Guide to Council Tax Base and Budget Setting

This guide is intended to provide an overview of the council tax base calculation and its impact on budget setting.

What is the council tax base?
The council tax base is effectively a measure of the number of dwellings to which council tax is chargeable in an area. It is used for the purposes of calculating a billing authority's (such as Basingstoke Council) and other precepting authorities' council tax including the additional council tax charge payable by council tax payers in a parish to meet the cost of the precept requested.

The council tax base is the number of 'Band D equivalent' dwellings in the area, therefore it is not the same as the physical number of properties.

Why is it expressed as Band D equivalents?
It is expressed as Band D equivalents (as if all properties were in Band D) in accordance with the legislation which requires this as a single measure of the number of properties liable to pay council tax.

The Council Tax Base is an estimate of the amount that a levy of a £1 Council Tax at Band D will raise and is therefore expressed as a number of Band D equivalent properties.

When is the council tax base determined?
The Local Authorities (Calculation of Tax Base) Regulations (2012) require each billing authority to inform the major precepting bodies (i.e. Hampshire County Council (HCC), Police and Crime Commissioner (PCC) and Fire Authority), of the Council Tax Base by 31 January prior to the forthcoming financial year (although this is normally done earlier for budgeting purposes).

Each of the local precepting bodies (e.g. Parish and Town Councils) will also be notified of the council tax base for their areas. This is normally in early January to assist with the budget setting.

How is it calculated?
The Council Tax Base is an estimate. If it is overestimated, the Council Tax collected will be slightly low, and there will be a shortfall at the year end. If it is underestimated the reverse will be true. Any shortfall or surplus is shared between the Borough Council (BDBC), County Council, Police and Fire Authorities pro rata to precepts. Parishes are not involved since they receive the cash sum they precept.

Properties are valued into 1 of 8 bands: A (lowest) to H (highest).

The Tax Base calculation for an area involves adjusting the number of properties in each council tax band (including the results of changes and appeals) to take into account the following:-

1. Disabled relief.

2. Properties entitled to some form of council tax reduction (e.g. Discounts and exemptions granted).

3. Premiums charged on long-term empty properties.

The resulting figure for each of the eight bands (A to H) is then converted to Band D equivalents (as if all properties were in Band D) by being multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. (see Lines 1 to 4 in Table 2 at end of guide for illustrative example of this).

So for example a property in Band H is equivalent to 2 Band D properties and a property in Band A is equivalent to 0.7 (6/9ths) Band D properties. So these 2 properties would be expressed as 2.7 Band D equivalent properties. Further adjustments are made for the collection rate/bad debt allowance, estimated growth and the council tax support scheme.

Regulations require that the allowance for bad and doubtful debts must be the same for all parts of the Borough. The allowance for 2026/27 was 2.0%.

The 2026/27 Council Tax Base for the whole Borough was set as shown below:

TAX BASE 2026/27

Relevant Tax Base	76,457.20
Add adjustment for tax base growth	354.50
Less adjustment for council tax support scheme	(4,941.70)
Less allowance for bad and doubtful debts (2%)	(1,437.50)
Tax Base 2026/27	**70,432.50**

As an illustrative example, the calculations for a parish are shown at the end of this guide (Tables 1 and 2). This shows its tax base was set as 1,016.8.

Can the council tax base change even if the number of physical properties remains the same from one year to the next?
Yes – even though the number of properties may stay the same the tax base could still change due to changes in discounts, exemptions, bandings of properties etc.

How does the tax base affect the amount of council tax charged?
The precept requested is divided by the council tax base to calculate the Band D charge (payable by tax payers in the area) required to cover the cost of the precept. Properties in different council tax bandings will pay a higher or lower amount to this depending on which band they are in. The final bill amount will also depend on entitlements to discounts, exemptions, any premiums chargeable etc. (See Tables 1 and 3 below).

So if a parish requests a precept of £10,000 and has a tax base of 1,000 the council tax to be charged at Band D will be £10 (£10,000 divided by 1,000). A property (before discounts, premiums etc) in Band A will be charged £6.67 (6/9 x £10) and a property at Band H will be charged £20 (18/9 x £10).

Will requesting the same precept as the previous year result in no change to council tax charges on the council tax bills?
Not necessarily – although the precept remains the same it is unlikely that the council tax base figure will remain the same therefore the council tax charge in respect of the precept amount will vary.

