

SETTING THE COUNCIL TAX FOR 2014/15

1. Background

Sections 31A to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 provide for the calculation of a billing authority's Council Tax in accordance with specified formulae.

2. Key Issues

2.1 Council Tax Requirement

The Borough Council's recommended Council Tax Requirement for its own purposes is £5.264 million.

2.2 Feckenham Parish Council Precept

In calculating its Council Tax Requirement a billing authority has to take account of the amount of any precept issued to it for the year concerned by a local precepting authority. Feckenham Parish Council has notified the Borough Council that its precept for 2014/15 will be £8,300.

2.3 Local Government Finance Bill and Business Rates Retention Scheme

From 2013/14 the Council will retain 50% of the business rates they collect locally; 50% will be paid over to the government and will be returned to local authorities as Revenue Support Grant, after any reductions in the total amount are made to enable the government to achieve its public expenditure targets. A system of top-ups and tariffs has been established to allow locally retained business rates to be redistributed from high business rate yield authorities to low yield authorities. Local authorities will be able to retain a proportion of business rate growth or conversely will experience a fall in resources if the business rate base declines.

2.4 Collection Fund Surplus

Under Sections 97(3) and 97(4) of the Local Government Finance Act 1988 any estimated surplus or deficit on the collection fund at the 31st of March 2014 is to be taken into account by the billing authority in calculating its Council Tax for the year beginning the 1st of April 2014. It is estimated that there will be a £264,826 surplus at the 31st of March.

2.4 Collection Fund Tax Base

With the introduction of the Council Tax Support Scheme, the base has been calculated and adjusted by the estimated amount of Council Tax Support discounts awardable.

The Council Tax support is estimated using data as at 30th November 2013. The Council will receive a grant for the financial year for an estimated 90% of Council Tax Support payable; this will be set and not varied with changes in the number of discounts awarded under the Council Tax Support

The Executive meeting on the 15th of January 2014 set the Council Tax Base for 2014/15 at 24,656.96 Band D equivalent properties for the whole of the Borough. The calculation is reproduced later in this appendix.

2.6 Calculation of the Borough Council Element of the Council Tax for 2014/15

This is prescribed by formulae contained in Sections 31B and 34 of the Act. The results of applying the formulae to the above data are detailed later in this appendix.

The average Council Tax for Redditch (excluding local precepts) will be £213.49 as detailed in the Appendix subject to any further decisions taken by the Committee. When compared to the 2013/14 tax there is a 1.9% increase.

The Council Tax Requirement has increased by 5.6%, whereas the external funding provided by the Government has decreased by 11.8% when compared to the actual Formula Grant for 2013/14.

Redditch Borough Council Tax Base 2014/15

	Number of dwellings Band D equivalent	Changes in base (discounts etc)	1% Non- collection	Tax base
Redditch Borough Council total	30,849.44	-5,943.42	-249.06	24,656.96
Parish of Feckenham	403.67	-35.21	-3.68	364.78
Rest of the Borough	30,445.77	-5,908.21	-245.38	24,292.18

Calculation of the Council Tax 2014/15

**Stage 1 - Calculation of tax for Band D assuming no parish area
(Section 31(B)(1) Local Government Act 1992)**

Formula: $\frac{R}{T}$

Where: R = Council Tax Requirement
T = Council Tax base

$$\frac{\pounds 5,264,113}{24,656.96} = \pounds 213.4940 \text{ (Basic Amount of Tax)}$$

**Stage 2 - Calculation of tax for Band D for areas with no parish
precept (Section 34(2) Local Government Act 1992)**

Formula: $B - \frac{A}{T}$

Where: B = Basic Amount of Tax
A = Parish Precepts
T = Tax base

$$\pounds 213.4940 - \frac{\pounds 8,300}{24,656.96} = \pounds 213.1574$$

**Stage 3- Calculation of tax for Band D for areas with parish precept
(Section 34(3) Local Government Act 1992)**

Formula: $C + \frac{S}{TP}$

Where: C = Council Tax for areas without parish precept
S = Parish Precept
TP = Tax base for parish

$$\pounds 213.1574 + \frac{\pounds 8,300}{364.78} = \pounds 235.9108$$

Stage 4 - Calculation of tax for valuation bands (Section 36 Local Government Act 1992)

Formula: $A \times \frac{N}{D}$

Where: A = Council Tax for Band D
N = Valuation Band proportion
D = Band D proportion

Band	Proportion	Redditch	Feckenham
A	6/9	£142.10	£157.27
B	7/9	£165.79	£183.49
C	8/9	£189.47	£209.70
D	1	£213.16	£235.91
E	11/9	£260.53	£288.34
F	13/9	£307.89	£340.76
G	15/9	£355.26	£393.18
H	18/9	£426.31	£471.82