

CABINET

17 December 2003

COUNCIL TAX BASE 2004/2005

REPORT OF THE DIRECTOR OF FINANCE

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RECENT REFERENCES:

CAB761 'Council Tax Discounts' – 3 December 2003

EXECUTIVE SUMMARY:

The Council is required to approve the Council Tax Base figure for 2004/2005 by 31st January 2004. The Council Tax Base figure is an integral part of the calculations for setting the level of Council Tax, and is the number of chargeable properties as at 1 November 2003, adjusted for certain factors, e.g., single persons' discounts, exemptions etc. This report sets out the factors and the calculations used to arrive at the Council Tax Base for 2004/2005.

RECOMMENDATIONS:

That Cabinet recommend to Council:-

- 1 That the calculations contained in this report for the Council Tax Base for 2004/2005 be approved.
- 2 That in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Winchester City Council for the year 2004/2005 be 44,795.81 properties at Band D equivalent.
- 3 That the amount calculated as the Council Tax Base for each Parish within the area of Winchester City Council and for Winchester Town shall be as stated in Appendix C to this report.

## CABINET

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### COUNCIL TAX BASE 2004/2005

#### DETAIL:

#### 1 Introduction

1.1 Section 67(2) of the Local Government Finance Act 1992 requires that certain functions must be carried out only by the authority, i.e., Winchester City Council, and these include the calculations concerned with setting the Council Tax.

1.2 One of the elements in the calculations and which has to be approved by the Council before 31 January 2004 is the tax base. This report sets out the various factors which have to be taken into account, and provides the calculations as specified in the Local Authorities (Calculation of Council Tax Base) Regulations 1992, to arrive at the tax base for 2004/2005.

#### 2 Tax Base for Revenue Support Grant Purposes

2.1 This is the starting point for calculating the tax base. It includes the number of chargeable properties at the 1st November 2003, based on the Listing Officers Valuation List as at the 16th October 2003. Adjustments are made for single person discounts, properties eligible for two discounts, properties where a disabled person's reduction is applicable, properties that are exempt and Ministry of Defence properties.

#### 3 Allowances Applied

##### 3.1 Discounts, Exemptions and Disabled Reductions

a) There are currently 13,179 taxpayers entitled to a 25% discount, and 997 taxpayers entitled to a 50% discount.

b) There are 1,577 properties exempt from Council Tax, of which 437 are Ministry of Defence (MOD) properties. Although exempt the MOD do pay a contribution in lieu of the Council Tax payable had the property been in private ownership.

c) Disabled reductions have been granted on 134 properties. These properties are billed at one band below that which is shown in the valuation list.

#### 4 New/Altered Dwellings

4.1 An analysis of new and altered dwellings which it is estimated are likely to be completed prior to 31<sup>st</sup> March 2005, shows that approximately 0.44% of the tax base is attributable to new properties.

## 5 Calculation of the Tax Base

The tax base is calculated by applying the formula: -

A x B, where

A. is defined as “the total of the relevant amounts for each of the valuation bands, which is shown or is likely to be shown in the Authority’s valuation list as applicable to one or more dwellings in it’s area”, i.e. the number of chargeable dwellings with certain adjustments.

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

5.1 The calculation for the relevant amounts for the year, beginning 1 April 2004 is shown as Appendix A.

5.2 An estimate of the collection rate is shown in Appendix B (it must be emphasised that the figures used are estimates for this purpose only). One of the factors in estimating the collection rate is an allowance for losses in collection, and for the current year this was estimated at 1.5%. Collection for the current year is on target and with this in mind it would be prudent to make an allowance for losses in collection of 1.5%, as in the current year.

## 6 The Tax Base

6.1 It will be seen from Appendix A that the total of the relevant amounts (total Band D equivalent) is 45,055.36. The estimate of the collection rate is 98.60% as shown in Appendix B. As outlined in paragraph 3.1 although exempt the MOD do pay a contribution in lieu equal to the full tax payable. Therefore the MOD contribution will be 100% of the charge due, the Band D equivalent of the MOD properties is added to the tax base after the collection rate of 98.60% is taken into account.

