

# **WIRRAL COUNCIL**

## **CABINET**

**9 DECEMBER 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **CALCULATION OF COUNCIL TAX BASE**

##### **1. EXECUTIVE SUMMARY**

- 1.1. This report details the method used to calculate the Tax Base for the 2010/2011 Council Tax and recommends a figure for tax setting purposes.

##### **2. INTRODUCTION**

- 2.1. The Tax Base is used to calculate the individual amounts of Council Tax that need to be raised to cover expenditure. Within the Council Tax are amounts for the Precepting Authorities (Police and Fire and Rescue). These Authorities are formally advised as to the Tax Base to allow them to calculate their own requirements.
- 2.2. The legislation requiring this calculation is the Local Authorities (Calculation of Council Tax Base) Regulations 1992. This requires the Authority to declare by means of Council resolution the Tax Base it will use to calculate the tax level. Council must make this resolution no later than 31 January in the year preceding the Tax.
- 2.3. The calculations below show the numbers of dwellings in each band. The number of likely discounts, reliefs and exemptions to be awarded is then taken into account. These figures are used with the proportions for each band to arrive at an equivalent number of Band D properties. This equated figure is adjusted for the collection rate and is the Council Tax Base.
- 2.4. The figures used are an estimate based on the Valuation List of 5 October 2009. There will be amendments that need to be undertaken and these continue to take place throughout the year.

##### **3. THE CALCULATION OF THE TAX BASE**

- 3.1. The Valuation List contains 145,446 properties (145,132 in 2008). Within each band there is an assessment made of how many reductions, reliefs and exemptions apply. These reduce the number of dwellings proportionately. 25% discounts for single dwellings, 50% discount for no residency, 100% for exemptions and one band reductions for disabled relief all contribute to this reduction. This figure is then converted to a Band D equivalent by using the ratio of each band charge.

3.2.

|   | VALUE  | No. of Properties | No. of Discounted Dwellings | Band Ratio | Band D Equivalent |
|---|--|-------------------|-----------------------------|------------|-------------------|
| A | Up to £40,000                                | 58,641            | 47,574.25                   | 6/9        | 31,716.2          |
| B | £40 - £52,000                                | 30,900            | 26,997.50                   | 7/9        | 20,998.1          |
| C | £52 - £68,000                                | 27,203            | 24,401.25                   | 8/9        | 21,690.0          |
| D | £68 - £88,000                                | 13,006            | 11,827.50                   | 1          | 11,827.5          |
| E | £88 - £120,000                               | 8,047             | 7,403                       | 11/9       | 9,048.1           |
| F | £120 - £160,000                              | 4,278             | 3,954.50                    | 13/9       | 5,712.1           |
| G | £160 - £320,000                              | 3,102             | 2,872.75                    | 15/9       | 4,787.9           |
| H | Over £320,000                                | 269               | 225.25                      | 18/9       | 450.5             |
|   |  | 145,446           |                             |            | 106,230.4         |
|   | Add contributions for Government Dwellings   |                   |                             |            | 2.0               |
|   | Add Band A Disabled Relief Band D equivalent |                   |                             |            | 51.4              |
|   | <b>Total</b>                                 |                   |                             |            | <b>106,283.8</b>  |

3.3. The total Band D equivalent is then adjusted by the estimate of the collection rate for 2009/2010 to give the Council Tax Base. Having taken into consideration previous experience and current collection rates, I recommend no change in the projected collection rate of 98.5%. The collection rate is the rate that best reflects collection over more than just the current year and will therefore take longer than the following financial year to achieve. I can confirm that all previous year collections have ultimately met or exceeded my projections. I am satisfied that this rate should be achieved for 2010-11.

3.4. The calculation for 2010/2011 is  $106,283.8 \times 98.5\% = 104,690$ .

For information the Tax Base in previous years was as follows:-

|           |         |          |         |          |         |
|-----------|---------|----------|---------|----------|---------|
| 2004/05 : | 103,701 | 2005/06: | 104,582 | 2006/07: | 104,781 |
| 2007/08   | 104,256 | 2008/09: | 104,009 | 2009/10: | 104,276 |

#### 4. SETTING OF THE TAX

4.1. The level of Council Tax is set at each Budget Council. The Budget Council for 2010/2011 is scheduled for 1 March 2010.

#### 5. FINANCIAL IMPLICATIONS

5.1. The approval of the Tax Base allows the Authority to continue with tax collection.

**6. STAFFING IMPLICATIONS**

6.1. There are none arising from this report.

**7. COMMUNITY SAFETY IMPLICATIONS**

7.1. There are none arising from this report.

**8. HUMAN RIGHTS IMPLICATIONS**

8.1. There are none arising from this report.

**9. EQUAL OPPORTUNITY IMPLICATIONS**

9.1. There are none arising from this report.

**10. LOCAL AGENDA 21 IMPLICATIONS**

10.1. There are none arising from this report.

**11. PLANNING IMPLICATIONS**

11.1. There are none arising from this report.

**12. LOCAL MEMBER SUPPORT IMPLICATIONS**

12.1. The report has no specific implications for any Member or Ward.

**13. BACKGROUND PAPERS**

13.1. Local Government Finance Act 1992

13.2. Local Authorities (Calculation of Tax Base) Regulations 1992

13.3. AMA Policy Finance Circular 109/92

**14. RECOMMENDATION**

14.1. That in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the figure calculated as the Council Tax Base for the year 2010/2011 shall be 104,690.

IAN COLEMAN  
DIRECTOR OF FINANCE