



Office of the
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Creating sustainable communities

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LEVELS OF COUNCIL TAX SET BY LOCAL AUTHORITIES IN ENGLAND 2006-07

- The average council tax set by local authorities in England for 2006-07 for a Band D dwelling (occupied by two adults, including parish precepts) will be £1,268, compared with £1,214 in 2005-06. This equates to an average increase in council tax between 2005-06 and 2006-07 of 4.5%.
- The average council tax for a Band D dwelling (occupied by two adults, including parish precepts) will be £1,214 in London, £1,237 in other metropolitan areas and £1,290 in shire areas.
- In England in 2006-07, the average council tax per dwelling will be £1,056 compared with £1,009 in 2005-06, an increase of 4.7%.
- Parish precepts in 2006-07 will total £282 million. This represents an increase of 8.5% over the 2005-06 figure of £260 million.
- If the levy applicable in London to fund the 2012 Olympics is excluded, the average increase in council tax in England between 2005-06 and 2006-07 would be 4.2%.

This Release provides information on council tax levels and associated information for the financial year 2006-07, and increases over 2005-06.

This information is derived from ODPM Budget Requirement (BR) returns submitted by local authorities in England. It is based on returns from all 354 billing authorities and all 102 major precepting authorities. It has been compiled by the Local Government Finance - Capital Finance and Analysis division of ODPM.

LEVEL OF COUNCIL TAX SET BY LOCAL AUTHORITIES IN ENGLAND – 2006-07

1. **Table 1** gives figures for levels of, and increases in, the average Band D (2 adults) council tax and the average council tax per dwelling for the last 10 years. These figures are after reductions due to discounts but before reductions due to benefits; they also include parish precepts. Figures excluding parish precepts are given in **Table 5**. Figures in this release are shown in £s whilst % changes are calculated on actual figures to the nearest penny.

- The average council tax set by local authorities in England for 2006-07 for a Band D dwelling (occupied by two adults, including parish precepts) will be £1,268 compared with £1,214 in 2005-06. This equates to an average increase in council tax between 2005-06 and 2006-07 of 4.5%.
- If the levy applicable in London to fund the 2012 Olympics is excluded, the average increase in council tax in England between 2005-06 and 2006-07 would be 4.2%.
- In England in 2006-07, the average council tax per dwelling will be £1,056 compared with £1,009 in 2005-06, an increase of 4.7%.

Table 1: Average council taxes and increases since 1997-98¹

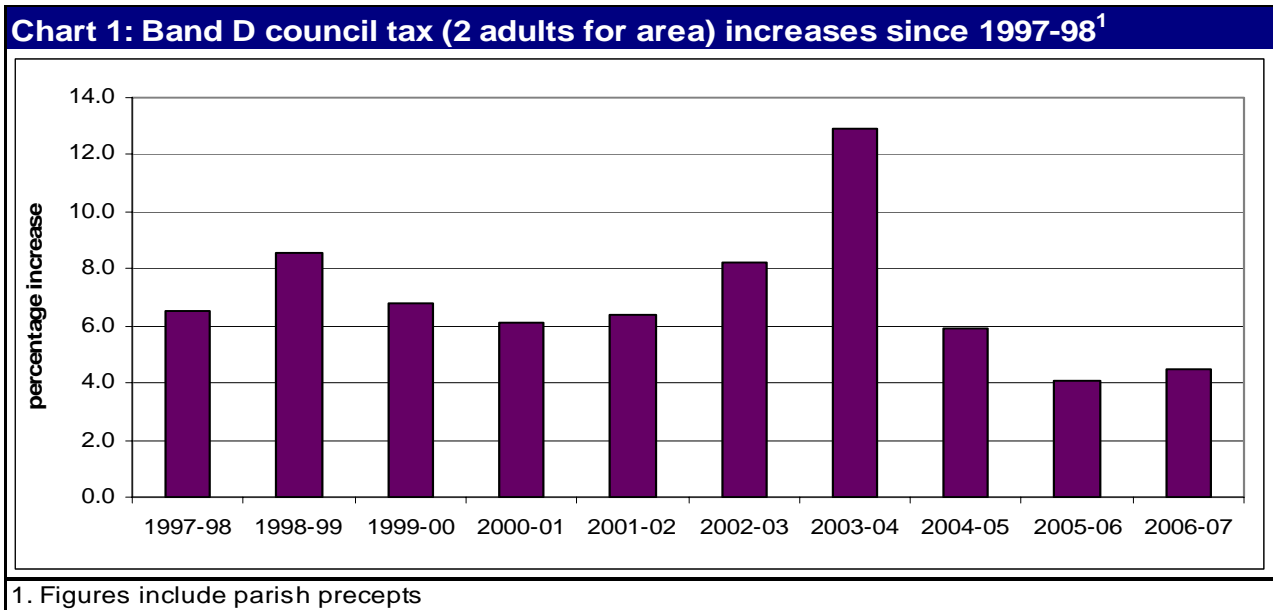
	Band D (2 adults) for area		Average per dwelling	
	£	% increase	£	% increase
1997-98	688	6.5	564	7.4
1998-99	747	8.6	614	8.9
1999-00	798	6.8	656	6.8
2000-01	847	6.1	697	6.3
2001-02	901	6.4	741	6.3
2002-03	976	8.2	804	8.5
2003-04	1,102	12.9	908	12.9
2004-05	1,167	5.9	967	6.5
2005-06	1,214	4.1	1,009	4.3
2006-07	1,268	4.5	1,056	4.7

