



<u>Committee and Date</u>	<u>Item</u>	<u>Paper</u>
<b>Council 10<sup>th</sup> December 2009</b>		

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## **SETTING THE COUNCIL TAX TAXBASE FOR 2010/11**

### **Summary**

In order to determine the appropriate Council Tax levels for the Unitary Authority, it is necessary for the Council to determine the Council Tax taxbase for the area. The budget requirements of the various precepting authorities are divided by this figure to arrive at the Band D Council Tax.

For 2010/11 the Council Tax taxbase will be 107,939.04, this is an increase of 0.88% over 2009/10.

The Council Tax taxbase has a direct impact on the Council Tax that will be levied by the Council for 2010/11 and the level of Revenue Support Grant (RSG) the Council receives. To assess the full financial implications it is necessary to consider the Council's expenditure for 2010/11 and the grant settlement. These will be addressed in the Budget Strategy for 2010/11.

### **Recommendations**

Members are asked:

- A. To approve, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992 as amended, the amount calculated by Shropshire Council as its Council Tax taxbase for the year 2010/11, as detailed in the Appendix to the report, totalling 107,939.04.
- B. To note the inclusion of 430.54 Band D equivalents in the taxbase for continuation of the second homes discount at 10% in accordance with present Council policy.
- C. To note the exclusion of 842.83 Band D equivalents from the taxbase for continuation of the long-term empty properties discount at 50% in accordance with present Council policy.
- D. To note the reduction in the Council Tax income raised of £997,690 as a result of continuation of the long-term empty properties discount at 50%.
- E. To approve a collection rate for 2010/11 of 98.50%.

## REPORT

### Background

1. Shropshire Council has responsibility for determining the Council Tax taxbase for the Council's geographical area.
2. The taxbase for Council Tax must be set between 1<sup>st</sup> December 2009 and 31<sup>st</sup> January 2010 in relation to 2010/11 as prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended.
3. The Council is also required to inform the major precepting authorities, West Mercia Police Authority and Shropshire & Wrekin Fire Authority, of the taxbase in order to enable the calculation of Council Tax for the following year. Each town and parish council is also notified of its own Council Tax taxbase.
4. The purpose of this report, therefore, is to determine and approve the Council Tax taxbase for Shropshire Council for 2010/11.

### Second Homes and Long-Term Empty Properties Discretionary Discount Policies

5. The Local Government Act 2003 gave councils new discretionary powers to reduce the 50% Council Tax discount previously awarded in respect of second homes with effect from 1<sup>st</sup> April 2004. Second homes are defined as furnished properties which are not occupied as someone's main residence and include furnished properties that are unoccupied between tenancies. Councils retain the additional income raised by reducing the second homes Council Tax discount.
6. The figures used for the 2010/11 Council Tax taxbase allow for the continuation of the decision previously approved by Council to award a 10% Council Tax discount in respect of second homes. Continuation of this policy results in the inclusion of 430.54 Band D equivalents in the taxbase.
7. The Act also gave councils new discretionary powers to reduce or remove the 50% Council Tax discount previously awarded in respect of long-term empty properties with effect from 1<sup>st</sup> April 2004. Empty properties, i.e. properties which are unoccupied and unfurnished, are initially exempt from Council Tax for up to six months. A property is classed as long-term empty if it has been empty and unfurnished for more than six months and does not qualify for an exemption.
8. The figures used for the 2010/11 Council Tax taxbase also allow for the continuation of the decision previously approved by the Council to retain the full 50% Council Tax discount awarded in respect of long-term empty properties. Continuation of this policy results in the exclusion of 842.83 Band D equivalents from the taxbase and a consequential reduction in the Council Tax income raised of £997,690.

## Taxbase Calculation

9. Based on the valuation list, the Council Tax taxbase is the number of dwellings in the area falling within each Council Tax property valuation band, modified to take account of the adjustments set out below. Taxbase is expressed as a Band D equivalent.
10. An analysis of Council Tax Bands within Shropshire Council is detailed below:

Property Band	House Value	Ratio to Band D	Analysis of Dwellings on the Valuation List (as at 14 September 2009)	% Increase / (Decrease) Over 2009/10
A	Under £40,000	6/9	19.2	1.0
B	40,001 - 52,000	7/9	25.7	1.1
C	52,001 - 68,000	8/9	20.8	0.7
D	68,001 - 88,000	9/9	14.5	0.6
E	88,001 - 120,000	11/9	10.7	0.6
F	120,001 - 160,000	13/9	5.7	0.8
G	160,001 - 320,000	15/9	3.2	0.7
H	Over 320,000	18/9	0.2	0.3

11. There are 131,808 properties in the valuation list for the Shropshire Council area. This compares with a figure of 130,737 in the list at the same time last year. There has been an increase of 1,071 properties, which equates to 0.8%. There has been an increase in the percentage of all property Bands.
12. The methodology followed for calculating the taxbase is similar to that followed by the five borough and district councils in previous years and by Shropshire Council last year. In general terms this is as follows:
- Ascertain the number of dwellings in each Council Tax band (A to H) shown in the valuation list as at 14 September 2009.
  - Adjust for estimated changes in the number of dwellings through new build, demolitions and exemptions.
  - The number of discounts and disabled relief allowances which apply as at 5 October 2009.
  - Convert the number of dwellings in each Council Tax band to Band D equivalents by using the ratio of each band to Band D and so arrive at the total number of Band D equivalents for the Council.
  - Adjust the total number of Band D equivalents by the estimated Council Tax collection rate for the year.

These calculations are undertaken for each property band in each parish.

### **Collection Rate**

13. In determining the taxbase, an allowance has to be made to provide for changes to the taxbase during the year (e.g. due to new properties, appeals against banding, additional discounts, etc.) as well as losses on collection arising from non-payment. This is achieved by estimating a Council Tax collection rate for the year and must be common to the whole area.
14. A collection rate of 98.5% was assumed for the 2009/10 financial year and it is recommended that a collection rate of 98.5% should also be assumed for the purpose of determining the Council Tax taxbase in 2010/11.
15. If the actual rate exceeds 98.5% a surplus is generated, which is shared between the Unitary Council, West Mercia Police Authority and Shropshire & Wrekin Fire Authority, pro rata to their demand on the Collection Fund for the relevant year. Conversely, any shortfall in the collection rate results in a deficit, which is shared in a similar manner. The surplus or deficit is taken into account in setting the Council Tax in the following year.

### **2010/11 Council Tax Taxbase**

16. The estimated Council Tax taxbase for the whole of the area will be used by this Council to calculate its Council Tax Levy. It will also be used by West Mercia Police Authority and Shropshire & Wrekin Fire Authority to calculate the levy in respect of their precepts.
17. The Council Tax taxbase for this purpose is 107,939.04 Band D equivalents. The detailed build up to this figure analysed by both parish and town council and Environment Agency region is shown in the Appendix to the report.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
<b>Human Rights Act Appraisal</b> None.
<b>Environmental Appraisal</b> None.
<b>Risk Management Appraisal</b> This is a well understood albeit complex process and any potential for error is mitigated to a large extent by adhering to the relevant legislation and through independent checks on the working papers.
<b>Community / Consultations Appraisal</b> None.
<b>Cabinet Member / Implementation Executive</b> Keith Barrow, Leader of the Council.
<b>Local Member</b> N/A.
<b>Appendices</b> 2010/11 Parish and Town Council Council Tax Taxbase Summary for Shropshire Council.