

## SETTING THE COUNCIL TAX FOR 2010/11

### 4. Background

Sections 33 to 36 of the Local Government Act 1992 provide for the calculation of a billing authority's Council Tax in accordance with specified formulae.

### 5. Key Issues

#### 5.1 Budget Requirement

Part A of this report details the Authority's 2010/11 general Fund Budget Requirement. The Borough Council's recommended Budget Requirement is £12.214 million.

#### 5.2 Feckenham Parish Council Precept

In calculating its Budget 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 2010/11 will be £8,300. The total budget requirement for 2010/11 will therefore be £12,222,769.

#### 5.3 Revenue Support Grant (RSG) and Redistributed Non Domestic Rates (NDR)

The Minister of State has announced that Redditch's RSG entitlement for 2010/11 will be £818,847.

Local businesses pay rates calculated by multiplying their rateable value by a national multiplier (specified by the government). The Council collects the proceeds (as agents of the government) which are pooled nationally and redistributed back to local authorities on the basis of a fixed amount per head of population. Redditch's entitlement for 2010/11 has been set at £5,639,079.

#### 5.4 Collection Fund Surplus

Under Section 97(3) of the Local Government Finance Act 1988 any estimated surplus or deficit on the collection fund at the 31st of March 2010 is to be taken into account by the billing authority in calculating its Council Tax for the year beginning the 1st of April 2010. The surplus at the 31st of March is estimated to be £73,037 (as calculated in Part C of this report).

## 5.5 Collection Fund Tax Base

The Council meeting on the 27th of January 2010 set the Council Tax Base for 2010/11 at 27,470.42 Band D equivalent properties for the whole of the Borough. The calculation is reproduced at Appendix B1 of Part B for information.

## 5.6 Calculation of the Borough Council Element of the Council Tax for 2010/11

This is prescribed by formulae contained in Sections 33 and 34 of the Act. Appendix B2 of Part B details the results of applying the formulae to the above data.

The average Council Tax for Redditch will be £209.49 as detailed in the Appendix subject to any further decisions taken by the Committee. When compared to the 2009/10 tax this represents a 2.5% increase.

The Budget Requirement has increased by 1.75%, whereas the external funding (RSG and redistributed NDR) provided by the Government has increased by 0.5%, when compared to the actual Formula Grant for 2009/10.

# Council

# Appendix B

22nd February 2010

## Appendix A

### REDDITCH BOROUGH COUNCIL TAX BASE 2010/11

	Band A-	Band A	Band B	Band C	Band D
Number of dwellings	0	7,459	11,601	7,137	4,177
Valuation List changes during year			14	114	
Exempt dwellings	0	-263	-223	-141	-52
Net disabled relief	12	40	-16	-11	-3
<b>Number of chargeable dwellings</b>	<b>12</b>	<b>7,236</b>	<b>11,376</b>	<b>7,099</b>	<b>4,122</b>
Number of dwellings entitled to 25% discount	4	4,238	3,813	1,872	896
Number of dwellings entitled to 50% discount	0	90	95	46	28
Number of dwellings entitled to no discount	8	2,908	7,454	5,067	3,198
Discount deduction	1.00	1,104.50	1,000.75	491.00	238.00
<b>Net chargeable dwellings</b>	<b>11.00</b>	<b>6,131.50</b>	<b>10,375.25</b>	<b>6,608.00</b>	<b>3,884.00</b>
Ratio to Band D	5/9	6/9	7/9	8/9	1
<b>Relevant Amount (Band D equivalent)</b>	<b>6.11</b>	<b>4,087.67</b>	<b>8,069.64</b>	<b>5,873.78</b>	<b>3,884.00</b>

	Band E	Band F	Band G	Band H	Total
Number of dwellings	3,106	1,117	423	21	35,041
Valuation List changes during year					0
Exempt dwellings	-37	-10	-5	0	-731
Net disabled relief	-7	-13	2	-4	0
<b>Number of chargeable dwellings</b>	<b>3,062</b>	<b>1,094</b>	<b>420</b>	<b>17</b>	<b>34,438</b>
Number of dwellings entitled to 25% discount	424	148	39	1	11,435
Number of dwellings entitled to 50% discount	18	10	12	2	301
Number of dwellings entitled to no discount	2,620	936	369	14	22,574
Discount deduction	115.00	42.00	15.75	1.25	3,009.25
<b>Net chargeable dwellings</b>	<b>2,947.00</b>	<b>1,052.00</b>	<b>404.25</b>	<b>15.75</b>	<b>31,428.75</b>
Ratio to Band D	11/9	13/9	15/9	18/9	
<b>Relevant Amount (Band D equivalent)</b>	<b>3,601.89</b>	<b>1,519.56</b>	<b>673.75</b>	<b>31.50</b>	<b>27,747.90</b>
			Collection rate		99.00%
			<b>Tax base</b>		<b>27,470.42</b>

## Calculation of the Council Tax 2010/11

### Stage 1 - Calculation of tax for Band D assuming no parish area (Section 33 Local Government Act 1992)

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

Where: R = Budget Requirement  
P = Revenue Support Grant, NDR plus less deficit on the collection fund  
T = Tax base

$$\frac{\underline{\pounds 12,222,769} - \underline{\pounds 6,468,126}}{27,470.42} = \pounds 209.4851 \text{ (Basic Council Tax)}$$

### 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 Council Tax  
A = Parish Precepts  
T = Tax base

$$\pounds 209.4851 - \frac{\underline{\pounds 8,300}}{27,470.42} = \pounds 209.1829$$

### 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

$$\pounds 209.1829 + \frac{\underline{\pounds 8,300}}{363.54} = \pounds 232.0140$$

## 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	£139.46	£154.68
B	7/9	£162.70	£180.46
C	8/9	£185.94	£206.23
D	1	£209.18	£232.01
E	11/9	£255.67	£283.57
F	13/9	£302.15	£335.13
G	15/9	£348.64	£386.69
H	18/9	£418.37	£464.03