



Statistical Release

27 March 2007

LEVELS OF COUNCIL TAX SET BY LOCAL AUTHORITIES IN ENGLAND – 2007-08

- The average council tax set by local authorities in England for 2007-08 for a Band D dwelling (occupied by two-adults, including parish precepts) will be £1,321, compared with £1,268 in 2006-07. This equates to an average increase in council tax between 2006-07 and 2007-08 of 4.2%.
- The average council tax for a Band D dwelling (occupied by two-adults, including parish precepts) will be £1,258 in London, £1,284 in other metropolitan areas and £1,348 in shire areas.
- In England in 2007-08, the average council tax per dwelling will be £1,101 compared with £1,056 in 2006-07, an increase of 4.3%.
- Parish precepts in 2007-08 will total £299 million. This represents an increase of 6.7% over the 2006-07 figure of £280 million.
- If the precept applicable in London to fund the 2012 Olympics is excluded, the average increase in council tax in England between 2006-07 and 2007-08 would still be 4.2%.

This release provides information on council tax levels and associated information for the financial year 2007-08, and increases over 2006-07.

This information is derived from Budget Requirement (BR) returns submitted by all 354 billing authorities and all 102 major precepting authorities in England.

The release has been compiled by the Local Government Finance – Capital Finance and Analysis division of Communities and Local Government.

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LEVELS OF COUNCIL TAX SET BY LOCAL AUTHORITIES IN ENGLAND – 2007-08

1. **Table 1** gives figures for levels of, and increases in, the average Band D two-adult 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 pounds whilst percentage changes are calculated on figures expressed to the nearest penny.

- The average council tax set by local authorities in England for 2007-08 for a Band D dwelling (occupied by two-adults, including parish precepts) will be £1,321 compared with £1,268 in 2006-07. This equates to an average increase in council tax between 2006-07 and 2007-08 of 4.2%.
- If the precept applicable in London to fund the 2012 Olympics is excluded, the average increase in council tax in England between 2006-07 and 2007-08 would still be 4.2%.
- In England in 2007-08, the average council tax per dwelling will be £1,101 compared with £1,056 in 2006-07, an increase of 4.3%.

Table 1: Average council taxes and increases since 1998-99 ^(a)

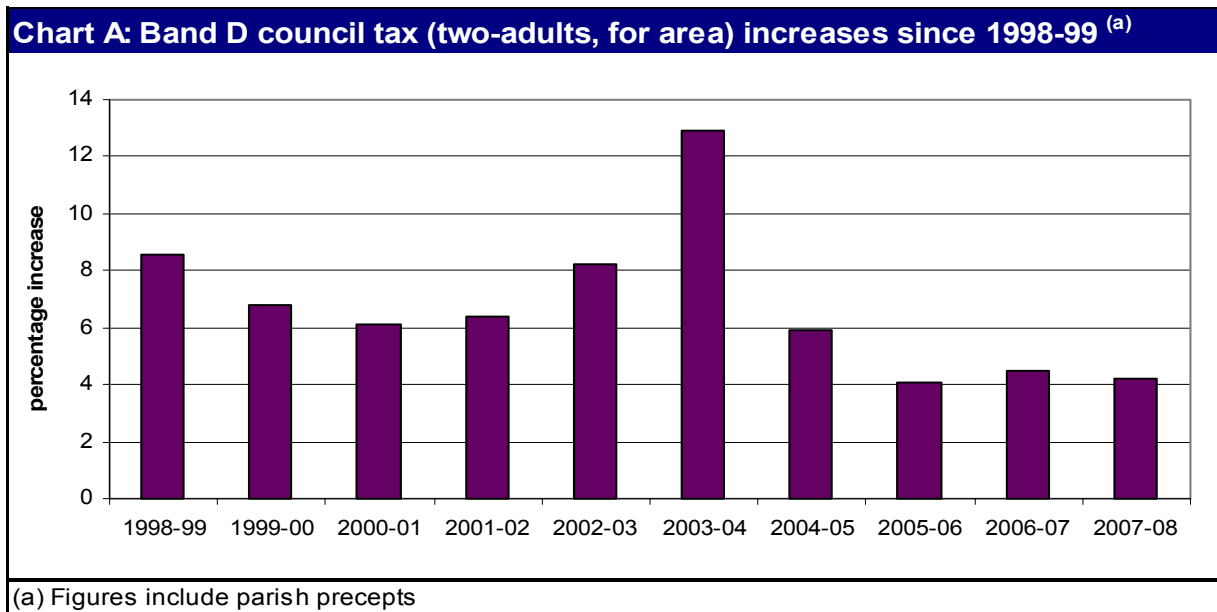
	Band D (2 adults) for area		Average per dwelling	
	£	% change	£	% change
1998-99	747	8.6	614	8.9
1999-00	798	6.8	656	6.8
2000-01	847	6.1	697	6.3
2001-02	901	6.4	741	6.3
2002-03	976	8.2	804	8.5
2003-04	1,102	12.9	908	12.9
2004-05	1,167	5.9	967	6.5
2005-06	1,214	4.1	1,009	4.3
2006-07	1,268	4.5	1,056	4.7
2007-08	1,321	4.2	1,101	4.3

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

(a) Figures include parish precepts

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 4.3% increase in the average council tax per dwelling in 2007-08 is higher than the 4.2% 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 A** shows the average Band D council tax (two-adults, for area) increases since 1998-99.