1. Figures include parish precepts

Sources: BR1, BR2 and BR3 returns; average per dwelling figures derived using chargeable dwellings figures from CTB1 returns.

2. The average council tax payable per dwelling is lower than the average Band D council tax. This is mainly because most dwellings are in Bands A to C, but also because the average Band D figures are calculated before reductions due to discounts.
3. In England, the 4.7% increase in the average council tax per dwelling in 2006-07 is higher than the 4.5% increase in the average Band D council tax. This is largely because the taxbase (the denominator for the average Band D measure) has grown by more than the number of chargeable dwellings (the denominator for the average per dwelling measure).

4. **Chart 1** shows the average Band D council tax (2 adults for area) increases since 1997-98.



5. **Table 2** gives average Band D (2 adults) council tax levels and increases for London, metropolitan areas and shires for the last 5 years. These figures are after reductions due to discounts but before reductions due to benefits.

- The average council tax for a Band D dwelling (occupied by two adults, including parish precepts) will be £1,214 in London, £1,237 in other metropolitan areas and £1,290 in shire areas.
- The increase of 3.9% is the lowest increase in council tax in metropolitan areas since 1994-95.
- The 2006-07 average for London includes £20 to cover the precept for the 2012 Olympic Games. Excluding this precept the increase would be 2.8%.

Table 2: Council taxes (Band D for 2 adults) by area of authority since 2002-03¹

	London area including Greater London Authority		Metropolitan areas		Shire areas	
	£	% increase	£	% increase	£	% increase
2002-03	895	6.4	1,017	5.1	984	9.7
2003-04	1,058	18.2	1,098	8.0	1,114	13.2
2004-05	1,119	5.8	1,143	4.1	1,185	6.4
2005-06	1,162	3.8	1,190	4.1	1,234	4.1
2006-07	1,214	4.5	1,237	3.9	1,290	4.6

1. Figures include parish precepts

6. **Table 3** gives a breakdown of the funding of budgeted net revenue expenditure for England for 2005-06 and 2006-07

- The total taxbase used for setting council taxes for 2006-07 was 17.7 million Band D-equivalent properties. This represents an increase of 0.8% over the figure of 17.6 million for 2005-06.
- Local authority budget requirements excluding parish precepts in 2006-07 will total £47.1 billion. This is much lower than in 2005-06 owing mainly to the introduction of Dedicated Schools Grant. This money was previously paid to authorities as part of the Formula Grant but is now paid to authorities as a separate grant and is not included in the calculation of the budget requirement.
- Parish precepts in 2006-07 will total £282 million. This represents an increase of 8.5% over the 2005-06 figure of £260 million.
- Local authorities have budgeted to use £663 million from reserves during 2006-07, This figure is 14% higher than the £581 million reported on the 2005-06 BR returns.

