

**Report of:** Head of Finance

**To:** Council

**Date:** 19February 2014

**Item No:**

**Title of Report:** Council Tax 2014/15

## Summary and Recommendations

**Purpose of report:** To set out the necessary calculations to enable Council to set the 2014/15 Council Tax for Oxford City, in accordance with the Local Government Finance Acts, 1988 and 1992, as amended by The Localism Act 2011.

**Key decision:** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** None

**Recommendation(s):** Council is asked to approve for 2014/15: -

1. The City Council's precept and Council Tax requirement of £11,582,179 (inclusive of Parish Precepts). Net of the Parish Precepts, the figure is £11,420,559.
2. The average Band D Council Tax figure (excluding Parishes) of £273.53 a **1.99%** increase on the 2013/14 figure of £268.19. Including Parish Precepts the figure is £277.40, a 2.01% increase on the 2013/14 figure of £271.93 (see paragraph 11).
3. The contribution of £10,000 to the Parish of Old Marston in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 19 and 20).
4. The amount of £495,020 to be treated as Special Expenses (see paragraph 23).
5. The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's additions) as follows:-

Littlemore	£293.24
Old Marston	£302.24
Risinghurst and Sandhills	£290.03
Blackbird Leys	£270.91
Unparished Area	£275.78

These figures include the Parish Precepts and special expensing amounts as appropriate in addition to the City-wide Council Tax of £261.67.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 26 below.
7. The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 27 below, and
8. The overall average Band D equivalent Council Tax of £1,646.32 including Parish Precepts (subject to confirmation of the County Council's Band D figure – see paragraph 26 below).

**Appendix 1** Statutory Calculations Required for Setting of the Council Tax

**Appendix 2** Council Tax Amounts per Band 2014/15

**Appendix 3** Risk Implications

**BACKGROUND**

9. The Localism Act, 2011 requires local authorities to calculate the amount of income to be collected from Council Tax based on the Band D charge multiplied by the Council's tax base. The City Council's calculation of this figure, the Council Tax Requirement, including the Parish Precepts is £11,582,179. The council tax requirement for the Council's own purposes is £11,420,559. The detailed calculation is shown in Appendix 1.

**CALCULATION OF BASIC AMOUNT OF COUNCIL TAX**

10. The tax bases for the various parts of the City were approved by the Executive Director, Organisational Development and Corporate Services on 3<sup>rd</sup> January 2014 and totalled 41,752.5. This allows 3.0% for non-collection and represents a 1.1% increase on the 2013/14 figure of 41,290.8.

11. The Basic Amount of Tax is calculated in accordance with Section 31B of the Local Government Finance Act 1992. Details are shown in Appendix 1 and summarised in Table 1 below.

**Table 1 Basic amount of Band D Council Tax 2014/15**

Requirement from Council Tax <i>(including Parishes)</i>	£11,420,559 £11,582,179
Tax Base	41,752.5
Basic Amount of Council Tax Band D <i>(including Parishes)</i>	£273.53 £277.40

12. The Basic Amount of Council Tax (exclusive of Parish precepts) represents a 1.99% increase on the 2013/14 figure of £268.19 and an annual increase of £5.34 or 10p per week.
13. The Basic Amount of Council Tax is calculated by dividing the Council Tax Requirement by the Tax Base. This amount of tax is calculated purely to comply with statutory requirements.

**CALCULATION OF ACTUAL AMOUNTS OF COUNCIL TAX**

14. The calculation of the City Wide tax is set out below:-

**Table 2 City Wide Band D Council Tax 2014/15**

Council Tax Requirement	£11,582,179
Less Parish Precepts	£161,620
Less Unparished Area Special Expenses (see para 23)	<u>495,020</u>
<b>City Wide Requirement</b>	£10,925,539
Divided by Tax Base	41,752.5
<b>City Wide Council Tax at Band D</b>	£261.67

The City Wide Tax is payable by all dwellings throughout the Authority's area.

15. The Parishes have issued the City Council with their precepts. These, and the respective additions for the special expensing of cemeteries, are as shown below.

**Table 3 Band D Special Expenses Addition 2014/15**

	Parish Precept (net of funding) £	Unparished Area Special Expenses (net of Cemeteries)	Special Expense for Cemeteries £	Total £	Tax Base Numbers	Average Band D £
Littlemore	50,499.93		800.72	51,300.65	1,625.0	31.57
Old Marston	49,522.20			49,522.20	1,220.8	40.57
Risinghurst and Sandhills	38,524.54		681.13	39,205.67	1,382.3	28.36
Blackbird Leys	23,073.33		1,299.04	24,372.37	2,636.3	9.24
Unparished Area		475,048.00	17,191.11	492,239.11	34,888.1	14.11
<b>TOTAL</b>	<b>161,620.00</b>	<b>475,048.00</b>	<b>19,972.00</b>	<b>656,640.00</b>	<b>41,752.5</b>	

### **Council Tax Support Grant**

16. In 2013/14 the system for the payment of council tax benefit was replaced with a system which allowed a discount to eligible claimants on the band D council tax for the property. Local authorities who were previously paid council tax benefit subsidy are now paid a council tax support grant and this was included as part of its Finance Settlement figures. Similarly an amount of Council Tax Support Grant was payable to parishes to compensate them for the loss of council tax income.
17. In 2014/15 the Council Tax Support System continues although there is no longer transparency as to the amount the Government includes in the Revenue Support Grant in respect of Council Tax Support Grant. As the Council's Revenue Support Grant continues to be reduced it is proposed that the Council Tax Support Grant paid to parishes is reduced by the same percentage. This principle was discussed with respective Parish Councillors at a meeting on December 9<sup>th</sup> 2013.
18. Consequently, the £24,053 granted to Parish Councils in 2013/14 has been reduced to £20,445 in 2014/15, a reduction of £3,608. Table 4 below shows the distribution of the £20,445 between Parishes. The distribution is based on the effect of the Council Tax Reduction Scheme on each parish's Tax Base, i.e. those that have been hit hardest by the changes receive the greatest proportion of funding.

