

CABINET MEETING – 13 January 2010 EXECUTIVE SUMMARY SHEET – PART I	
Title of Report: Calculation of Council Tax Base.	
Author(s): Director of Financial Resources	
Purpose of Report: To detail the calculation of the Council Tax Base for 2010/2011 and to seek approval to recommend to Council the Council Tax Base for 2010/2011 in accordance with the Local Government Finance Act 1992.	
Description of Decision: Cabinet is recommended to recommend to Council: That the report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2010/2011 be approved. That pursuant to the report, and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, as amended by Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003, the amount calculated by Sunderland City Council as its Council Tax Base for the year 2010/2011, shall be £80,260, and for the area of Hetton Town Council shall be £4,043.	
Is the decision consistent with the Budget/Policy Framework? Yes	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision: To comply with statutory requirements.	
Alternative options to be considered and recommended to be rejected: None.	
Is this a “Key Decision” as defined in the Constitution? Yes	Relevant Scrutiny Committee: Management
Is it included in the Forward Plan? Yes	

Cabinet – 13 January 2010

Calculation of Council Tax Base

Report of the Director of Financial Resources

1. Purpose of Report

- 1.1. To detail the calculation of the Council Tax Base for 2010/2011 and to seek approval to recommend to Council the Council Tax Base for 2010/2011 in accordance with the Local Government Finance Act 1992.

2. Description of Decision

Cabinet is recommended to recommend to Council:

- 2.1 That the report for the calculation of the Tax Bases for the City Council and Hetton Town Council for 2010/2011 be approved.
- 2.2 That pursuant to the report, and in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, and the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003, the amount calculated by Sunderland City Council as its Council Tax Base for the year 2010/2011, shall be £80,260, and for the area of Hetton Town Council shall be £4,043.

3. Background to the Calculation of the Council Tax Base

- 3.1 The Council Tax Base is the estimated number of properties in each valuation band adjusted to take account of the estimated number of discounts, disregards and exemptions. The Council levies a Council Tax on the basis of properties in band D and thus the numbers for each valuation band are adjusted to the proportion which their number is to band D. The Council must then estimate its level of collection for the year and apply this figure to arrive at the Council Tax Base figure.
- 3.2 The Council Tax Base must be calculated for both the Billing Authority and for the Hetton Town Council (a local parish precept). The Billing Authority Tax Base will be used to calculate the Council Tax for the City Council and as the basis for the major precepting authorities (Northumbria Police Authority and Tyne and Wear Fire and Rescue Authority) to determine their precept requirements.
- 3.3 Under the Council Tax (Reductions for Disabilities) Regulations 1992 properties adapted to meet the needs of a disabled person are charged at a rate equal to the next lowest valuation band. For instance a qualifying band C property would be charged at the band B rate. This lower band is described as the 'alternative valuation band'. Prior to 1st April 2000 properties already in band A could not qualify for any disabled reduction as there was not a lower band to be charged at. From the 1st April 2000, however, the regulations were amended to introduce an additional 'alternative valuation band' (below band A) to allow band A properties to qualify for a disabled reduction. Instead of paying the normal band A charge (six-

ninths of the band D charge) a qualifying band A property is now charged at five-ninths of the band D charge. For the purpose of the Council Tax Base calculation it is necessary to show Band A properties which qualify for a disabled reduction as if it was an additional valuation band. In this report the 'additional' valuation band is shown as either (A) or Disabled (A).

4. Calculations of the Billing Authority's Council Tax Base

- 4.1 This calculation is in two parts – 'A' - the calculation of the estimated adjusted band D properties and 'B' - the estimated level of collection.
- 4.2 The calculation of 'A' - the relevant amounts for each band is complex and includes a number of calculations which are shown at Appendix 1.
- 4.3 The relevant amounts 'A' as calculated in Appendix 1 are shown below:

BAND	RELEVANT AMOUNT 'A'
	£ p
Disabled (A)	113.75
A	44,579.67
B	11,500.61
C	12,742.67
D	7,431.25
E	3,261.19
F	1,338.28
G	901.25
H	<u>29.00</u>
	<u>81,897.67</u>

4.4 Calculation of Item 'B' - Estimate of Collection Rate

This element of the formula is to reflect the level of collection anticipated. Last year an anticipated collection rate of 98% was assumed. On the basis of current collection levels it is suggested that the collection rate should remain at 98% for 2010/2011. The position will be kept under review in light of the length and severity of the economic downturn and any associated impact on future collection. It is proposed, as part of the budget for 2009/2010, to utilise 'one-off' insurance savings and specific grants to increase resources for Council Tax collection to seek to ensure at least the current levels are maintained.

4.5 Calculation of Council Tax Base

The Council's Tax Base is therefore:

'A' x 'B'

£81,897.67 x 98% = £80,259.72

(for comparison, the tax base for the current financial year is £80,088.68).

Appendix 2 shows, for Members information, the Tax Base for each property band.

4.6 Reason for the variation in the Tax Base

The main reason for the increase in the Tax Base from 2009/2010 to 2010/2011 of £171.04 (0.21%) is that the Council has carried out a full review of its application of the single persons household discount of 25% in order to ensure that those in receipt of the discount are in fact entitled to receive it.

5. Calculation of Council Tax Base for Hetton Town Council - Local Precept

5.1 The rules for calculating the Council Tax Base for the area covered by Hetton Town Council are similar to those used in calculating the Billing Authority's Tax Base. These detailed calculations are shown in Appendix 3.

