council has to calculate the 'Council Tax Base' for 2008/09 as a means of raising council tax income from Derby council tax payers. The tax base is an estimated figure which equates to the effective number of domestic 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 income requirements in a 'headline' charge for Band D. Charges for other bands are calculated as defined fractions of the headline charge.
- 1.3 The Council must calculate its council tax base for 2008/09 by no later than 31 January 2008.
- 1.4 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.
- 1.5 The tax base calculations are shown at appendix 3 which shows our estimated tax base to be 70,990 Band D equivalent properties.. Applying the non-collection allowance of 1.6% to the estimated tax base of 70,990 gives a rounded Band D equivalent tax base of 69,854

OTHER OPTIONS CONSIDERED

2. Setting the Council Tax Base is a statutory duty.

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Background papers: None
List of appendices: Appendix 1 – Implications
Appendix 2 – Government's tax base methodology
Appendix 3 – Calculation of relevant amounts

IMPLICATIONS**Financial**

1. The estimated council tax base for 2008/09 of 69,854 compares with 69,560 used for 2007/08 tax setting purposes. The increase is due in the main, to the continued growth in the number of domestic properties in the city.

Legal

2. 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 2008.

Personnel

3. None

Equalities impact

4. None.

Corporate priorities

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 needs the income from Council Tax to fund its activities.

COUNCIL TAX BASE FOR 2008/09

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 2008. 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.

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 2008/09

- 2.1 The total of the relevant amounts for 2008/09 is 70,990. Details of this calculation are shown in Appendix 3
- 2.2 The estimate of the Council's collection rate for 2008/09 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:

$$70990 \times 98.4\% = 69854.16$$

APPENDIX 3

COUNCIL TAX BASE FOR 2008/09

Calculation of relevant amounts

Valuation Band	Number of properties per Valuation List 30.11.07	Number of chargeable dwellings after exemptions 30.11.07 (H)	Number of single person discounts and disregards 30.11.07	Number of long term void properties for which 90% charge to be levied 30.11.07	Number of double discounts (50% charge) 30.11.07	Total net effect of discounts (Q)	Adjustment for future changes (J)	Proportion of Band D (F/G)	Relevant amount (ie Band D equivalent)
A*		84	18	0	0	-4.50	-0.69997	5/9	43.78
A	54556	51804	26240	1246	59	-6714.10	-703.39340	6/9	29591.00
B	19146	18545	6750	358	10	-1728.30	57.72432	7/9	13124.55
C	15392	14969	4593	281	16	-1184.35	34.44951	8/9	12283.64
D	8086	7894	1733	97	12	-448.95	26.94518	9/9	7472.00
E	4038	3962	634	36	7	-165.60	3.96742	11/9	4644.89
F	2145	2129	259	29	33	-84.15	-9.55173	13/9	2939.88
G	599	566	57	11	32	-31.35	-9.24771	15/9	875.67
H	41	11	0	0	5	-2.50	-1.20414	18/9	14.59
Total	104003	99964	40284	2058	174	-10363.80	-601.01052		70990.00

A* signifies band A properties subject to disabled relief

TOTAL RELEVANT AMOUNT 70990.00

Council tax base after adjustment for non-collection = $70990.00 \times \frac{98.4}{100} = 69854.16$