

Town and Parish Council Precept and Tax Base Briefing Note

What is the Town and Parish Precept?

The precept is the amount of money used to fund all the activities that your town or parish carries out for the benefit of the community.

The billing authority (West Devon Borough Council) collects these funds on your behalf as a separate charge on each householder's Council Tax bill.

West Devon Borough Council has no say over how a town/parish council sets its precept. This decision is made by the individual town or parish.

In previous years the Government has not set a limit on how much a town or parish can increase its band D council tax by before a council tax referendum is triggered. The Government announced on 5th December that they are not looking to apply limit for 2024/25. The Government reserves the right to apply a limit in future years.

What is the Council Tax Base?

The Council Tax Base is defined as **the number of Band D equivalent properties in a local authority's area**. This is not a monetary amount but an estimate of the number of properties liable for council tax.

What is the Tax Base used for?

The Tax Base is used to calculate the band D council tax charge for each Town/Parish. This is done by dividing the total precept requirement by the Tax Base.

A common query is when the Town/Parish have set their precept at the same monetary amount as the previous year but find that their council tax charge per band D property has gone up. This will be due to the Tax Base having gone down i.e. the number of properties we can collect from has gone down.

How is the Tax Base calculated?

All properties are valued by the Valuation Office Agency (an Executive Agency of Her Majesty's Revenue and Customs) in to 1 of 8 Bands, A to H. The number of properties in each Band after taking account of discounts, exemptions, and the Local Council Tax Support Scheme in a particular area are converted to Band D equivalents.

The Council Tax Base is calculated annually based on data produced on 30th November, which is the statutory date. This data produces a listing of all the properties in each town/parish, it then adjusts this to take into account any discounts that are given, such as, single occupancy, homes that are empty or exempt.

What might make the tax base change from one year to the next?

Not all properties are liable to pay the full amount of council tax as they may be entitled to a discount, exemption, or help through the Local Council Tax Support Scheme. New build properties, demolitions, as well as changes in discounts, exemptions & Local Council Tax Support, all affect the level of the Council Tax Base.

Parish Calculator Tool

A simple parish calculator tool will be sent to you in December. This can be used to see the impact of a change in Precept on the band D parish council tax rate. The increase/decrease as compared to 2023/24 is displayed in both monetary and percentage values. You can use this Tool to model different levels of Precept.

Some towns/parishes like to set a budget requirement which keeps their band D parish council tax rate at the same level as that of the previous year. In order to do this it will be necessary to **multiply the new tax base by the previous year's parish council tax rate** to arrive at a budget requirement figure.

$$\text{Tax Base 24/25} \times \text{Parish Council Tax Rate 23/24} = \text{Budget Requirement}$$

