

Calculation of Tax Base

1. Calculation of Tax Base

- 1.1 The valuation of properties for Council Tax purposes is carried out by the Valuation Office Agency.
- 1.2 For Council Tax purposes each property is placed in a band based on its open market value as at 1st April 1991. The bands are as follows: -

Range of Values Band	Valuation
Values not exceeding £40,000	A
Values exceeding £40,000 but not exceeding £52,000	B
Values exceeding £52,000 but not exceeding £68,000	C
Values exceeding £68,000 but not exceeding £88,000	D
Values exceeding £88,000 but not exceeding £120,000	E
Values exceeding £120,000 but not exceeding £160,000	F
Values exceeding £160,000 but not exceeding £320,000	G
Values exceeding £320,000	H

- 1.3 The Tax Base is calculated in terms of the equivalent number of Band 'D' properties after discounts and exemptions have been taken into account. There are statutory ratios which determine the proportion of the band D charge that will be charged for a property in each band. The ratios are as follows:

A = 6/9ths	E = 11/9ths
B = 7/9ths	F = 13/9ths
C = 8/9ths	G = 15/9ths
D = 1	H = 18/9ths

- 1.4 The standard Council Tax is set in relation to Band 'D' properties, this will mean that somebody living in a Band 'A' property pays 2/3rds of the standard amount whilst somebody in a Band 'H' property pays twice the standard amount.
- 1.5 The full Council Tax charge is based on the assumption that the property is occupied by two or more adults. However, some properties are exempt from any charge, and others qualify for a discount. In determining the Tax Base the following discounts and exemptions are taken into account: -

a) Single Person Discount

Where only one adult lives in the property the Council Tax bill for that property is reduced by 25%. A full and comprehensive review of all of these discounts is undertaken during the year.

b) Status Discounts

For the purpose of determining the number of adults living in the property certain categories of people are not taken into account. Examples include:

- Full time students and student nurses
- Recent school leavers
- People with severe mentally impairment
- People living in a nursing or care home
- Certain care workers
- People in prison

Where the number of adults to be counted after allowing these disregards is one, a 25% discount is allowed. Where the number of adults is nil a 50% discount is allowed. Status discounts are reviewed during the year.

c) Empty Properties

Properties that are unoccupied, but not exempt, are currently entitled to a reduced 10% discount which was previously approved by the Assembly.

d) Exemptions

There are 23 categories of property which are exempt. The main exemptions that apply in Barking and Dagenham are:

- Unoccupied properties (for the first six months they are unoccupied)
- Properties undergoing major repairs
- Properties left unoccupied because the occupier has died
- Properties occupied only by full time students
- Properties occupied only by people with severe mental impairment.

Exemptions are reviewed regularly during the year.

e) Reductions for People with Disabilities

Under certain circumstances, a property that is the home of a person with a disability is charged at the rate for the band below that which would normally be charged. For properties in band A the charge is reduced by 1/9th of the band D charge.

- 1.6 The calculation of the Council Tax Base for Formula Grant Purposes is required to be submitted to the department for Communities and Local Government each year. The calculation was submitted on 15th October 2010 and the tax base for Grant purposes was 54,323.4 band D equivalent properties.
- 1.7 For the purposes of setting the tax base for calculating the Council Tax, the information to be used is that recorded in the valuation list and the Council Tax records as at 1st December 2010. The number of band D equivalents for each property band at that date is shown below with a comparison to the figures at the time the tax base was set for 2010-11.

2010-11		Band	2011-12	
Last Year Totals	Band 'D' Equivalents		Total	Band 'D' Equivalent
4.50	2.5	A*	4.50	2.5
5,625.80	3,750.5	A	5,715.85	3810.6
8,755.55	6,809.9	B	8945.50	6,957.6
37,415	33,257.8	C	37954.80	33737.6
7,363.8	7,363.8	D	7444.30	7444.3
1,505.35	1,839.9	E	1497.40	1830.2
311.8	450.4	F	309.05	446.4
39.8	66.3	G	39.65	66.1
6.7	13.4	H	6.40	12.8
61,028.30	53,554.5		61,917.45	54,308.1

*Disabled person's reductions

2. Adjustments

2.1 When determining the tax base for the purpose of setting the Council Tax an allowance must be made for a number of factors such as:

- New properties expected to be completed
- Properties expected to be demolished
- Anticipated change to the number of discounts and exemptions
- An allowance for non-collection

2.2 For 2011-12, adjustments are required in respect of new properties, changes to exemptions and discounts, and the allowance for losses on collection. The adjustments, expressed as band D equivalents, are shown below.

Basic tax base at 1 st December 2010	54,308.1
Anticipated effect of new properties	+390.7
Adjustment for anticipated demolitions	-72.9
Anticipated effect of changes to discounts and exemptions	-271.5
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	54,354.4
Losses on collection allowance at 3.0%	-1,630.6
Final Tax Base for 2011-12	<hr/> 52,723.7

2.3 The losses on collection allowance for 2011-12 has been assessed as 3.0% which is the same as the previous year.

2.4 When compared to the Tax Base for 2010-11 of 51,630.5, there has been an increase equivalent to 1,093.2 band D properties (2.1% of the Tax Base).

2.5 Predictions of the change to the tax base over the course of 2011-12 have taken account of the current economic climate which indicates an improvement in the number of developments and building of new properties in 2011-12.

3. Single Person Discount

- 3.1 During 2010-11 a review of single person discounts has been completed in conjunction with the National Fraud Office which has resulted in the removal of over 369 discounts. The removal of the discounts has been reflected in the detailed calculation of the tax base in Appendix A/1.
- 3.2 All single person discounts are reviewed annually to ensure that the tax base is accurate and up to date.
- 3.3 A fully detailed calculation of the tax base is contained in **Appendix A1**