Table 3: Budgeted local government net revenue expenditure: England summary

		2005-06 budgets £ million	2006-07 budgets £ million
	Net revenue expenditure (excluding parish precepts)	70,803	47,803
<i>less</i>	Use of reserves	581	663
<i>equals</i>	Net budget requirement (excluding parish precepts)	70,217	47,139
<i>plus</i>	Parish precepts	260	282
<i>equals</i>	Budget requirement	70,477	47,421
<i>less</i>	Redistributed business rates ⁽¹⁾	18,004	17,506
<i>less</i>	Revenue support grant	26,663	3,378
<i>less</i>	General GLA grant (Greater London Authority only)	37	38
<i>less</i>	Principal formula police grant	4,353	3,936
<i>plus</i>	Community charge items from the preceding year ⁽²⁾	-5	0
<i>plus</i>	Collection fund deficit (+)/ surplus (-) from the preceding year	-100	-111
<i>equals</i>	Council tax requirement	21,315	22,453
<i>divided by</i>	Taxbase for tax-setting purposes (million)	17.561	17.709
<i>equals</i>	Average Band D council tax (including parish precepts) (£)	1,214	1,268

(1) For the City of London, figures include income from the use of its own multiplier of £4m for 2005-06 and £5.6m for 2006-07.

(2) Amounts transferable from a billing authority's general fund to the collection fund are positive; amounts transferable in the opposite direction are negative.

Source: BR1, BR2, BR3 returns

7. **Table 4** shows both the average Band D 2-adult council tax and the average council tax per dwelling for 2006-07 plus the increases in both from 2005-06 to 2006-07, in England as a whole, in three types of area and by Government Office region.

- The average council tax set by local authorities in each region for 2006-07 for a Band D dwelling (occupied by two adults, including parish precepts) varied from £1,214 in London to £1,329 in the North East.
- The average council tax per dwelling varied from £917 in Yorkshire and Humber to £1,201 in the South East.

Table 4 : 2006-07 Council taxes (Band D for 2 adults and average per dwelling): By area

	Average council tax for area of billing authority (Band D) £ (Column 1)	Increase in council tax for area of billing authority (Band D) % (Column 2)	Average council tax per dwelling in the area £ (Column 3)	Increase in council tax per dwelling in the area % (Column 4)
ENGLAND	1,268	4.5	1,056	4.7
By area of authority:				
London area incl. GLA	1,214	4.5	1,128	4.6
Metropolitan areas	1,237	3.9	884	4.2
Shire areas	1,290	4.6	1,098	4.8
By Government Office region:				
North East	1,329	3.8	928	4.2
North West	1,289	4.3	961	4.6
Yorkshire and the Humber	1,234	4.4	917	4.7
East Midlands	1,295	4.2	994	4.5
West Midlands	1,246	4.1	979	4.3
East of England	1,290	4.7	1,129	4.8
London	1,214	4.5	1,128	4.6
South East	1,275	4.7	1,201	4.8
South West	1,294	4.7	1,107	5.0

Notes:

Amounts shown for average council tax per dwelling are before Council Tax Benefit but include reductions due to discounts.

Amounts shown for council taxes (Band D) are for 2 adults before Council Tax Benefit or discounts.

8. **Table 5** shows for England as a whole, and broken down by class of authority, council tax expressed in terms of an average Band D council tax for a two-adult dwelling, both excluding and including parish precepts where they exist. Figures are also given for the percentage increase over each authority's figure for 2005-06.
9. In addition, columns 5 and 6 of **Table 5** show the average area council tax for a Band D, two-adult dwelling for 2006-07 and the percentage increase over the corresponding figure for 2005-06. This definition differs from the Band D figures in columns 1 to 4 in that it also includes the council taxes for the other authorities providing services in the authority's area. The final columns of **Table 5** shows the average council tax per dwelling within the area.

- The average rise in Band D two adult council tax in England excluding parish precepts was 4.4%; when parish precepts are included the rise is 4.5%
- The average council tax increase in London boroughs, excluding the Greater London Authority precept, was 2.0%. This rose to 4.5% when the Greater London Authority precept was included.
- The amount for London including the Greater London Authority includes £20 to cover the precept for the 2012 Olympic Games.