5. **Table 2** gives average Band D (two-adults) council tax levels and increases for London, metropolitan areas and shires for the last five 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 £1,258 in London, £1,284 in other metropolitan areas and £1,348 in shire areas.
- The increase for metropolitan areas of 3.8% is the lowest increase in council tax since 1994-95.
- The 2006-07 and 2007-08 averages for London both include £20 to cover the precept for the 2012 Olympic Games. Including this precept, the increase for London for 2007-08 is 3.6%, whereas the increase would be 3.7% if it were excluded.

Table 2: Average council taxes (Band D for two-adults) by area of authority since 2003-04 ^(a)

	London area ^(b)		Metropolitan areas		Shire areas ^(c)	
	£	% change	£	% change	£	% change
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
2007-08	1,258	3.6	1,284	3.8	1,348	4.4

(a) Figures include parish precepts.
 (b) Figures include Greater London Authority.
 (c) Figures include unitary authorities.

6. **Table 3** gives a breakdown of the funding of budgeted net revenue expenditure for England for 2006-07 and 2007-08.

- The total taxbase used for setting council taxes for 2007-08 was 17.9 million Band D-equivalent properties. This represents an increase of 0.9% over the figure of 17.7 million for 2006-07.
- Local authority budget requirements excluding parish precepts in 2007-08 will total £49.1 billion.
- Parish precepts in 2007-08 will total £299 million. This represents an increase of 6.7% over the 2006-07 figure of £280 million.
- Local authorities have budgeted to use £1.1 billion from reserves during 2007-08. This figure is 71% higher than the £663 million reported on the 2006-07 BR returns. Most of this increase (around £340 million) is due to the Greater London Authority.

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

		£ million 2006-07	£ million 2007-08
	Net revenue expenditure (excluding parish precepts)	47,803	50,232
<i>less</i>	Use of reserves	663	1,134
	<i>of which:</i>		
	<i>schools reserves</i>		44
	<i>earmarked reserves</i>		844
	<i>unallocated reserves</i>		245
<i>equals</i>	Net budget requirement (excluding parish precepts)	47,140	49,099
<i>plus</i>	Parish precepts	280	299
<i>equals</i>	Budget requirement	47,420	49,398
<i>less</i>	Redistributed business rates ^(a)	17,506	18,506
<i>less</i>	Revenue support grant	3,378	3,105
<i>less</i>	General GLA grant (Greater London Authority only)	38	38
<i>less</i>	Principal formula police grant	3,936	4,028
<i>plus</i>	Community charge items from the preceding year ^(b)	0	-1
<i>plus</i>	Collection fund deficit (+)/ surplus (-) from the preceding year	-111	-111
<i>equals</i>	Council tax requirement	22,453	23,608
<i>divided by</i>	Taxbase for tax-setting purposes (million)	17.709	17.868
<i>equals</i>	Average Band D council tax (including parish precepts) (£)	1,268	1,321

Source: BR1, BR2, BR3 returns

(a) For the City of London, figures include income from the use of its own multiplier of £5.6 million for both 2006-07 and 2007-08.

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

7. **Table 4** shows both the average Band D two-adult council tax and the average council tax per dwelling for 2007-08 plus the increases in both from 2006-07 to 2007-08, 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 2007-08 for a Band D dwelling (occupied by two-adults, including parish precepts) varies from £1,258 in London to £1,380 in the North East.
- The average council tax per dwelling varies from £959 in Yorkshire and the Humber to £1,255 in the South East.

Table 4 : 2007-08 Council taxes (Band D for 2 adults and average per dwelling): by area

	Average council tax for area of billing authority (Band D) ^(a)		Average council tax per dwelling in the area ^(b)	
	£	% change	£	% change
ENGLAND	1,321	4.2	1,101	4.3
By area of authority:				
London area ^(c)	1,258	3.6	1,167	3.5
Metropolitan areas	1,284	3.8	919	4.0
Shire areas ^(d)	1,348	4.4	1,148	4.6
By Government Office region:				
North East	1,380	3.8	967	4.2
North West	1,345	4.4	1,002	4.3
Yorkshire and the Humber	1,286	4.2	959	4.5
East Midlands	1,348	4.1	1,036	4.2
West Midlands	1,297	4.1	1,020	4.1
East of England	1,349	4.6	1,184	4.8
London	1,258	3.6	1,167	3.5
South East	1,331	4.4	1,255	4.5
South West	1,352	4.5	1,158	4.6

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

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

(c) Figures include Greater London Authority.

(d) Figures include unitary authorities.

