

AGENDA ITEM 7

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

26 JANUARY 2011

REPORT OF THE HEAD OF COMMUNITIES

CALCULATION OF COUNCIL TAX BASE 2011/2012

1 PURPOSE OF REPORT

- 1.1 The Local Government Finance Act 1992 requires each billing authority to calculate a council tax base. The base is used in determining the level of council tax based on budget decisions within each billing and precepting authority and in the calculation of the amount of a precept payable by each billing authority to a major precepting authority.
- 1.2 To calculate the amount of council tax that needs to be paid by tax payers in Melton, the budget (amount required to be raised through Council Tax) is divided by the tax base. This report calculates the tax base.

2. RECOMMENDATIONS

2.1 *It is recommended that:*

- (i) *the report of the Head of Communities on the calculation of the Council's council tax base for the year 2011/12 be approved (appendix 1);*
- (ii) *pursuant to the Head of Communities report and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended, the amounts calculated by the Melton Borough Council as its council tax base for 2011-12 shall be:-*

	Band D Equivalent Properties
(i) <u>Whole Area</u>	18,849.9
(ii) <u>Part Area</u>	
<u>Parish</u>	
Ab Kettleby	239.9
Asfordby	1,089.4
Belvoir	130.4
Bottesford	1,414
Broughton & Old Dalby	543.6
Buckminster	148.3
Burton & Great Dalby	453.6
Clawson, Hose & Harby	1,059.1
Croxton Kerrial	247.3
Eaton	304.5

Freeby	126.4
Frisby	259.7
Kirby Bellars	150.9
Gaddesby	356.5
Garthorpe	40.8
Grimston	127.2
Hoby with Rotherby	265.8
Knossington and Cold Overton	153.6
Redmile	402.3
Scalford	255.5
Somerby	362.4
Sproxton	256.3
Stathern	283.8
Twyford and Thorpe	281.0
Waltham	428.1
Wymondham	294.5
<u>Special Expense Area</u>	
Area of former Urban District of Melton Mowbray	9,175
Sproxton No 2 (Stonesby) and Sproxton No 4 (Bescaby)	83.2
Broughton & Old Dalby	543.6
Frisby	259.7

3. KEY ISSUES

3.1 Background

3.1.1 For the purpose of billing for council tax, all properties are placed into one of eight bands (Band A to H). Properties are given a band by the Listing Officer (a part of Custom and Revenues) based on property values as at 1 April 1991.

3.1.2 The council tax base represents the number of Band D equivalent properties that exist within the Borough by converting all discounts, exemptions and property bands to the equivalent Band D value. To assist members understanding, two examples are provided below:

Example 1

There are 100 Band D properties occupied by single persons who are entitled to 25% discount. This equates to 100 properties x 75% payable = 75 Band D equivalents.

Example 2

There are 2000 Band A properties which pay 6/9 of a Band D charge. Therefore these 2000 properties equate to 2000 x 6/9 = 1333.33 Band D equivalents.

3.1.3 When all the conversions have been made the number of Band D equivalents within the Borough and Parishes is used to determine the council tax charge per Band D property. For example:

To balance its budget the Council needs to raise £3,000,000 from council tax. The council tax base for the whole area is 18,000 Band D equivalents. Therefore the council tax charge per Band D property is $\text{£}3,000,000/18,000 = \text{£}166.66$. This base figure is then used to calculate charges for each property in the different bandings. E.g. Band A = $6/9 = 6/9 \times \text{£}166.66 = \text{£}111.11$.

- 3.1.4 For 2011/12, once all the necessary conversions had been made, the 21,929 properties within the Borough, were converted into 18,849.9 Band D equivalents.

4. POLICY AND CORPORATE IMPLICATIONS

- 4.1 The determination of the council tax base is a statutory requirement and one which has to be determined by the 31 January 2011 for the council tax base for 2011-12.

5. FINANCIAL IMPLICATIONS

- 5.1 The council tax base needs to be determined to enable the Council to set the council tax for 2011-12.

6 LEGAL IMPLICATIONS/POWERS

- 6.1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, contain the rules for the calculation of the council tax base, which is an amount required by the Local Government Finance Act 1992 to be used in the calculation of the council tax by billing authorities and major precepting authorities and in the calculation of the amount of a precept payable by each billing authority to a major precepting authority.
- 6.2 The regulations provide that the prescribed period for notification of the council tax base for 2011-12 to a major precepting authority is the period beginning 1 December 2010 to 31 January 2011.
- 6.3 The determination of the council tax base has previously been a matter which required a Council resolution. Section 67 of the Local Government Act 2003 has amended the Local Government Finance Act 1992 so that a full council meeting is no longer required to adopt the council tax base and it is for each local authority to make its own arrangements for adopting the council tax base. It was resolved at the Council meeting of 14 January 2004 to delegate future decisions regarding the setting of the council tax base to this Committee.

7 COMMUNITY SAFETY

- 7.1 There are no links to community safety.

8 EQUALITIES

- 8.1 There are no equalities issues as the determining of the tax base covers the whole of the Borough.

