



**NORTHAMPTON**  
**BOROUGH COUNCIL**

**Council**  
25 February 2005

Item No.

**5**

Portfolio: Financial Strategy &  
Performance

Directorate: Strategic Resources

Author/Contact Officer:  
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**COUNCIL TAX**  
**2005/06**

**Purpose**

To present to the Council, for approval, the statutory calculations required to determine the Council Tax for 2005/06

**Recommendation(s)**

That the Council determine the Council Taxes and Special Expenses as set out in the report.

***It is important to note that at the time of going to press, the Police Authority and County Council precept figures are provisional and indicative only, and subject to change when the formal precepts are determined. A revised statement will be circulated at Council if required.***

1. **Background**

- 1.1. The fixing of the Council Tax is a mechanical process, once the individual elements of the calculation are in place.
- 1.2. The precepts are collated from the following authorities, and divided by the relevant taxbase for that area.
- Northamptonshire County Council
  - Northamptonshire Police Authority
  - Northampton Borough Council – General Expenses
  - Northampton Borough Council – Special Expenses (including Parish Precepts)
- 1.3. This produces a Band D Council Tax for each authority and for each area. A standard multiplier is applied to the Band D figures to produce the Council Tax rates for Bands A to C and E to H.
- 1.4. The rates for the various authorities are then aggregated to produce a Council Tax for each Band within each area.
- 1.5. In order to fix the Council Tax, the Council is required to perform certain calculations, which form the resolution on the Council Agenda.

2. **Tax Base**

- 2.1. The Tax Base for each area has already been determined by the Council as follows.

	<b><u>Tax Base</u></b> <b><u>2005/06</u></b>	<b><u>Tax Base</u></b> <b><u>2004/05</u></b>
Billing	2,591	2,626
Collingtree	511	489
Duston	5,211	5,253
Great Houghton	287	289
Hardingstone	757	760
Upton	276	217
Wootton	5,992	5,924
Northampton (Unparished)	<u>47,802</u>	<u>47,463</u>
Northampton Borough	<u>63,427</u>	<u>63,021</u>

3. **Council Tax Collection Fund Surplus/Deficit**

- 3.1. The Council Tax Collection Fund receives the income generated by the Council Tax, and pays the precepts to the precepting authorities in cash terms.
- 3.2. Since the precepts are fixed, but the income depends on the collection performance and other factors, there is inevitably a surplus (or deficit) generated on the Collection Fund.

- 3.3. The Council is required by statute to make an estimate on 15<sup>th</sup> January each year as to the anticipated surplus at 31<sup>st</sup> March that year. This surplus is distributed to the major precepting and billing authorities pro rata to the previous year's precepts. I estimate the Collection Fund Deficit at 31<sup>st</sup> March 2005 to be £60,001.

	<u>Precepts</u> <u>2004/05</u> <u>£</u>	<u>Precepts</u> <u>2003/04</u> <u>£</u>
Northamptonshire County Council	52,513,587	49,665,520
Northamptonshire Police Authority	9,417,217	8,134,788
Northampton Borough Council	<u>11,044,430</u>	<u>10,446,596</u>
	<u>72,975,234</u>	<u>68,246,904</u>
	<u>Surplus/</u> <u>Deficit(-)</u> <u>2005/06</u> <u>£</u>	<u>Surplus/</u> <u>Deficit(-)</u> <u>2004/05</u> <u>£</u>
Northamptonshire County Council	-43,177	-546,220
Northamptonshire Police Authority	-7,743	-89,466
Northampton Borough Council	<u>-9,081</u>	<u>-114,891</u>
	<u>-60,001</u>	<u>-750,577</u>

#### 4. **Special Expenses**

- 4.1. Special Expenses are defined as expenses that are applicable to only part of an authority's area, such as the expenses of Parish Councils.
- 4.2. The Council resolved on 4<sup>th</sup> January 1993 that certain elements of its own expenditure were to be treated as Special Expenses. This resolution remains in force.
- 4.3. The various Parish Councils have co-operated in funding Borough Council expenses in parish areas by way of grants. In the case of Billing and Wootton Parish Councils, only part of the Borough Council's Special Expenses are funded by a Parish Grant. The detailed calculations which generate the special expenses are summarised in Appendix A attached
- 4.4. Special Expenses can thus be categorised as Parish Council Expenses, Borough Council Expenses financed by Parishes, and Borough Council Expenses not financed by Parishes.

