

Understanding Precept and Tax Base for Wem Town Council (2025/26)

1. What is the Tax Base?

The tax base is the estimated number of Band D equivalent properties within the Parish for the coming year. It is used to calculate the amount of Council Tax each property should pay.

2. How is the Tax Base Calculated?

- The tax base comes from the Council Tax system, which lists all properties in each Parish.
- Adjustments are made for any discounts, such as for single occupancy, second homes, or exempt properties (e.g., empty homes).
- Properties are then converted into "Band D equivalents" using the following ratios:

Band A: 6/9	Band E: 11/9
Band B: 7/9	Band F: 13/9
Band C: 8/9	Band G: 15/9
Band D: 9/9 (1)	Band H: 18/9
- An estimated number of new Band D equivalents for the year is added, and a collection rate is applied to determine the final tax base.

3. Why is the Tax Base Important?

- The total precept requirement for each parish is divided by the tax base to determine the Band D charge.
- For example, if the precept remains the same but the tax base decreases (fewer properties), the Band D charge will increase, as there are fewer properties to collect the same amount from.

4. Example Calculation:

Year 1: Parish A agrees a precept of £100,000 and has a tax base of 2000. The Band D Council Tax charge is calculated as:

$$£100,000 \div 2000 = £50 \text{ per Band D property.}$$

Year 2: The precept rises to £110,000 but the tax base stays at 2000, the Band D charge will be:

$$£110,000 \div 2000 = £55 \text{ per Band D property (a £5 or 10% increase).}$$

Year 3: The precept stays at £100,000 but the tax base decreases to 1900, the Band D charge will be:

$$£100,000 \div 1900 = £52.63 \text{ per Band D property (a £2.63 or 5.3% increase).}$$

In year 3, even though the precept stayed the same, the Band D charge increased because there were fewer properties contributing.

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5. How the Tax Base has Changed for Wem:

- The tax base for Wem has increased slightly this year to 2066.32 (from 2037.01 last year)
- This 29.31 increase represents a **1.44% rise** in the tax base.

6. Why Does this Matter?

- With more properties paying Council Tax, the Town Council will receive **£5,756 more** in income.
- To keep the Council Tax level the same as last year (no increase), the Town Council would need to request a precept of **£405,756** (this includes an additional £5,756 due to the increase in the tax base).

7. What's the Proposed Increase?

- Based on the budget outlined in the budget report, the suggested precept for 2025/26 is **£423,615**, which would mean an increase of **£8.64 per year** for a Band D property.
- This is a **4.4% increase**, which is slightly lower than last year's 4.7% increase.

8. Additional Information:

These figures might change based on further budget discussions, which will be part of the meeting later (Agenda Item 6)

Year	Council Tax Base	Precept Requirement	Band D Council Tax Charge
2019/20	1986.33	£316,462	£159.31
2020/21	2015.05	£334,049	£165.78
2021/22	1975.47	£333,999	£169.07
2022/23	1993.78	£344,197	£172.64
2023/24	2027.65	£380,394	£187.60
2024/25	2037.01	£400,000	£196.37
2025/26	2066.32	£423,165	£205.01