



# **Town & Parish Council Seminar 25 November 2014**

## **Use of the Tax Base and Calculation of the Precept**

# Welcome and Introduction

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**Deputy Executive Member for Corporate Resources and**  
**Lead Member for Localism**

# Framework Aims

- Improve community access to and satisfaction with services;
- Provide greater local influence over services;
- Maintain and enhance standards;
- Enhance the role of local councils in their communities;
- Generate greater community pride in local areas;
- Promote engagement of local communities in local government; and
- Achieve 'value for money'

# Options for towns and parishes

- **Delegation**
- **Delivery**
- **Joint delivery**
- **Influence**

# Enhancing local services

Safety cameras

Graffiti removal

Community facilities/  
village halls

Street furniture and advertising boards

Grass cutting

Play areas and open space

Gritting local roads

Defibrillators

Street cleaning

Parking solutions

Public conveniences

Winter salt bags

Traffic Regulation Orders

Markets

Dog Control Orders

# Joint Funding

- Traffic Regulation Orders
- Rural Match Funding
- Transfer of costs/assets
- One-off partnership schemes
- Exchange of service



# **Town and Parish Councils Council Tax Seminar 25 November 2014**

# How we calculate the taxbase

- Taxbase

- Represents the measure of the number of dwellings to which Council Tax is chargeable in an area or part of an area e.g. a Parish
- Used to calculate a billing authority's and major precepting authority's Band D Council tax
- Used to determine the actual amount of Council Tax (CT) that will be received from residents in the year

- Calculation principles

- The calculation uses the number of chargeable dwellings in each band on the valuation list on a specified day of the previous year
- Adjusted for the number of discounts and reductions for disability, including the number of Council Tax Support discounts
- Adjusted for a %age of non-collection
- Includes a forecast for new housing development



# How taxbase works

- The Taxbase converts all tax paying properties into a "Band D equivalent"
- Uses the standard Band ratios – e.g. Band H = 2 x Band D, Band A = 6/9 x Band D etc
- This then allows for the total tax take to be calculated by simply multiplying the taxbase by the charge per dwelling

- Example (1)

100 Band D properties in your area, charge £5 per Band D dwelling,  
Taxbase = 100,  
The total CT raised =  $100 \times £5 = £500$

- Example (2)

100 Band D and 50 Band H properties, charge £5 per Band D dwelling,  
Taxbase =  $(100 \times 1) + (50 \times 2) = 200$ ,  
Total CT raised =  $(100 \times £5) + (50 \times 2 \times £5) = £1,000$ ,  
Can also be arrived at by using  $200 \times £5 = £1,000$

# Council Tax charge for each household / dwelling

- Taxbase at Band D equivalent calculated
- Total Precept for Town / Parish Determined
- Council Tax for a Band D household is calculated by dividing total Precept by Taxbase
- Council Tax for other Bands calculated using the standard ratios
- In a perfect situation this will recover exactly the total Precept from residents. However various issues such as non-payment, discounts and in-year changes to the Taxbase can mean a different amount is collected. CBC also bear the admin costs of collection and bad debts.

# Example Calculations (1)

Parish sets the same precept, with no change in the Taxbase				
	2014/15	2015/16		%age change
Precept (£)	10,000	10,000	No %age change in the precept	0.0%
divided by the Taxbase	2,000	2,000		0.0%
equates to the CT charge (£)	5.00	5.00	No %age change in the C Tax	0.0%

## Example Calculations (2)

Parish sets the same precept, with an increase in the Taxbase				
	2014/15	2015/16		%age change
Precept (£)	10,000	10,000	No %age change in the precept	0.0%
divided by the Taxbase	2,000	2,200		10.0%
equates to the CT charge (£)	5.00	4.55	%age reduction in the C Tax	-9.1%

In this example, the total amount of precept required remains unchanged but as it is collected on an increased tax base, the charge per dwelling is reduced.

## Example Calculations (3)

Parish sets the same precept, with a reduction in the Taxbase				
	2014/15	2015/16		%age change
Precept (£)	10,000	10,000	No %age change in the precept	0.0%
divided by the Taxbase	2,000	1,800		-10.0%
equates to the CT charge (£)	5.00	5.56	%age increase in the C Tax	11.1%

In this example, the total amount of precept required remains unchanged but as it is collected on a reduced tax base, the charge per dwelling is increased.

## Example Calculations (4)

Parish sets a revised precept, with no change in the Taxbase				
	2014/15	2015/16		%age change
Precept (£)	10,000	11,000	%age increase in the precept	10.0%
divided by the Taxbase	2,000	2,000		0.0%
equates to the CT charge (£)	5.00	5.50	%age increase in the C Tax	10.0%

In this example, the total precept is increased by 10% and the charge per dwelling is also increased by 10% as the tax base is unchanged.