The tax base is therefore 45,055.36 x 0.986	=	44,424.59
<u>Add</u> Band D equivalent of MOD properties	=	<u>371.22</u>
<b>TOTAL TAX BASE</b>	<b>=</b>	<b>44,795.81</b>

For information the 2003/2004 tax base was 44,409.40.

## 7 Parishes and Winchester Town

7.1 The relevant amounts have been calculated/estimated for each part of the area and the individual tax base calculated. Tax bases for each Parish and Winchester Town are listed in Appendix C.

## 8 Second homes and empty homes

8.1 Cabinet considered the new powers that will be available for 2004/05 to reduce the level of discount awarded in respect of second and empty homes on 3<sup>rd</sup> December. Members were minded, in principle, to reduce the discount in both cases however the potential difficulties were recognised.

- 8.2 Members wished to consider the implications of reducing the discount on second homes to 10% or 25%. If the discount is reduced to 10% the tax base will be 44,937.75. If the discount is reduced to 25% the tax base will be 44,884.52. Further discussions are being held with the precepting authorities and the outcome of these will be reported verbally. This may result in a change to recommendation 2 and in that case a revised schedule showing the tax bases for each Parish and Winchester Town will be presented to Council.
- 8.3 Members also wished to consider reducing the discount on empty homes that have been vacant for over one year – there are 235 such properties. There is no provision within the new regulations concerning empty properties to achieve this. However, it could be achieved by reducing the discount to 0% for all properties and then applying a locally defined discount to those properties that have been vacant for less than one year. There are 376 properties that fall in to this category currently and the full cost (in excess of £200,000) of awarding the 50% discount to these properties would fall on the billing authority. This being the case it is recommended that this approach not be taken.

#### OTHER CONSIDERATIONS:

#### CORPORATE STRATEGY (RELEVANCE TO):

The proposals are linked to the key priority *to maintain budget stability through strong performance and resource management while accommodating the requirements of new legislation and duties.*

#### RESOURCE IMPLICATIONS:

None directly, but the calculation of the tax base is fundamental to the calculation of the Council Tax and to the Council's ability to finance its planned programmes.

#### BACKGROUND DOCUMENTS:

Detailed working papers held in the Finance Department.

#### APPENDICES:

- A. Council Tax Setting – Relevant Amounts.
- B. Estimate of the Collection Rate.
- C. Tax bases for each Parish and Winchester Town.

## APPENDIX A

Council Tax Setting – Relevant Amounts for Winchester (whole area)

Description	Band A disabled relief	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	
Dwellings		1,832.00	5,457.00	10,331.00	8,141.00	7,743.00	5,991.00	4,913.00	617.00	<b>45,025.00</b>
Additions		5.86	3.22	17.02	80.63	48.08	24.93	0.15	0.00	<b>179.89</b>
Reductions		5.00	3.00	4.00	8.00	2.00	1.00	3.00	0.00	<b>26.00</b>
Exemptions		233.00	231.00	477.00	242.00	134.00	64.00	158.00	38.00	<b>1,577.00</b>
Disabled relief	3	5.00	13.00	3.00	-5.00	11.00	-10.00	-11.00	-9.00	<b>0.00</b>
Chargeable dwellings	3	<b>1,604.86</b>	<b>5,239.22</b>	<b>9,870.02</b>	<b>7,966.63</b>	<b>7,666.08</b>	<b>5,940.93</b>	<b>4,741.15</b>	<b>570.00</b>	<b>43,601.89</b>
25% Discounts	1	905.00	3,024.00	3,468.00	2,428.00	1,716.00	1,018.00	567.00	52.00	<b>13,179.00</b>
50% Discounts		116.00	105.00	180.00	189.00	164.00	96.00	104.00	43.00	<b>997.00</b>
Total Discounts @ 25%	1.00	<b>1,137.00</b>	<b>3,234.00</b>	<b>3,828.00</b>	<b>2,806.00</b>	<b>2,044.00</b>	<b>1,210.00</b>	<b>775.00</b>	<b>138.00</b>	<b>15,173.00</b>
Discount reduction	0.25	<b>284.25</b>	<b>808.50</b>	<b>957.00</b>	<b>701.50</b>	<b>511.00</b>	<b>302.50</b>	<b>193.75</b>	<b>34.50</b>	<b>3,793.25</b>
Net Dwellings	2.75	<b>1,320.61</b>	<b>4,430.72</b>	<b>8,913.02</b>	<b>7,265.13</b>	<b>7,155.08</b>	<b>5,638.43</b>	<b>4,547.40</b>	<b>535.50</b>	<b>39,808.64</b>
Ratio to Band D	5/9	6/9	7/9	8/9	1	11/9	13/9	15/9	18/9	
Band D Equivalents	1.53	<b>880.41</b>	<b>3,446.12</b>	<b>7,922.68</b>	<b>7,265.13</b>	<b>8,745.10</b>	<b>8,144.40</b>	<b>7,579.00</b>	<b>1,071.00</b>	<b>45,055.36</b>