	<u>2005/06</u>	<u>2004/05</u>
	<u>£</u>	<u>£</u>
<u>Parish Council Expenses</u>		
Billing	55,030	37,789
Collingtree	8,000	7,000
Duston	76,213	73,281
Great Houghton	16,674	16,187
Hardingstone	22,250	18,100
Upton	2,000	3,000
Wootton	<u>290,000</u>	<u>270,000</u>
	<u>470,167</u>	<u>425,357</u>
<u>Borough Council Expenses met by Parishes</u>		
Billing	16,500	16,000
Collingtree	170	178
Duston	29,617	29,226
Great Houghton	585	615
Hardingstone	2,003	2,100
Wootton	<u>43,943</u>	<u>47,765</u>
	<u>92,818</u>	<u>95,884</u>
Total Parish Precepts	<u>562,985</u>	<u>521,241</u>
<u>Borough Council Expenses not met by Parishes</u>		
Billing	54,018	51,454
Wootton	2,432	
Northampton (Unparished Area)	<u>827,398</u>	<u>851,603</u>
	<u>883,848</u>	<u>903,057</u>
Grand Total Special Expenses	<u>1,446,833</u>	<u>1,424,298</u>

5. **Borough Council Precept**

- 5.1. The Borough Council's precept derives from the Budget. Starting from the Adjusted Budget Requirement and adjusting for Parish Precepts, Government Grants and other prescribed calculations, the Borough Precept before and after Special Expenses is shown below.

	<u>2005/06</u>	<u>2004/05</u>
	<u>£</u>	<u>£</u>
Adjusted Budget Requirement	27,086,750	26,144,769
Add Parish Precepts	<u>562,985</u>	<u>521,241</u>
Budget Requirement	27,649,735	26,666,010
Less Government Grants	<u>16,221,025</u>	<u>15,736,471</u>
	11,428,710	10,929,539
Proportion of Council Tax Deficit/(Surplus)	<u>9,081</u>	<u>114,891</u>
Borough Council Precept	11,437,791	11,044,430
Less Special Expenses	<u>1,446,833</u>	<u>1,424,298</u>
Precept excluding Special Expenses	<u>9,990,958</u>	<u>9,620,132</u>

6 **Major Precepts**

6.1 The major precepting authorities and the Borough Council each levy a charge on the Collection Fund, which must be recovered by the General element of the Council Tax. The amount of these precepts is as follows :-

	<u>2005/06</u>	<u>2004/05</u>	
	<u>£</u>	<u>£</u>	<u>%</u>
Northamptonshire County Council (Estimate – subject to change)	54,355,414	52,513,587	3.5
Northamptonshire Police Authority (Estimate - subject to change)	9,715,114	9,417,217	3.2
Northampton Borough Council	<u>9,990,958</u>	<u>9,620,132</u>	<u>3.9</u>
Sub total to be recovered from General Council Tax	74,061,486	71,550,936	3.5
Special Expenses	<u>1,446,833</u>	<u>1,424,298</u>	<u>1.6</u>
Total Precepts	<u>75,508,319</u>	<u>72,975,234</u>	<u>3.5</u>

7 **The Council Tax**

7.1 **Basic Council Tax**

The Basic Council Tax for Northampton Borough Council is derived by dividing the Total Borough Council Precept including Special Expenses (paragraph 5.1 above) by the Tax Base (paragraph 2.1 above). The Basic Council Tax is a standard measure of the Council Tax levels, although no properties in the town are actually levied at that rate, due to the operation of Special Expenses.

	<u>2005/06</u>	<u>2004/05</u>	
	<u>£</u>	<u>£</u>	<u>%</u>
Northampton Borough Council	180.33	175.25	2.9

7.2 **General Council Tax**

The General Council Tax is derived by dividing the individual precepts in paragraph 6.1 above by the Tax Base defined in paragraph 2.1 above.