9 RISKS

9.1 There are no risks as identified by this report

10 CLIMATE CHANGE

10.1 There are no climate change implications arising from this report.

11 CONSULTATION

11.1 None as a result of this report

12 WARDS AFFECTED

12.1 All wards are affected.

Contact Officer : M Bowen
Citizen Well-being Manager

Background Papers
Oracle Revenue Reports RRV708

APPENDIX 1

For the purposes of Section 33 (1) Local Government Finance Act 1992 the Council's council tax base for 2011-12 for the financial year commencing 1 April 2011 is calculated by applying the formula -

$$A \times B = T$$

where -

- A is the total of the relevant amounts for that year for each of the valuation bands which is shown or is likely to be shown for any day in that year in the authority's valuation list as applicable to one or more dwellings situated in its area;
- B is the authority's estimate of its collection rate for that year.
- T is the council tax base for the whole of authority's area

For the purposes of calculating the relevant amounts in A for a financial year beginning on 1 April 2011, for a valuation band is the amount found by applying the formula -

$$(H - (I \times E) + J - K) \times \frac{F}{G} + L$$

where -

- H is the number of chargeable dwellings in the band on the relevant day, calculated by the authority as:
 - (i) the number of dwellings in that band listed in the valuation list on the relevant day; less
 - (ii) its estimate of the number of dwellings which on that day were exempt;

For these purposes the authority is to take account of any alterations to the list which were shown as having effect on that day, or of any alterations which, though not shown on the list, it had been informed of by the listing officer and had effect on that day. It is also to take account of the effect of regulations under section 13 of the 1992 Act ("disabled reductions"), treating a dwelling as being in the band in respect of which the reduced amount is calculated.

- I is its estimate of the number of discounts to which council tax in respect of those chargeable dwellings was subject on the relevant day, treating a discount equal to one appropriate percentage as one, and a discount equal to two appropriate percentages, as two.
- E is the appropriate percentage in section 11 of the 1992 Act (25%)
- J is the amount of adjustment (whether positive or negative) in respect of changes in the number of chargeable dwellings or discounts calculated

by the authority, during the period from the relevant day (ie 30 November in the preceding financial year) to end of the financial year concerned, calculated as **the difference between**

- (i) its estimate of the aggregate number of full year equivalent chargeable dwellings which **are not** on the list on the relevant day but which will be listed in that band for the whole or part of the year, plus
- (ii) its estimate of the discounts which it has estimated **are** applicable on the relevant day but which will not be applicable for the whole or part of the year, expressed as a full year equivalent number, treating a discount equal to one appropriate percentage as one, and a discount equal to two appropriate percentages, as two,

and

- (iii) its estimate of the aggregate of the number of chargeable dwellings which **are** listed in the band on the relevant day but which will not be listed in that band for the whole or any part of the year,

and the number which **are not** exempt on the relevant day (ie were chargeable dwellings in respect of that day) but which will be exempt at any time in the year or that part of the year for which they will be listed, plus

- (iv) its estimates of the number of discounts, other than those which were taken into account for the purposes of item I in the formula above, to which council tax payable in respect of dwellings calculated for item H in the formula or item (i) above, will be subject for the whole or any part of the year, treating a discount equal to one appropriate percentage as one, and a discount equal to two appropriate percentages, as two.

K is the amount of adjustment in respect of the charges for discounts reduced on '2nd home' properties (i.e 10% per property)

L is the amount of adjustment in respect of charges for contributions from Ministry of Defence Properties

F is the number, which in the proportion set out in section 5 (1) of the 1992 Act is applicable to dwellings listed in the relevant band. (Band <A=5, A=6, B=7, C=8, D=9, E=11, F=13, G=15, H=18)

G is the number, which, in that proportion, is applicable to dwellings in valuation band D (9).

3.2 In order to calculate the council tax base for 2011-12 it is necessary to determine a collection rate (item B in the formula). On review of this collection rate a figure of 99.6% is considered an appropriate rate for 2011-12.

3.3 Based on the formula set out in paragraph 3.1 ($A \times B = T$) the council tax base for the whole of the Council's area for 2011-12 is calculated as follows:

$$18,925.60 \times 99.6\% = 18,849.9 \quad (\text{Number of Band D equivalent properties})$$

3.4 The rules for calculating the council tax base for any year for any part of a billing authority's area (eg a parish, or that part of its area to which a special expense relates) are the same as the rules for calculating the council tax base for the whole of the area for that year subject to the following additional rules: -

- (i) Chargeable dwellings and discounts, and contributions in lieu from the Ministry of Defence, are to be taken as only those chargeable dwellings, discounts and contributions in lieu relating to the part for which the council tax base is to be calculated ("the relevant part").
- (ii) if the calculations are made in the period 1 December to 31 January in the year preceding the financial year for which they are being made, they are to be by reference to the valuation list as it stands at 30 November in that preceding financial year (ie the same as calculations of the tax base for the whole of an authority area).
- (iii) if the calculations are made outside this period, they are to be by reference to the copy of the valuation list as it stands on the day on which the calculations are made.
- (iv) the same estimate of its collection rate is to be used as that used for the calculation of the council tax base for the whole of the authority's area.
- (v) the calculations are to be made so as to ensure that the tax base figure for the relevant part, taken together with the tax base figure for the remaining part of the authority's area, is equal to the figure calculated as the council tax base for the whole of the area.

3.5 The details of the calculation of the council tax base for part areas of the Council's area are available in my office for any member to inspect. Based on those calculations the council tax bases for the part areas (ie parishes or a part to which special expenses apply) of the Council's area for 2011-12 are:-

3.6

<u>Part Area</u>	<u>Tax Base</u> Number of Band D Equivalent Properties
<u>Parish</u>	
Ab Kettleby	239.9
Asfordby	1,089.4
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