

DETERMINATION OF THE COUNCIL'S TAX BASE FOR 2005/06

REPORT TO CORPORATE MANAGEMENT COMMITTEE ON 2ND DECEMBER, 2004

1. Purpose of Report

- 1.1 The Local Government Finance Act 1992 requires each billing authority to determine its Council Tax base before 31 January, 2005. The purpose of this report is to set out the relevant calculations and recommend the tax base to be determined.

2. Background

- 2.1 The Tax Base establishes the basis upon which precepting authorities calculate their demand on each Council Tax payer. When the Council approves its net budget requirement in February, the result will be divided by the Council Tax Base to determine the Council's tax demand.
- 2.2 Under section 84 of the Local Government Act 2003, a full Council meeting is no longer required to adopt the Council Tax base that is used when setting Council Taxes. The determination can now be delegated by the Authority in accordance with section 101 of the Local Government Act 1972.
- 2.3 Surrey County Council and the Surrey Police Authority undertake similar calculations, but in their case the Council Tax Base is the sum of the tax bases of all the Surrey Districts.

3. The Calculation

- 3.1 The Tax Base calculation is set out in full on the third page of this Appendix. It takes as its starting point the 32,373 dwellings that appear on the Listing Officer's valuation list as at 11th October 2004. These are aggregated by band.
- 3.2 This figure is adjusted to reflect the estimated changes to the list that will take place between now and the end of 2005/06. These are:-
- a) An estimate of the full year effect of new dwellings being added to the list. The estimate of 208 is based on an assessment of the developments currently taking place in the Borough averaged over the year.
 - b) The effect of disabled persons' reductions. Eligible persons will have their charge reduced by the amount of one band on their property. The estimate of 163 is based on the numbers currently in receipt of disabled persons' relief.
 - c) An estimate of the number of properties that will be demolished or removed from the list of dwellings.
 - d) There are 1,217 properties in the Borough subject to 100 per cent exemption. This category includes dwellings which are unfit, those whose only adult residents are students and six month exemptions on dwellings left empty by deceased persons or where they are undergoing structural repair.
- 3.3 The next stage in the calculation is to take account of the discounts and exemptions to which people will be entitled:-
- i) 9,789 dwellings have only a single adult resident. These people will have their bills discounted by 25% thereby reducing the tax base by 2,447.
 - ii) There are 732 dwellings that have no adult residents and currently attract a discount of 50%. However, it is proposed to exercise the Council's discretion to reduce the discounts for second homes and long-term empty homes with effect from 1 April 2005. This will leave only 45 dwellings attracting a 50% discount: these are

dwellings in which the adult residents are disregarded for Council Tax purposes (e.g because they are mentally impaired). This reduces the tax base by 22.5.

- iii) There are 291 dwellings that are classified as second homes. It is proposed to reduce the discount on these dwellings from 50% to the statutory minimum of 10% with effect from 1 April 2005.
- iv) It is proposed to grant no discount for long-term empty homes with effect from 1 April 2005. This means that the 396 dwellings in this category will be liable for 100% of the Council Tax.
- iv) The remaining 20,820 dwellings are liable to pay 100% of the Council Tax.