5.2 The amounts calculated for each band are shown below:

BAND	RELEVANT AMOUNT 'A'
	£ p
Disabled (A)	7.50
A	2,775.83
B	648.28
C	330.44
D	200.00
E	94.72
F	49.83
G	17.50
H	<u>1.00</u>
	<u>4,125.10</u>

5.3 The same collection rate is required to be used for Parish precepts as for the Billing Authority. The Tax Base for Hetton Town Council is therefore:

$$\begin{aligned} & \text{'A' x 'B' (where 'B' is the estimated collection rate)} \\ & £4,125.10 \times 98\% = £4,042.60. \end{aligned}$$

(for comparison, the tax base for the current financial year is £4,031.53)

Appendix 2 shows, for Members information, the Tax Base for each property band.

6. Background Papers

6.1 Working papers on individual Tax Band calculations.

6.2 Statutory Instrument 2003 No. 3012

6.3 Council Tax Base Report 2009/2010

Calculation of the Billing Authority's Council Tax Base

- 1.1 Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (S.I. 1992 No. 612), and amended by (S.I. 2003 No. 3012), states that a Billing Authority's Council Tax Base for a financial year shall be calculated by applying the formula -

$$'A' \times 'B'$$

Where 'A' is the total of the relevant amounts for each of the Valuation Bands which are shown or likely to be shown in the Authority's Valuation List as at 30 November in the year prior to the year in question and where 'B' is the Authority's estimate of its collection rate for that year.

- 1.2 As stated above, the Council is required to approve the calculation of both items 'A' and 'B' in arriving at its Tax Base.

Calculation of Item 'A' - relevant amounts for each Valuation Band:

- a) Regulation 5 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as amended, states that item 'A' should be calculated by applying the following formula:

$$(H - Q + J) \times (F/G)$$

where H = number of chargeable dwellings
Q = is a factor to take account of discounts of Council Tax payable. It is calculated as $Q = (R \times S)$
R = number of discounts estimated to be payable in respect of these dwellings
S = the percentage relating to discounts
J = adjustment (whether positive or negative) in the numbers of dwellings or discounts during the period
F = the relevant prescribed proportions for each Band
G = the relevant prescribed proportion for Band D

- b) The calculation of each of the above items is, where appropriate, to be made in accordance with paragraph 2-11 of Regulation 5 of the Local Authorities (Calculation of Council Tax Base) Regulations 2003. The different items are to be calculated as follows:

Item H - the number of chargeable dwellings is the sum of:

The number of dwellings listed in each Band in the copy of the Valuation List on the relevant day less an estimate of the number of such dwellings which were exempt on that day.

- 1.4 Applying the figure on the previous page to the calculation $(H - Q + J) \times (F/G)$ produces a relevant amount for each Valuation Band - Item A in Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2003 as follows:

BAND	RELEVANT AMOUNT
	'A'
	£ p
Disabled (A)	113.75
A	44,579.67
B	11,500.61
C	12,742.67
D	7,431.25
E	3,261.19
F	1,338.28
G	901.25
H	29.00
	<u>81,897.67</u>

Appendix 2

Council Tax Base - City of Sunderland

Band	Item 'A'	Item 'B'	Tax Base
	£ p		'A' x 'B'
(A)	113.75	98	111.47
A	44,579.67	98	43,688.08
B	11,500.61	98	11,270.60
C	12,742.67	98	12,487.82
D	7,431.25	98	7,282.63
E	3,261.19	98	3,195.97
F	1,338.28	98	1,311.51
G	901.25	98	883.22
H	29.00	98	28.42
	<u>81,897.67</u>		<u>80,259.72</u>

Council Tax Base - Hetton Town Council

Band	Item 'A'	Item 'B'	Tax Base
	£ p		'A' x 'B'
(A)	7.50	98	7.35
A	2,775.83	98	2,720.31
B	648.28	98	635.32
C	330.44	98	323.83
D	200.00	98	196.00
E	94.72	98	92.83
F	49.83	98	48.83
G	17.50	98	17.15
H	1.00	98	0.98
	<u>4,125.10</u>		<u>4,042.60</u>

Appendix 3

Calculation of Council Tax Base For Hetton Town Council - Local Precept

1.1. The rules for calculating the Council Tax Base for any part of a Billing Authority's area (e.g. Local Parish) are the same as the rules contained in Appendix 1 except that chargeable dwellings and discounts are to be taken for only those dwellings and discounts relating to the area for which the Council Tax Base is to be calculated.

1.2. As in Appendix 1 the rules require the calculations of items 'A' and 'B'.

Item A is calculated by the formula:

$$(H - Q + J) \times (F/G)$$

1.3. The calculations detailed above have been carried out in respect of the Hetton Town Council for each relevant band and the result of the calculations is shown below:

1.4. Tax Base Calculation - Hetton $(H - Q + J) \times (F/G)$

	Disabled Band	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	(A)	A	B	C	D	E	F	G	H
Item H	14	4,799	874	399	208	79	37	12	1
Item R	2	2,505	250	113	40	22	10	6	2
Item S	25	25	25	25	25	25	25	25	25
Item J	0	-9	22	1	2	4	0	0	0
Item F	5	6	7	8	9	11	13	15	18
Item G	9	9	9	9	9	9	9	9	9

BAND RELEVANT AMOUNT

	'A'
	£ p
Disabled (A)	7.50
A	2,775.83
B	648.28
C	330.44
D	200.00
E	94.72
F	49.83
G	17.50
H	1.00
	<u>4,125.10</u>