Table 5 : 2006-07 Council taxes (Band D for 2 adults and average per dwelling): By class of authority

	Average council tax for the authority excluding parish precepts (Band D) £ (Column 1)	Increase in council tax for the authority excluding parish precepts (Band D) % (Column 2)	Average council tax for the authority including parish precepts (Band D) £ (Column 3)	Increase in council tax for the authority including parish precepts (Band D) % (Column 4)	Average council tax for area of billing authority (Band D) £ (Column 5)	Increase in council tax for area of billing authority (Band D) % (Column 6)	Average council tax per dwelling in the area £ (Column 7)	Increase in council tax per dwelling in the area % (Column 8)
ENGLAND	1,252	4.4	1,268	4.5	1,268	4.5	1,056	4.7
Class of authority:								
Inner London boroughs incl. City	772	0.7	772	0.7	1,059	3.9	965	4.5
Outer London boroughs	1,019	2.7	1,019	2.7	1,308	4.9	1,229	4.7
London boroughs	926	2.0	926	2.0	1,214	4.5	1,128	4.6
Greater London Authority	289	13.3	289	13.3	-	-	-	-
Metropolitan districts	1,080	3.8	1,084	3.8	1,237	3.9	884	4.2
Metropolitan police authorities	103	4.7	103	4.7	-	-	-	~
Metropolitan fire authorities	49	4.4	49	4.4	-	-	-	~
Shire unitary authorities	1,048	4.4	1,062	4.5	1,251	4.5	982	4.7
Shire counties	962	4.7	962	4.7	-	-	-	~
Shire districts	147	3.4	174	4.0	1,303	4.6	1,139	4.8
Shire police authorities	133	5.0	133	5.0	-	-	-	~
Shire fire authorities	58	4.3	58	4.3	-	-	-	~

Notes:

Amounts shown for average council tax per dwelling are before Council Tax Benefit but include reductions due to discounts.

Amounts shown for council taxes (Band D) are for 2 adults before Council Tax Benefit or discounts

Additional tables

There are three additional tables produced for all authorities that are not included in the printed version of this release due to their size.

They are available on the web and can be found at:

www.local.odpm.gov.uk/finance/ctax/ctax067.htm

Below is a brief description of the data contained in the tables.

1. **Table 6** is similar to **Table 5** but shows details at local authority level.
2. **Table 7** shows the area council tax for a dwelling occupied by two adults in each local authority area, for each band.
3. **Table 8** shows some of the data used by billing and precepting authorities in calculating their council tax for 2006-07. The data are taken from the BR1, BR2 & BR3 returns supplied by local authorities to the ODPM. The table also shows details of the number of chargeable dwellings in each authority taken from CTB1 returns. In addition to the data for all individual authorities, totals are also shown at an all England, regional and class of authority level.

Worked examples:

The data in **Table 8** can be used to calculate other figures in this release:

Example A: Average council tax for Chichester excluding Parish Precepts (Band D)

Council Tax Requirement:	£7,730,816
<i>less</i>	
Parish precepts:	<u>£1,679,736</u>
	£6,051,080
<i>divided by</i>	
Tax setting taxbase:	50,866
<i>equals:</i>	£118.96

Example B: Average council tax per dwelling in the North East:

Council Tax Requirement:	£1,028,191,468
<i>divided by</i>	
Chargeable dwellings:	1,107,668
<i>equals:</i>	£928.25

All published figures are as reported by the authority on their BR returns and may vary slightly when the formulae above are used.

Background Notes

1. Enquiries about this Statistical Release should be addressed to John Farrar at John.Farrar@odpm.gsi.gov.uk (Tel. 020 7944 4158).
2. For a fuller picture of recent trends in local government finance, readers are directed to "Local Government Financial Statistics England" No. 16 2005 which is available in hard copy from Wetherby Publications Centre at odpm@twoten.press.net (Tel. 0870 1226236) and electronically from the Office of the Deputy Prime Minister's web site: www.local.odpm.gov.uk/finance/stats/lgfs/2005.
3. Further information is also available on the ODPM's local government finance web pages at <http://www.local.odpm.gov.uk>.
4. The figures reported in this release are after capping of local authority budgets in previous years and before any capping of local authority budgets for 2006-07.
5. Council taxes are set by each authority that receives revenue support grant (i.e. both the lower tier, billing authorities such as district councils and London boroughs, and the upper tier, major precepting authorities such as county councils, police authorities, fire authorities and the Greater London Authority). The billing authority's council tax may also include an amount used to finance parish or town councils (known as 'parish precepts'). Council taxes for all authorities providing services in an area appear on one council tax bill that comes from the billing authority.
6. There are eight council tax bands: bands A to H. How much council tax each household pays depends on the value of the homes concerned, as estimated in the 1991 dwelling valuation exercise. The bands are:

