

Committee: Council Meeting
Date: 17 December 2002
Agenda Item No: 9
Title: COUNCIL TAX BASE CALCULATION 2003/04
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Introduction

- 1 The requirements of the Local Government Finance Act 1992 determine that Billing Authorities must calculate the 'Tax Base' for the Council Tax between 1 December and 31 January in the financial year preceeding that to which the tax base will apply. When the Council has resolved the tax base, Essex County Council and the Essex Police Authority as major Precepting Authorities must be notified of the details before 31 January. The Tax Base is a major factor that will be used in February to calculate the Council Tax for the coming financial year.

Description of the Council Tax

- 2 The Council Tax is a tax on domestic properties with discounts allowed for single adult occupation (certain categories of individuals in the household may be disregarded) and for empty properties. Some properties that are occupied by disabled persons qualify for disabled relief and the Council Tax is charged at one band lower than that shown in the Valuation List. If the property occupied by the disabled person is already shown in the Valuation List as a Band A then the amount chargeable is reduced by 1/9th of the Band D charge.
- 3 Each property has been valued by the Valuation Officer at its estimated market value (with basic assumptions) as at the 1 April 1991 base date and placed into the relevant property band. Each band pays a pre-determined proportion of the charge, with Band 'D' as the national average. Each band therefore can be expressed as a Band 'D' equivalent. The various factors used in band allocations and Band 'D' equivalents are as follows:-

Band	Value	Ratio of Band D
@	Disabled Relief, up to £40,000	5:9
A	Up to £40,000	6:9
B	£40,001 - £52,000	7:9
C	£52,001 - £68,000	8:9
D	£68,001 - £88,000	9:9
E	£88,001 - £120,000	11:9
F	£120,001 - £160,000	13:9
G	£160,001 - £320,000	15:9
H	£320,001 and over	18:9

Basis of Tax Base Calculation

- 4 The numbers of properties currently shown in the Valuation List are divided into Parishes and the numbers adjusted to allow for estimates of demolitions and new properties. Estimates of the number and value of discounts and exemptions are made and adjustments calculated accordingly.

The Council Tax base is calculated by multiplying the adjusted number of properties in each Band by the Ratio of Band D.

The most significant forecasting exercise that has to be undertaken is the estimate of the Council Tax Collection Rate. One of the main factors of the Collection Rate is a requirement to make allowance for bankruptcies, deaths, and other non-recoverable debts. An allowance also needs to be made for changes to bandings by the Valuation Office. The estimate of the Council Tax collection rate was increased from 99.0% for 2001/02 to 99.1% for 2002/2003, the impact of that increase on the Collection Fund deficit/surplus will not be known until the end of this financial year and therefore the estimate will remain at 99.1% for the coming year.

- 5 The detailed formula for the Tax Base calculation is shown in Appendix 1.

Estimated Tax Base 2003/04

- 6 The 2003/04 Tax Base for the Uttlesford area has been calculated to be the equivalent of 29,844.0 Band 'D' properties (29,608.0 in 2002/03).
- 7 The detailed calculation applicable to this Authority's area together with explanatory notes are attached in Appendix 2. The individual Parish details for Band 'D' equivalent properties are listed in Appendix 3.

RECOMMENDED that:

- 1 The report of the Director of Resource's for the calculation of the Council's Tax Base for the year 2003/04 be approved.
- 2 That pursuant to the Director of Resource's report in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amounts calculated by Uttlesford District Council as a Council Tax Base for each part of its area for the year 2003/04 are as listed in Appendix 3.

Basis of Tax Base Calculation

The calculation of the tax base has to conform to the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

- (a) The first stage is to quantify the relevant amount for the financial year for each valuation band. The "relevant amount" represents the estimated full year equivalent number of chargeable dwellings within that band. The formula used is:

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

where

H is the number of chargeable dwellings in that band shown in the valuation list less the estimated number of exempt properties

I is the number of estimated discounts

E is the appropriate discount percentages (25% or 50%)

J is the effect of any adjustments (positive and negative) in chargeable dwellings and discounts

F and G reflects the ratio of the amount payable in respect of each band (This is set by Central Government)

- (b) Having calculated each relevant amount the next stage is to estimate the tax base for the whole of the District by applying the formula:

$$T = A \times B$$

where

T is the Billing Authority's Council Tax base for the financial year

A is the total of the relevant amounts calculated in the first stage (a) above

B is the Authority's estimate of its collection rate for that financial year.

NOTES TO APPENDIX 2

Row

- 1 Total properties banded by the Valuation Officer.
- 2 Exempt dwellings – this includes “Class O” properties (Properties at Carver Barracks) These dwellings are subject to contributions in lieu from the Ministry of Defence and are therefore added back into the calculation at the end.
- 3 Properties entitled to Disabled relief are removed from their current Band.
- 4 Properties entitled to Disabled Relief are brought back in at one Band lower.
- 5 Total number of Chargeable Dwellings after adjustment.
- 6 Number of properties subject to a 25% discount (Single occupier discount)
- 7 Number of properties subject to a 50% discount (No occupiers discount)
- 8 Number of properties entitled to no discounts.
- 9 Net chargeable dwellings, 75% of Row 6 plus 50% of Row 7 plus Row 8.
- 10 Band Ratio weightings applied to each property band.

Band @	=	5:9
Band A	=	6:9
Band B	=	7:9
Band C	=	8:9
Band D	=	9:9
Band E	=	11:9
Band F	=	13:9
Band G	=	15:9
Band H	=	18:9
- 11 Row 9 multiplied by the weightings in Row 10.
- 12 Estimate of additional newly constructed “Band D equivalent properties” (Net of Exemptions and Discounts)
- 13 Total “Band D” equivalents after new properties added.
- 14 Estimated Collection Rate is applied.
- 15 Ministry of Defence properties are Exempt, but contributions in lieu are received.