**Total band D equivalent 45,055.36**

## APPENDIX B

Estimate of the 2004/2005 Collection RateThe Local Authorities (Calculation of Council Tax Base) Regulations 1992

<b>Collection rate calculation - 2004/2005</b>	<b>Total Aggregate Amount</b>	<b>Aggregate of Amounts likely to be paid</b>
Estimated Gross Debit	51,468,070	1.5% allowances for losses on collection
LESS estimated Council Tax Benefits	3,521,700	
	<b>47,946,370</b>	<b>47,227,174</b>
PLUS transfers to the Collection Fund: Estimated Council Tax Benefits	3,521,700	3,521,700
	<b>51,468,070</b>	<b>50,748,874</b>
LESS estimated transfers from the Collection Fund	0	0
	<b>51,468,070</b>	<b>50,748,874</b>
£50,748,874 expressed as a proportion of £51,468,070 is	98.60%	
<b>The Collection Rate for 2004/2005 is therefore</b>	<b>98.60%</b>	

## APPENDIX C

COUNCIL TAX FOR EACH PARISH AND WINCHESTER TOWN

	<u>TAX BASE</u> <u>ALLOWING FOR</u> <u>COLLECTION</u> <u>RATE</u>	<u>+ MOD BAND D</u> <u>EQUIVALENT</u>	<u>= TAX BASE</u>
Badger Farm	981.27		981.27
Beauworth	53.79		53.79
Bighton	157.72		157.72
Bishops Sutton	208.82		208.82
Bishops Waltham	2,561.59		2,561.59
Boarhunt	228.19		228.19
Bramdean	208.29		208.29
Cheriton	295.91		295.91
Chilcomb	54.18		54.18
Colden Common	1,508.79		1,508.79
Compton and Shawford	726.42		726.42
Corhampton and Meonstoke	336.49		336.49
Crawley	208.21		208.21
Curdrige	592.58		592.58
Denmead	2,545.94		2,545.94
Droxford	317.33		317.33
Durley	427.02		427.02
Exton	122.32		122.32
Hambledon	482.69		482.69
Headbourne Worthy	224.84		224.84
Hursley	408.05		408.05
Itchen Stoke and Ovington	124.24		124.24
Itchen Valley	688.72		688.72
Kilmeston	126.00		126.00
Kings Worthy	1,677.08		1,677.08
Littleton and Harestock	1,413.69	84.28	1,497.97
Micheldever	549.04		549.04
New Alresford	2,194.33		2,194.33
Northington	120.13		120.13
Old Alresford	248.66		248.66
Olivers Battery	749.83		749.83
Otterbourne	676.89		676.89
Owslebury	372.11		372.11
Shedfield	1,572.03		1,572.03
Soberton	782.63		782.63
South Wonston	954.49	200.22	1,154.71
Southwick and Widley	202.84	86.72	289.56
Sparsholt	303.23		303.23
Swanmore	1,234.78		1,234.78
Tichborne	84.11		84.11
Twyford	671.79		671.79
Upham	308.10		308.10
Warnford	106.13		106.13
West Meon	369.87		369.87
Wickham	1,419.54		1,419.54
Whiteley	1,091.03		1,091.03
Winchester Town	13,183.12		13,183.12
Wonston	549.74		549.74
<b>Totals</b>	<b>44,424.59</b>	<b>371.22</b>	<b>44,795.81</b>