	<u>2005/06</u>	<u>2004/05</u>	
	<u>£</u>	<u>£</u>	<u>%</u>
Northamptonshire County Council (Estimate – subject to change)	856.98	833.27	2.8
Northamptonshire Police Authority (Estimate – subject to change)	153.17	149.43	2.5
Northampton Borough Council	<u>157.52</u>	<u>152.65</u>	<u>3.2</u>
	<u>1,167.67</u>	<u>1,135.35</u>	<u>2.8</u>

### 7.3 Special Expenses

The adjustment to the General Council Tax for Special Expenses is produced by dividing the total amount of Special Expenses for an area (paragraph 4.4) by the Tax Base for that area (paragraph 2.1).

	<u>2005/06</u>	<u>2004/05</u>	
	<u>£</u>	<u>£</u>	<u>%</u>
Billing	48.46	40.08	20.9
Collingtree	15.99	14.68	8.9
Duston	20.31	19.51	4.1
Great Houghton	60.14	58.14	3.4
Hardingstone	32.04	26.58	20.5
Upton	7.25	13.82	-47.5
Wootton	56.14	53.64	4.7
Northampton (Unparished Area)	17.31	17.94	-3.5

### 7.4 Total Council Tax

The Total Council Tax for a Band D property is therefore the sum of the relevant charge from paragraph 7.3, and the general charge from paragraph 7.2., as listed below

	<u>2005/06</u>	<u>2004/05</u>	
	<u>£</u>	<u>£</u>	<u>%</u>
Billing	1,216.13	1,175.43	3.5
Collingtree	1,183.66	1,150.03	2.9
Duston	1,187.98	1,154.86	2.9
Great Houghton	1,227.81	1,193.49	2.9
Hardingstone	1,199.71	1,161.93	3.3
Upton	1,174.92	1,149.17	2.2
Wootton	1,223.81	1,188.99	2.9
Northampton (Unparished Area)	1,184.98	1,153.29	2.7
Average Band D charge	1,190.48	1,157.95	2.8

### 7.5 Council Tax by Band

The Council Tax for each Band is produced by multiplying the Band D Tax by a given factor. A full exemplification of the Council Tax for each Band in each of the various areas of the Borough is shown at Appendix B attached, together with a comparison to the current year's charge.

### 7.6 Rounding Errors

The scaling of Band D charges to charges for the other Bands is actually performed at Authority level. This can introduce rounding errors at the Chargepayer level.

### 7.7 Average Council Tax

The Band D Council Tax is a standard measure of the local tax. However, the average tax charged is less than the Band D standard, due to the greater number of Band A to C properties.

	<u>2005/06</u>	<u>2004/05</u>	
	<u>£</u>	<u>£</u>	<u>%</u>
NCC Element	653.50	638.26	2.4
Police Element	116.80	114.46	2.0
NBC Element	<u>137.51</u>	<u>134.24</u>	<u>2.4</u>
	<u>907.81</u>	<u>886.96</u>	<u>2.4</u>
No of Properties	83,176	82,276	1.1
Taxbase	63,427	63,021	0.6

The percentage change in the average Council Tax is different from that of the Basic Council Tax due to the mix of new properties coming into use, and variations in the levels of single occupancy and empty property.

The average Council Tax is obtained by dividing the precept by the number of properties. The Basic Council Tax is obtained by dividing the precept by the Tax Base.

The number of properties in the Borough increased by 1.1% from 2004/05 to 2005/06, while the Tax Base increased by 0.6% over the same period. This variation represents the changing pattern of bands of properties currently being built, compared to the traditional property mix in the Borough.

### 7.8 Collection Fund

A summary of the estimated position on the Collection Fund is attached as Appendix C

## 8 Resource Implications

- 8.1 The Service Delivery Budget for 2005/06, as approved, includes the consequences of setting the Council Tax in accordance with this report.