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 change over each class of authority's figure for 2006-07.
9. In addition, columns 5 and 6 of **Table 5** show the average area council tax for a Band D, two-adult dwelling for 2007-08 and the percentage change over the corresponding figure for 2006-07. 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 two columns of **Table 5** show the average council tax per dwelling within the area.

- The average increase in Band D two-adult council tax in England is 4.2%, regardless of whether or not parish precepts are included.
- The average council tax increase in London boroughs, excluding the Greater London Authority precept, is 3.1%. This rises to 3.6% when the Greater London Authority precept is included.
- The amount for London, including the Greater London Authority, includes £20 to cover the precept for the 2012 Olympic Games.

Table 5 : 2007-08 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) ^(a)		Average council tax for the authority including parish precepts (Band D) ^(a)		Average council tax for area of billing authority (Band D) ^(a)		Average council tax per dwelling in the area ^(b)	
	£ (Column 1)	% change (Column 2)	£ (Column 3)	% change (Column 4)	£ (Column 5)	% change (Column 6)	£ (Column 7)	% change (Column 8)
ENGLAND	1,305	4.2	1,321	4.2	1,321	4.2	1,101	4.3
Class of authority:								
Inner London boroughs including City	787	2.0	787	2.0	1,090	2.9	995	3.0
Outer London boroughs	1,057	3.7	1,057	3.7	1,361	4.1	1,275	3.8
London boroughs	955	3.1	955	3.1	1,258	3.6	1,167	3.5
Greater London Authority	304	5.3	304	5.3	-	-	-	-
Metropolitan districts	1,120	3.8	1,124	3.8	1,284	3.8	919	4.0
Metropolitan police authorities	107	4.8	107	4.8	-	-	-	-
Metropolitan fire and rescue authorities	51	3.6	51	3.6	-	-	-	-
Shire unitary authorities	1,089	3.9	1,103	3.9	1,302	4.1	1,024	4.3
Shire counties	1,005	4.4	1,005	4.4	-	-	-	-
Shire districts	152	3.4	180	3.7	1,362	4.5	1,192	4.7
Shire police authorities	141	5.7	141	5.7	-	-	-	-
Shire fire and rescue authorities	60	4.4	60	4.4	-	-	-	-

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

(b) Amounts shown for average council tax per dwelling are before Council Tax Benefit but include reductions due to 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 Department's website and can be found at: www.local.communities.gov.uk/finance/ctax/ctax078.htm

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

- **Table 6** is similar to **Table 5** but shows details at local authority level;
- **Table 7** shows the average area council tax for a dwelling occupied by two-adults in each local authority area, for each band; and
- **Table 8** shows some of the data used by billing and major precepting authorities in calculating their council tax for 2007-08. The data are taken from the BR1, BR2 & BR3 returns supplied by local authorities to Communities and Local Government. The table also shows details of the number of chargeable dwellings in each authority taken from CTB returns. Totals are also shown for England, regions and classes of authority.

Worked examples:

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

Example A: Average council tax for Congleton excluding parish precepts (Band D)

Council Tax Requirement:	£6,724,871
<i>less</i>	
Parish precepts:	<u>£1,013,563</u>
<i>equals</i>	£5,711,308
<i>divided by</i>	
Tax setting taxbase:	35,052
<i>equals:</i>	£162.94

Example B: Average council tax per dwelling in the South West:

Council Tax Requirement:	£ 2,557,372,853
<i>divided by</i>	
Chargeable dwellings:	2,209,038
<i>equals:</i>	£1,157.69

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. For press inquiries about this Statistical Release please contact the Local Government press desk on 020 7944 3042 or email press.office@communities.gsi.gov.uk. For other inquiries please telephone John Farrar on 020 7944 4158 or email br.statistics@communities.gsi.gov.uk.
2. 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 2007-08.
3. Council taxes are set by each authority that receives formula grant (i.e. both billing authorities such as district councils and London boroughs, and major precepting authorities such as county councils, fire and rescue 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 issued by the billing authority.
4. There are eight council tax bands: bands A to H. How much council tax each household pays depends on the value of the home concerned, as estimated in the 1991 dwelling valuation exercise or referenced to 1991 values. The bands are:

Band	Value of home (estimated at April 1991)	Proportion of the tax due for a Band D property
A	£40,000 and under	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

5. 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.
6. Further information is also available on the department's website at www.local.communities.gov.uk/finance/Ct.htm. In particular, a newly created spreadsheet gives readily available Band D figures for all authorities, regions and classes since council tax was introduced in 1993-94.
7. 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 communities@twoten.com (Tel. 0870 1226 236) and electronically from the Communities and Local Government website: www.local.comunities.gov.uk/finance/stats/lqfs/2005.

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 www.local.communities.gov.uk/finance/stats/lgfs/2005/lgfs16/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 two-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 precepting authorities 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 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 4 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.

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.

CTB return - a return completed by all billing authorities in England giving details of the number of properties in an area, including those subject to discounts or exemptions from council tax. It is used in calculating the council taxbase figure.

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