

TELFORD & WREKIN COUNCIL

COUNCIL MEETING – 29th JANUARY 2009

SETTING OF THE COUNCIL TAX BASE FOR 2009/10

REPORT OF THE HEAD OF FINANCE

1.0 PURPOSE

1.1 To determine the Council Tax Base for General and Special Fund purposes for the financial year 2009/10.

2.0 RESOLUTIONS

2.1 That the calculation of the tax base for 2009/10 as at 5.6 and Appendix 1 be approved;

2.2 In accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated for Telford and Wrekin Council Tax base for 2009/10 for its special fund area shall be as per the appropriate parish amounts detailed in Appendix 1.

3.0 SUMMARY

Council Tax Base

3.1 In order to determine the appropriate Council Tax levels for the district, it is necessary for the Council to determine the tax base for its area or part of its area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D equivalent level of Council Tax.

3.2 The determining of the tax base must be set between 1st December and 31st January in relation to 2009/10 as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended. The figures used for tax base allow for the continuation of the resolutions in respect of reducing the discounts for empty properties and second homes agreed previously.

4.0 PREVIOUS MINUTES

4.1 Council meeting 31st January 2008

5. COUNCIL TAX BASE INFORMATION

5.1 As members will be aware, the Council Tax is a banded capital value based property tax.

5.2 The main features of the tax are:-

- Each domestic property is allocated to one of 8 bands depending on its capital value which has been set by the Valuation Office Agency.
- Section 5 of the Local Government Finance Act 1992 sets out the range of property values within each band. Associated Regulations determine the relationship between the tax rates for each band.
- A 25 % discount from the full charge is available for single adult households. Certain categories of resident are disregarded in deciding the number of adult residents. These include students, student nurses, youth training trainees, the severely mentally impaired etc. Qualifying criteria must be met before discounts or disregards are allowed.
- A reduction equivalent to one council tax band is available where a resident of a dwelling is disabled and certain facilities are required for meeting the needs of that disabled person. For Band A properties the reduction is equivalent to 5/9ths of the Band D Charge.
- Council Tax Benefit of up to 100% of the full charge is available for those on low incomes.
- The grant system is intended to take account of differences in the needs and taxable capacity of each area.

5.3 The Council Tax Bands range from A to H and the details are as follows:-

Band	House Value (as at April 1991 prices)	Band D Proportion	Telford & Wrekin Properties Spread	% Increase/ Decrease for 09/10
	£	%	%	%
A	Under 40,000	66.7	39.94	-0.13
B	40,001 – 52,000	77.8	26.23	+0.05
C	52,001 – 68,000	88.9	14.37	+0.01
D	68,001 – 88,000	100.0	10.89	+0.00
E	88,001 – 120,000	122.2	6.24	+0.02
F	120,001 – 160,000	144.4	2.82	+0.00
G	160,001 – 320,000	166.7	1.44	+0.05
H	Over 320,000	200.0	0.07	+0.00

5.4 Property Base

There are 67,615 properties in the valuation list for the Telford & Wrekin area. This compares with a figure of 67,222 in the list at the same time last year. There has been an increase of 393 properties, which equates to an increase of 0.6%. Overall there has been a decrease in the percentage of Band A properties and an increase in Band B, C, E and G properties, with the largest increase in Bands B & G.

5.5 Council Tax Base

To arrive at the Council Tax Base, it is necessary to undertake the following calculation in respect of each tax band:

Total number of chargeable dwellings
(Less) Dwellings subject to discounts
= (Equals)
Total equivalent number of properties
X (Multiplied by)
Ratio to Band D
= (Equals)
Relevant Amount (Band D Equivalent)

The relevant amounts for each tax band are then aggregated to arrive at the total for the area.

Finally, an estimated Collection Rate needs to be applied to the resultant figure. This has to be common to the whole area and has to provide for amendments to the Council Tax Banding List, appeals against banding, additional discounts and losses on collection. It is suggested that a figure of 99% be used.

5.6 General Fund Tax Base

This is the estimated tax base for the whole of the area and will be used by Telford & Wrekin to calculate its General Fund Council Tax levy and also by West Mercia Police Authority and the Shropshire Combined Fire Authority to calculate the levy in respect of their precepts.

The tax base for this purpose for 2009/10 is 50,752.5. Using an estimated collection rate of 99%, the tax base becomes **50,245.0**. The detailed build up to this figure by parish is shown in Appendix 1.

5.7 Special Fund Tax Base

This is the estimated base for the Special Fund area, i.e. those areas where Telford & Wrekin Council provides services which, in other areas, are provided by Parish Councils.

For 2009/10 it will be necessary to have two levels of special fund tax. The first tax will be levied on all the parishes in the Special Fund area. The second tax will be levied on those parishes who have opted not to take over responsibility for street lighting in their area.

The Special Fund Council Tax will be set in the full knowledge of the services provided by each individual parish and taking account of the tax base for each parish.

6.0 **EQUALITY & DIVERSITY**

There are no direct equality and diversity implications.

7.0 **ENVIRONMENTAL IMPACT**

7.1 The prevalence of second homes within a community, which are not occupied for much of the time, can have a detrimental effect upon demand for local services such as bus services and rural businesses.

7.2 In respect of long term empty properties the discount after the first 6 months was removed in 2004 and should provide an incentive to owners to ensure properties don't remain empty for a sustained period of time. Some environmental and economic pressures are likely to be alleviated, assisting in the regeneration agenda and the shortage of housing generally in this area.

8.0 **LEGAL COMMENT**

Section 75(1) of the Local Government Act 2003 enabled the Secretary of State to prescribe by regulations classes of dwellings in England where a billing authority may change the level of council tax discount. The Council Tax (Prescribed Classes of Dwellings)(England) Regulations 2003 came into force on 18th December 2003. These regulations allow Billing Authorities to reduce the council tax discount given in respect of second homes to no less than 10% and that in respect of long term empty properties to nil.

9.0 **LINKS WITH CORPORATE PRIORITIES**

Regeneration

10.0 OPPORTUNITIES & RISKS

The opportunities and risks associated with the report have been identified and assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.

11.0 FINANCIAL IMPLICATIONS

The Council Tax Base has a direct impact on the Council Tax that will be levied by the Council for 2009/10 and the level of revenue support grant the Council receives. To assess the full financial implications it is necessary to consider the Council's expenditure for 2009/10 and the grant settlement. These will be addressed in the Service and Financial Planning process for 2009/10.

12.0 WARD IMPLICATIONS

District Wide Implications

13.0 BACKGROUND PAPERS

Local Government Act 2003
CLG Calculation of Council Tax Base Return (CTB1) October 2008
The Council Tax (Prescribed Classes of Dwellings)(England) Regulations 2003

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