**R Bowmer**  
**Head of Financial Strategy**  
**(Acting as Chief Finance Officer)**

## Appendix A

<u>Special Expenses</u>	<u>Billing</u>	<u>Collingtree</u>	<u>Duston</u>	<u>Great Houghton</u>	<u>Hardingstone</u>	<u>Upton</u>	<u>Wootton</u>	<u>Unparished Area</u>	<u>Total</u>
<b>Council Tax Base</b>	2,591	511	5,211	287	757	276	5,992	47,802	63,427
<b>Expenditure Details</b>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<b>a) Parish Council Expenditure</b>	55,030	8,000	76,213	16,674	22,250	2,000	290,000		470,167
<b>b) Borough Council Expenditure</b>									
Bellinge Community House									
Basic	1,409								1,409
\$ Parish Council	16,500								16,500
Community Centres	26,078		12,556					327,738	366,372
Parks & Open Spaces	26,531	170	17,061	585	2,003		46,375	499,660	592,385
<b>Total Borough Council Expenditure</b>	<b>70,518</b>	<b>170</b>	<b>29,617</b>	<b>585</b>	<b>2,003</b>	<b>0</b>	<b>46,375</b>	<b>827,398</b>	<b>976,666</b>
<b>Funded by</b>									
Parish	16,500	170	29,617	585	2,003		43,943		92,818
Borough Council	54,018						2,432	827,398	883,848
	<b>70,518</b>	<b>170</b>	<b>29,617</b>	<b>585</b>	<b>2,003</b>	<b>0</b>	<b>46,375</b>	<b>827,398</b>	<b>976,666</b>
<b>c) Total Special Expenses</b>	<b>125,548</b>	<b>8,170</b>	<b>105,830</b>	<b>17,259</b>	<b>24,253</b>	<b>2,000</b>	<b>336,375</b>	<b>827,398</b>	<b>1,446,833</b>
<b>d) Total Parish Precepts</b>	<b>71,530</b>	<b>8,170</b>	<b>105,830</b>	<b>17,259</b>	<b>24,253</b>	<b>2,000</b>	<b>333,943</b>		<b>562,985</b>
<b>Council Tax Band D Equivalent</b>									
<b>e) Parish Council Expenditure</b>	21.24	15.66	14.63	58.10	29.39	7.25	48.40		
<b>f) NBC Expenditure Funded by Parish</b>	6.37	0.33	5.68	2.04	2.65		7.74		
<b>g) NBC Expenditure Funded by NBC</b>	20.85							17.31	
<b>h) Total Special Expenses</b>	<b>48.46</b>	<b>15.99</b>	<b>20.31</b>	<b>60.14</b>	<b>32.04</b>	<b>7.25</b>	<b>56.14</b>	<b>17.31</b>	

The Borough Council Expenditure details above have been identified by extraction from the Council's budget for 2005/06 and are in respect of the areas shown. All figures have been discounted by 59.73%, representing the share of Council expenditure directly borne by Government in its contribution towards Council Expenditure. The exception to this rule is the grant to Bellinge Community House (marked \$) which is funded in total by the residents of Billing Parish, at the instigation of the Parish Council.

	£	
Adjusted Budget Requirement	27,156,218	
External Support	16,221,024	
Net from Council Tax	<u>10,935,194</u>	40.27 %