3.4 The totals for each band are then multiplied by the proportions applicable to each band, namely:-

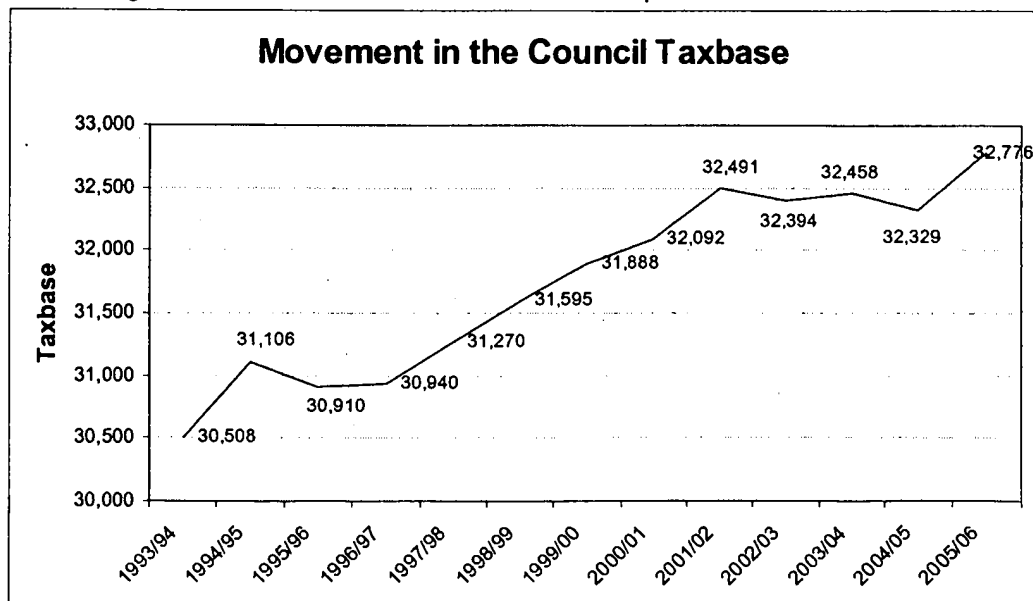
Band	Disabled	A	B	C	D	E	F	G	H
Proportion	5/9ths	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths

3.5 Allowance needs to be made for voids and non collection. The allowance assumed during the current financial year is 98¼ per cent. Non-collection amounts to less than ½ per cent and, based on the experience of previous years, it is considered that the total allowance should remain at 98¼ per cent for 2005/06. This compares with the Government's assumption of 98% that is included in the revenue support grant calculation. Using a rate of 98¼% produces a total of 32,733.16 Band D equivalent properties.

3.6 To this figure needs to be added the number of Band D equivalent dwellings that are exempt because they are occupied by armed forces personnel. 50 properties fall into this category which in total produce a Band D weighted number of 43.2. The Ministry of Defence makes a contribution for these properties equivalent to the Council Tax that would otherwise be charged. The addition of these properties produces a final tax base of 32,776.

4. Comparison with previous years

4.1 The following table shows the movement that has taken place in the tax base since 1993/94.



4.2 The increase in the tax base from 2004/05 to 2005/06 is mainly due to the decision to reduce discounts for second homes and long-term empty homes.

COUNCIL TAX BASE CALCULATION 2005/06

	PROPERTY BANDS										
	A	B	C	D	E	F	G	H	Total		
	(disabled)										
Number sent by the Listing Officer	0	1,487	1,179	5,354	10,118	6,647	3,724	2,893	971	32,373	
ADJUSTMENTS											
(a) Full year effect of new dwellings added to the list		1	30	70	48	19	11	15	14	208	
(b) Disabled reductions - banding reduced by one band	0	0	-2	-15	-41	-42	-33	-25	-5	-163	
	0	2	15	41	42	33	25	5		163	
(c) Demolitions / Removed from the list	0	0	0	-13	-10	0	0	0	0	-23	
(d) Exemptions	0	-66	-61	-253	-474	-173	-76	-60	-54	-1,217	
Estimated chargeable dwellings	0	1,424	1,161	5,184	9,683	6,484	3,651	2,828	926	31,341	
Number of dwellings	0	725	722	2,617	3,074	1,480	654	447	70	9,789	
- entitled to a 25% discount	0	0	0	1	6	6	13	16	3	45	
- where the Council has exercised a discretion											
- second homes discounts @ 10%		27	12	44	50	44	18	45	51	291	
- empty homes discounts @ 0%		37	28	102	94	47	32	34	22	396	
- other dwellings with 100% liability	0	635	399	2,420	6,459	4,907	2,934	2,286	780	20,820	
Equivalent number of dwellings	0.00	1,240.05	979.30	4,524.85	8,906.50	6,106.60	3,479.20	2,703.75	901.90	28,842.15	
Proportion of Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9		
Number of Band D equivalent dwellings	0.00	826.70	761.70	4,022.10	8,906.50	7,463.60	5,025.50	4,506.30	1,803.80	33,316.20	
Allowance for voids & non collection @ 98.25%	0.00	812.23	748.37	3,951.71	8,750.64	7,332.99	4,937.55	4,427.44	1,772.23	32,733.16	
ADD Contributions in lieu for MOD property										43.20	
Tax base										32,776.36	