Band	Value of home (estimated at April 1991)	Proportion of the tax due for a Band D property
A	Under £40,000	6 / 9
B	£40,001 - £52,000	7 / 9
C	£52,001 - £68,000	8 / 9
D	£68,001 - £88,000	9 / 9
E	£88,001 - £120,000	11 / 9
F	£120,001 - £160,000	13 / 9
G	£160,001 - £320,000	15 / 9
H	Over £320,000	18 / 9

7. Band D is used as the basis for calculating the taxbase (the number of Band D equivalent properties) and for year-on-year comparisons of tax levels set. However, as only a minority of properties in each local authority are in Band D, the average Band D council tax does not enable direct comparison to be made of the average amounts of council tax payable by people in different areas. In contrast, average council tax per dwelling reflects the wide variation between authorities in the distribution of properties across bands. It is therefore a helpful measure to use when comparing the amounts payable in different areas. Variations between figures on this basis are due to a combination of local authority tax-setting decisions and the distribution of properties across bands within each authority's area.

Terminology used in this release

A list of terms relating to local government finance is given in the glossary at Annex G to "Local Government Financial Statistics England" No. 16 2005. This is accessible at http://www.local.odpm.gov.uk/finance/stats/lqfs/2005/lqfs16/annex_g.pdf. The most relevant terms for this release are defined below.

Area council tax - the average total amount of council tax payable for a Band D 2-adult property within a billing authority's area. It is the sum of the amounts requested: a) by the billing authority; b) by major precepting authorities covering the billing authority's area; and c) by parish or town councils within the billing authority's area. The amount at c) is the total amount requested by parish and town councils, averaged across the whole of the billing authority's area.

Band D two-adult property - a definition that is widely regarded as a benchmark when comparing council tax levels in different areas or over time. As well as being within Band D, such a property is a main residence which is not subject to any discount or exemption.

Billing authority - a local authority empowered to set and collect council taxes, and manage the Collection Fund, on behalf of itself and local authorities in its area. In England, shire and metropolitan districts, the Council of the Isles of Scilly, unitary authorities, London Boroughs and the City of London are billing authorities.

Budget requirement - an amount calculated, in advance of each year, by each billing authority, by each major precepting authority and by each parish or town council. It is broadly the authority's estimated net revenue expenditure allowing for changes in reserves. It is, in other words, the estimate of the amount to be met from revenue support grant, redistributed non-domestic rates, principal formula police grant, GLA general grant and council tax.

Chargeable dwellings - domestic properties in an area for which council tax is payable. It excludes properties on the valuation list which are exempt. Each chargeable dwelling is counted as one dwelling, whether or not a full council tax bill is payable for it.

Collection Fund - the fund administered by a billing authority into which council taxes are paid, and from which payments were made to the general fund of billing and precepting authorities.

Council tax - a local charge (or charges) set by the billing authority and the precepting authority in order to collect sufficient revenue to meet their demand on the collection fund. It replaced the community charge on 1 April 1993 and is based on the value of the property and the number of residents. The Valuation Office Agency assesses the properties in each district area and assigns each property to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

Council tax requirement - an amount calculated, in advance of each year, by each billing authority and by each major precepting authority. It is the amount to be met from council tax, and equivalent to an authority's Band D council tax multiplied by its taxbase.

Major precepting authority - county councils, metropolitan police authorities, metropolitan fire authorities, shire police authorities, combined fire authorities and the

Greater London Authority. These are some of the local authorities which make a precept on the collection fund.

Net revenue expenditure - represents spending funded by the budget requirement or the use of reserves.

Parish precepts - the amount of council tax collected by a billing authority for parish or town councils within its area. Parishes are also known as local precepting authorities.

Taxbase - the number of Band D-equivalent properties in a local authority's area. To calculate the taxbase for an area, the number of properties in each band in the area is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (see paragraph 6 in Background Notes) and the total across all eight bands is calculated.

The taxbase figure that is taken into account by a local authority when it sets its council tax is often called the **Tax-setting taxbase**. This is not the same as the taxbase that is used in the calculation of entitlement to Formula Grant, although the definitions are similar. The differences relate to:

- their timing;
- the fact that the Tax-setting taxbase is based on an assumed collection rate of under 100%, whereas 100% is assumed for the taxbase for formula Grant purposes; and
- the fact that the Tax-setting taxbase is based on the actual discount for second homes, whereas a discount of 50% is assumed for the taxbase for formula grant purposes.