## Analysis of Council Tax by Band

## Appendix B

<u>Area</u>	<u>Band A</u> <u>(6/9)</u> £	<u>Band B</u> <u>(7/9)</u> £	<u>Band C</u> <u>(8/9)</u> £	<u>Band D</u> <u>(9/9)</u> £	<u>Band E</u> <u>(11/9)</u> £	<u>Band F</u> <u>(13/9)</u> £	<u>Band G</u> <u>(15/9)</u> £	<u>Band H</u> <u>(18/9)</u> £
<b><u>2005/06</u></b>								
Billing	810.75	945.88	1081.00	1216.13	1486.38	1756.64	2026.88	2432.26
Collingtree	789.10	920.62	1052.14	1183.66	1446.70	1709.74	1972.76	2367.32
Duston	791.98	923.98	1055.98	1187.98	1451.98	1715.98	1979.96	2375.96
Great Houghton	818.54	954.96	1091.39	1227.81	1500.66	1773.51	2046.35	2455.62
Hardingstone	799.80	933.11	1066.41	1199.71	1466.31	1732.92	1999.51	2399.42
Upton	783.28	913.82	1044.37	1174.92	1436.02	1697.11	1958.20	2349.84
Wootton	815.87	951.85	1087.83	1223.81	1495.77	1767.73	2039.68	2447.62
Unparished Area	789.98	921.65	1053.31	1184.98	1448.31	1711.64	1974.96	2369.96
<b><u>2004/05</u></b>								
Billing	783.62	914.22	1044.83	1175.43	1436.64	1697.84	1959.05	2350.86
Collingtree	766.68	894.47	1022.25	1150.03	1405.59	1661.15	1916.71	2300.06
Duston	769.90	898.22	1026.54	1154.86	1411.50	1668.13	1924.76	2309.72
Great Houghton	795.66	928.27	1060.88	1193.49	1458.71	1723.92	1989.15	2386.98
Hardingstone	774.62	903.72	1032.83	1161.93	1420.14	1678.34	1936.55	2323.86
Upton	766.11	893.80	1021.48	1149.17	1404.54	1659.91	1915.28	2298.34
Wootton	792.66	924.77	1056.88	1188.99	1453.21	1717.42	1981.65	2377.98
Unparished Area	768.86	897.00	1025.15	1153.29	1409.58	1665.86	1922.15	2306.58
<b><u>Increase</u></b>								
Billing	27.13	31.66	36.17	40.70	49.74	58.80	67.83	81.40
Collingtree	22.42	26.15	29.89	33.63	41.11	48.59	56.05	67.26
Duston	22.08	25.76	29.44	33.12	40.48	47.85	55.20	66.24
Great Houghton	22.88	26.69	30.51	34.32	41.95	49.59	57.20	68.64
Hardingstone	25.18	29.39	33.58	37.78	46.17	54.58	62.96	75.56
Upton	17.17	20.02	22.89	25.75	31.48	37.20	42.92	51.50
Wootton	23.21	27.08	30.95	34.82	42.56	50.31	58.03	69.64
Unparished Area	21.12	24.65	28.16	31.69	38.73	45.78	52.81	63.38

## Appendix C

<u>Collection Fund</u>	<u>Item No</u>	<u>Actual 2003/04</u>	<u>Original 2004/05</u> £	<u>Revised 2004/05</u> £	<u>Estimate 2005/06</u> £
<b><u>Non-Domestic Rates</u></b>					
Income Due	1	79,868,353	81,659,220		91,406,985
Less Provision for Bad Debts	2	-56,500	-407,380		-456,244
Write-Offs	3	-2,381,620			
Discretionary Relief	4	-164,665	-183,210		-158,065
Cost of Collection Allowance	5	-324,857	-321,460		-318,946
Net Yield	6	76,940,711	80,747,170	0	90,473,730
Payment to National Pool	7	-76,940,711	-80,747,170	0	-90,473,730
Net Surplus/Deficit(-) for Year	8	0	0	0	0
<b><u>Council Tax</u></b>					
Income Due	9	67,966,488	73,712,354	73,530,654	76,271,029
Less Provision for Bad Debts	10	14,100	-737,120	398,200	-762,710
Write-Offs	11	-589,694		-677,766	
	12	67,390,894	72,975,234	73,251,088	75,508,319
<b><u>Precepts</u></b>					
Northamptonshire County Council					
Gross Precept	13	49,640,679	51,967,367	51,967,367	54,312,237
CTCF Deficit/Surplus(-)	14	24,841	546,220	546,220	43,177
	15	49,665,520	52,513,587	52,513,587	54,355,414
Northamptonshire Police Authority					
Gross Precept	16	8,131,236	9,327,751	9,327,751	9,707,371
CTCF Deficit/Surplus(-)	17	3,552	89,466	89,466	7,743
	18	8,134,788	9,417,217	9,417,217	9,715,114
Northampton Borough Council					
Gross Precept	19	9,925,095	10,408,298	10,408,298	10,865,725
Parishes	20	516,226	521,241	521,241	562,985
CTCF Deficit/Surplus(-)	21	5,275	114,891	114,891	9,081
	22	10,446,596	11,044,430	11,044,430	11,437,791
Total Precepts	23	68,246,904	72,975,234	72,975,234	75,508,319
Net Surplus/Deficit(-) for Year	24	-856,010	0	275,854	0
Surplus/Deficits(-) Brought Forward	25	-564,712	-750,577	-1,387,054	-60,001
Prior Year adjustment	26			300,622	
Distribution to NCC	27	24,841	546,220	546,220	43,177
Distribution to Police	28	3,552	89,466	89,466	7,743
Distribution to NBC	29	5,275	114,891	114,891	9,081
Surplus/Deficit(-) Carried Forward	30	-1,387,054	0	-60,001	0