Factors to consider when setting parish precept?
The parish will need to consider what funding is required to pay for the provision of services and purchases it is proposing to undertake in the forthcoming year. The precept will fill the gap between the estimated expenditure and income. A parish will also need to consider the tax base for the year that the precept will be levied against – the Band D charge is calculated as the precept divided by the tax base.

Both of these factors will determine the impact on the council tax bills.

Is there a limit as to the annual increase in a precept?
The government has been monitoring increases in precepts requested by local preceptors (such as Parish and Town Councils) but hasn't yet applied any restrictions as to the amount of increase that is allowed. In the past it has said it will keep this under review and take action if thought necessary.

In contrast the borough council does have a limit as to how much it can increase its council tax by before a referendum would need to be held.

When is council tax base calculated?
Under the regulations the starting point for the council tax base calculation will be the information held on the council's records as at the end of November. This will then be adjusted to take into account other factors mentioned above that could affect the tax base during the forthcoming year including estimated growth, collection rates/bad debts, discounts etc.

The final figures are agreed early in January and then notified to parishes.

Timescale for supplying precept information to the borough council?
We will be continuing to ask Parish and Town Councils to work with the borough council as they have done in the past, to provide details of their precept no later than 31 January to allow the council sufficient time to build the precepts into the budgets to be approved at the Budget Meeting in February.

Also, even if a precept is not being requested then parishes are asked to submit a 'NIL' return. This is because the precepts impact on the borough council's own budgets and so it is necessary to ensure that complete records are held for them.

Information required for the precept?
Parish and Town Councils are required to complete the formal Precept demand form which quantifies the precept required.

If any Parish/Town Council's precept demands are £140,000 or greater then there is a requirement for them to provide a summary statement showing the estimated expenditure and income for the parish.

Arrangements for paying precepts to parishes
Precepts are paid in two equal instalments in April and September.

How does the above relate to the tax base calculation for a parish?
See following Tables 1 to 3 as an illustrative example of how the above relates to a parish council.

TABLE 1 - Council Tax Base, Precept and Band D Charge - Summary Year 1 and Year 2

	Year 1	Year 2	Difference
Physical properties as at November	1050	1052	2
Relevant Tax Base as at Nov (see Table 2)	1083.1	**1070.8**	-12.3
Council Tax Support Adjustment	-24.5	-27.9	-3.4
Estimated Growth	0	0	0
Bad Debts Allowance	-21.2	-26.1	-4.9
Total Tax Base	1037.4	1016.8	-20.6
Precept	£48,500	£48,985	£485
Band D charge (in respect of precept)	£46.75	**£48.18**	£1.43

TABLE 2 - Summary data used for calculation of Year 2 Council Tax Base									
	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H	TOTAL
1. Total physical number of dwellings on valuation list	29	172	339	98	109	142	142	21	1052
2. Number of dwellings equivalents after applying discounts and premiums to calculate tax base	23.0	152.25	307.0	92.25	98.75	132.5	131.25	20.5	957.5
3. Ratio to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	

4. Total number of Band D equivalents (to 1 decimal place) (line 2 x line 3)	15.3	118.4	272.9	92.3	120.7	191.4	218.8	41.0	**1070.8**

TABLE 3 - Council Tax Charges Year 2

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Valuation Bands

	A	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Ratio to Band D	**6/9**	**7/9**	**8/9**	**9/9**	**11/9**	**13/9**	**15/9**	**18/9**
	£	£	£	£	£	£	£	£
Basingstoke Council	87.61	102.22	116.82	131.42	160.62	189.83	219.03	262.84
Hampshire County Council	900.30	1,050.35	1,200.40	1,350.45	1,650.55	1,950.65	2,250.75	2,700.90
Hampshire Police and Crime Commissioner	150.97	176.14	201.30	226.46	276.78	327.11	377.43	452.92
Hampshire & IoW Fire and Rescue Authority	46.95	54.78	62.60	70.43	86.08	101.73	117.38	140.86
Parish Council	**32.12**	**37.47**	**42.82**	**48.18**	**58.89**	**69.59**	**80.30**	**96.36**
Total	1217.95	1420.96	1623.94	1826.94	2232.92	2638.91	3044.89	3653.88