

Town & Parish Council Seminar 25 November 2014

Use of the Tax Base and Calculation of the Precept

Welcome and Introduction

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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



Joint Funding

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



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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 = $2 \times Band D$, Band A = $6/9 \times Band D$ 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	%		
divided by the Taxbase	2,000	2,000	0.09	%		
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 of					
Precept (£)	10,000	10,000	No %age change in 0.0% the precept		
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 sar	ne precept, with a re	duction in the Taxba	se	
	2014/15	2015/16	%age chan	ge
Precept (£)	10,000	10,000	No %age change in the precept	
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 10.0% the precept		
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)

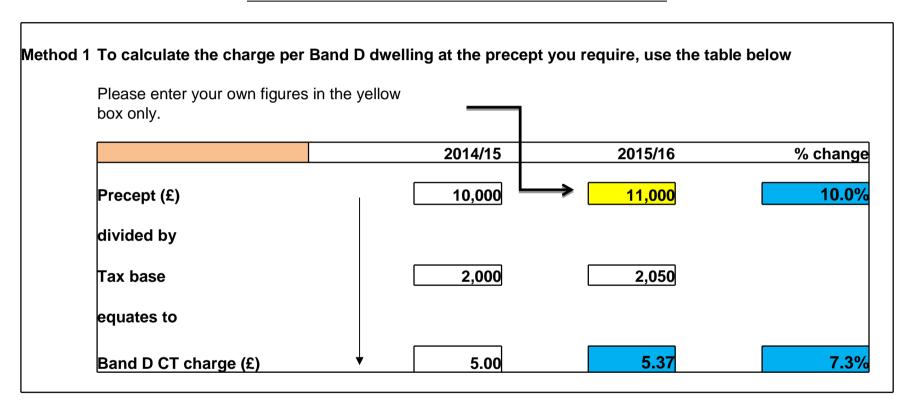
	ed precept, with an i	%age chang	
Precept (£)	10,000	10,200	%age increase in 2.0% the precept
divided by the Taxbase	2,000	2,200	10.0%
equates to the CT charge (£)	5.00	4.64	%age reduction in the C Tax -7.3%

Example Calculations (6)

Parish sets a revis	ed precept, with a re	duction in the Taxba	se		
	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%	

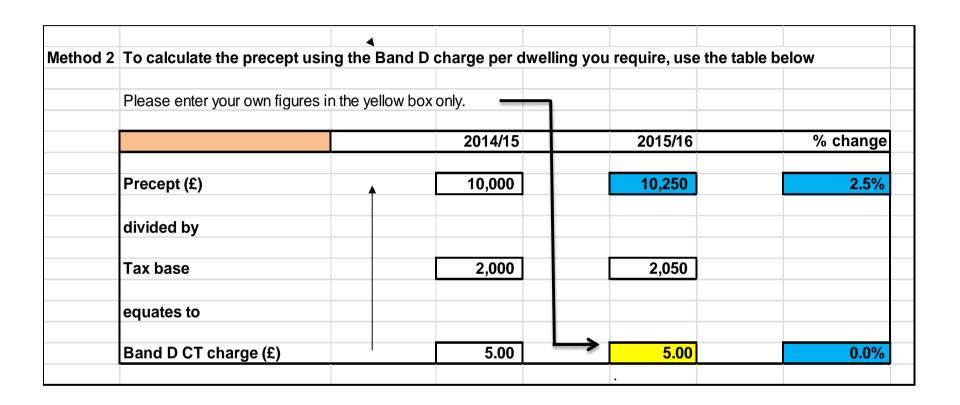
Precept calculator (slide 1)

TOWN and PARISH COUNCIL PRECEPT CALCULATOR



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)



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:					
Method 1	Enter the required precept value for 15/16				
Method 2	Enter the required Council Tax charge for 15/16				

Blue boxes - outcome of the Fentries:	Parish / Town Council
Method 1	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.
Method 2	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	
A	Net no	umber of properties	203	461	917	663	499	392	116	9
В	less:	Single person households	157	251	339	192	93	51	9	0
C	less:	50% empty property discount	0	0	0	0	0	0	1	0
D	plus:	Properties subject to a Levy	2	2	1	2	0	1	0	0
Ε	less:	Council Tax Support	59.90	51.85	86.70	19.86	6.79	0.92	0.00	0.00
F	plus:	Forecast new properties before 31/3/14	0	0	2	10	1	1	0	0
G	plus:	Forecast new properties - 1/4/2014-31/3/2015	0	0	15	30	10	2	0	0
Н	Effecti	ive number of properties	104.85	347.40	753.70	618.42	474.58	380.74	113.25	9.00
	Appro	priate fraction	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
J	Effective number of Band D properties		69.90	270.20	669.96	618.42	580.04	549.96	188.75	18.00
K	Total number of Band D properties		2,965.23							
	less:	Allowance for non-collection at 1%	29.65							
	Band I	D total for parish	2,935.58		Rounded to	2,936				

^{*} 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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