

SETTING THE COUNCIL TAX FOR 2011/12

3. Background

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

4. Key Issues

4.1 Budget Requirement

Part A of this report details the Authority's 2011/12 general Fund Budget Requirement. The Borough Council's recommended Budget Requirement is £10.483 million.

4.2 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 2011/12 will be £7,800. The total budget requirement for 2011/12 will therefore be £10,491,288.

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

The Minister of State has announced that Redditch's RSG entitlement for 2011/12 will be £1,108,936.

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 2011/12 has been set at £3,587,596.

4.4 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 2011 is to be taken into account by the billing authority in calculating its Council Tax for the year beginning the 1st of April 2011. The surplus at the 31st of March is estimated to be £142,983 (as calculated in Part B of this report).

4.5 Collection Fund Tax Base

The Executive meeting on the 12th of January 2011 set the Council Tax Base for 2011/12 at 27,569.18 Band D equivalent properties for the whole of the Borough. The calculation is reproduced later in this appendix.

4.6 Calculation of the Borough Council Element of the Council Tax for 2011/12

This is prescribed by formulae contained in Sections 33 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 will be £209.18 as detailed in the Appendix subject to any further decisions taken by the Committee. When compared to the 2010/11 tax there is no increase.

The Budget Requirement has decreased by 14.2%, whereas the external funding (RSG and redistributed NDR) provided by the Government has decreased by 27.3% when compared to the actual Formula Grant for 2010/11.

Executive Committee

Part A

21st February 2011

REDDITCH BOROUGH COUNCIL TAX BASE 2011/12

	Band A-	Band A	Band B	Band C	Band D
Number of dwellings		7,482	11,629	7,185	4,186
Valuation List changes during year			67	19	18
Exempt dwellings		-240	-209	-125	-53
Net disabled relief	14	40	-16	-13	-6
Number of chargeable dwellings	14	7,282	11,471	7,066	4,145
Number of dwellings entitled to 25% discount	6	4,232	3,809	1,912	902
Number of dwellings entitled to 50% discount		98	105	42	34
Number of dwellings entitled to no discount	8	2,952	7,490	5,093	3,191
Discount deduction	1.50	1,107.00	1,004.75	499.00	242.50
Net chargeable dwellings	12.50	6,175.00	10,466.25	6,567.00	3,902.50
Ratio to Band D	5/9	6/9	7/9	8/9	1
Relevant Amount (Band D equivalent)	6.94	4,116.67	8,140.42	5,837.33	3,902.50

	Band E	Band F	Band G	Band H	Total
Number of dwellings	3,111	1,122	416	21	35,152
Valuation List changes during year			6		110
Exempt dwellings	-25	-9	-5		-666
Net disabled relief	-4	-13	2	-4	0
Number of chargeable dwellings	3,082	1,100	419	17	34,596
Number of dwellings entitled to 25% discount	441	166	48	1	11,517
Number of dwellings entitled to 50% discount	19	9	12	1	320
Number of dwellings entitled to no discount	2,622	925	353	15	22,649
Discount deduction	119.75	46.00	18.00	0.75	3,039.25
Net chargeable dwellings	2,962.25	1,054.00	401.00	16.25	31,556.75
Ratio to Band D	11/9	13/9	15/9	18/9	
Relevant Amount (Band D equivalent)	3,620.53	1,522.44	668.33	32.50	27,847.66
			Collection rate		99.00%
			Tax base		27,569.18

Calculation of the Council Tax 2011/12

**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 surplus on the
collection fund
T = Tax base

$$\frac{\pounds 10,491,288 - \pounds 4,716,488}{27,569.18} = \pounds 209.4658 \text{ (Basic Council Tax)}$$

**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

$$\pounds 209.4658 - \frac{\pounds 7,800}{27,569.18} = \pounds 209.1829$$

**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

$$\pounds 209.1829 + \frac{\pounds 7,800}{367.29} = \pounds 230.4195$$

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	£153.61
B	7/9	£162.70	£179.22
C	8/9	£185.94	£204.82
D	1	£209.18	£230.42
E	11/9	£255.67	£281.62
F	13/9	£302.15	£332.83
G	15/9	£348.64	£384.03
H	18/9	£418.37	£460.84