## Example Calculations (5)

Parish sets a revised precept, with an increase in the Taxbase				
	2014/15	2015/16	%age change	
Precept (£)	10,000	10,200	%age increase in the precept	2.0%
divided by the Taxbase	2,000	2,200		10.0%
equates to the CT charge (£)	5.00	4.64	%age reduction in the C Tax	-7.3%

## Example Calculations (6)

Parish sets a revised precept, with a reduction in the Taxbase				
	2014/15	2015/16		%age change
Precept (£)	10,000	9,180	%age reduction in the precept	-8.2%
divided by the Taxbase	2,000	1,980		-1.0%
equates to the CT charge (£)	5.00	4.64	%age reduction in the C Tax	-7.3%



# Precept calculator (slide 1)

## TOWN and PARISH COUNCIL PRECEPT CALCULATOR

**Method 1** To calculate the charge per Band D dwelling at the precept you require, use the table below

Please enter your own figures in the yellow box only.

	2014/15	2015/16	% change
<b>Precept (£)</b>	10,000	11,000	10.0%
<b>divided by</b>			
<b>Tax base</b>	2,000	2,050	
<b>equates to</b>			
<b>Band D CT charge (£)</b>	5.00	5.37	7.3%

You can decide on the total amount of precept to be raised and the calculator will work out the charge per dwelling

# Precept calculator (slide 2)

**Method 2** To calculate the precept using the Band D charge per dwelling you require, use the table below

Please enter your own figures in the yellow box only.

	2014/15	2015/16	% change
Precept (£)	10,000	10,250	2.5%
divided by			
Tax base	2,000	2,050	
equates to			
Band D CT charge (£)	5.00	5.00	0.0%

You can decide on the charge per dwelling and the calculator will work out the amount of precept that will be raised

# Precept calculator (slide 3)

## NOTES / INSTRUCTIONS

White boxes - These are locked down with the 14/15 numbers & the recently set 15/16 Taxbase

Yellow boxes - to be completed by the Parish / Town Councils:

<b>Method 1</b>	Enter the required precept value for 15/16
<b>Method 2</b>	Enter the required Council Tax charge for 15/16

Blue boxes - outcome of the Parish / Town Council entries:

<b>Method 1</b>	The %age change in total precept requirement (£ at cell H6) is worked out for you, & the %age Council Tax charge per Band D property (evident at cell F14) is also worked out for you.
<b>Method 2</b>	The %age change in total precept requirement (£ at cell H6) is worked out for you, & the %age Council Tax charge per Band D property (evident at cell F14) is also worked out for you.

# Central Bedfordshire Council

## – example of a Taxbase calculation breakdown (ABC Town Council)

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Actual number of properties	210	465	927	669	501	396	118	10
less: exemptions *	7	9	9	4	4	1	2	0
less: Disabled reduction (this band)	0	0	5	4	2	4	1	1
plus: Disabled reduction (next band)	0	5	4	2	4	1	1	
<b>A</b> Net number of properties	<b>203</b>	<b>461</b>	<b>917</b>	<b>663</b>	<b>499</b>	<b>392</b>	<b>116</b>	<b>9</b>
<b>B</b> less: Single person households	157	251	339	192	93	51	9	0
<b>C</b> less: 50% empty property discount	0	0	0	0	0	0	1	0
<b>D</b> plus: Properties subject to a Levy	2	2	1	2	0	1	0	0
<b>E</b> less: Council Tax Support	59.90	51.85	86.70	19.86	6.79	0.92	0.00	0.00
<b>F</b> plus: Forecast new properties before 31/3/14	0	0	2	10	1	1	0	0
<b>G</b> plus: Forecast new properties - 1/4/2014-31/3/2015	0	0	15	30	10	2	0	0
<b>H</b> Effective number of properties	104.85	347.40	753.70	618.42	474.58	380.74	113.25	9.00
Appropriate fraction	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
<b>J</b> Effective number of Band D properties	69.90	270.20	669.96	618.42	580.04	549.96	188.75	18.00
<b>K</b> Total number of Band D properties	2,965.23							
less: Allowance for non-collection at 1%	29.65							
Band D total for parish	2,935.58		<b>Rounded to</b>	<b>2,936</b>				

\* excluding MOD properties

H [effective number of properties] is calculated as  $A - (B/4) - (C/2) + (D/2) - E + F + (G/2)$

K [total number of Band D properties] is the sum of each band's effective number of Band D properties in row J



# Questions?



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## **Use of the Tax Base and Calculation of the Precept**