**Table 4 Amounts Paid to Parishes**

	<b>Precept £</b>	<b>Funding £</b>	<b>Total payable to Parish £</b>
Littlemore Old	50,499.93	7,500.07	58,000.00
Marston * Risinghurst and	59,522.20	3,042.80	62,565.00
Sandhills Blackbird Leys	38,524.54	2,975.46	41,500.00
	<u>23,073.33</u>	<u>6,926.67</u>	<u>30,000.00</u>
	<b>171,620.00</b>	<b>20,445.00</b>	<b>192,065.00</b>

(\* this includes the £10,000 contribution – see paragraph 19).

**19. OLD MARSTON PARISH**

The May 2002 Guidance Note issued by Central Government (Transport Local Government Regions) on Financial Arrangements with Parish and Town Councils outlined principles that should be followed in financial arrangements between District and Parish Councils. These include:

- Fairness in the provision of services (and access to them) by the principal authority between different parts of their area
- Democratic control and accountability – to let local councils support additional services with additional expenditure

20. Old Marston Parish Council has made a successful case to the Council for a contribution to the Parish in recognition of the additional expenditure that the Parish incurs in relation to maintaining the cemetery within the Parish; this has been ongoing since 2008/09. The Parish maintains the cemetery the use of which is not restricted to residents of that Parish, hence a contribution has been made to reduce the parish precept in recognition of this fact. For 2014/15 the Old Marston parish precept has been calculated as £59,522.20 (gross of funding) and a recommendation is made to Council to reduce this by £10,000 to £49,522.20.

**21. UNPARISHED AREA OF THE CITY**

Only part of the City area is covered by parishes. In the Unparished Area the City Council itself undertakes the parish functions. Section 35 (2) of the Local Government Finance Act 1992, states that ‘special expenses’ should be calculated when there are “any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by .....a parish”.

22. Within the City area the services shown in the table below are currently provided by at least one Parish Council. To avoid double counting the cost of providing these services (equated to a Band D equivalent) in the parished areas providing them, a special expense - equivalent to the cost of providing these services elsewhere in the City - is levied on those areas not providing them.
23. The following table sets out the Special Expenses Account:

**Table 5 Special Expenses Estimate 2014/15**

	Special Expenses for Cemeteries	Special Expenses 2014/15	Total Special Expenses 2014/15	Total Special Expenses 2013-14
	£	£	£	£
Community Recreation Parks Management		237,710	237,710	217,909
Grounds		11,000	11,000	12,531
Allotments		37,188	37,188	43,665
Ditches and Streams		24,669	24,669	23,952
Cemeteries	19,972	70,481	70,481	68,209
Street Furniture		19,972	19,972	19,972
		94,000	94,000	94,000
<b>Total Special Expenses</b>	<b>19,972</b>	<b>475,048</b>	<b>495,020</b>	<b>480,238</b>

24. The calculation of Special Expenses is based on an assessment of the types of work undertaken in parishes as a whole. The services are provided in at least one if not all the parishes. However, in the case of cemeteries there is only one cemetery in the parished areas, which is based at Old Marston. As outlined above in (paragraph 20) Old Marston have put forward a successful case to the Council that the cemetery is available for use by people living outside of the parish - particularly in respect of interment of ashes. The Council has previously accepted this case and approved a contribution to the Old Marston precept. The total expenditure on the three remaining cemeteries has been charged across all areas except for the Old Marston Parish.

25. Further details of the calculations, as required by the Act are shown at Appendix 1. Taxes by area and by Band are shown at Appendix 2.
26. **Oxfordshire County Council:** The County Council's likely precept figure for 2014/15 is £50,454,139 giving a Band D Council Tax of £1,208.41. The latter represents a 1.99% increase on the 2013/14 figure of £1,184.83. The figures are due to be finalised on Feb 18<sup>th</sup> 2014.
27. **Police and Crime Commissioner for Thames Valley:** The precept figure for 2014/15 was confirmed on February 5<sup>th</sup> 2014 and will be £6,701,693.78 giving a Band D Council Tax of £160.51. The latter is a 1.99% increase on the 2013/14 figure of £157.38.
28. **Risk Implications:** A risk assessment has been undertaken and the risk register is attached at Appendix 3.
29. **Equalities Impact Assessment:** The equality risk is considered to be low/ medium and will be about proportionate rather than negative impacts. These risks were presented as part of the budget proposals to CEB in December 2012 and remain at a similar level.
30. **Financial Implications:** These are all included within the main body of the report.
31. **Legal Implications:** The Billing Authority is required under section 30 of the Local Government Finance Act 1992 to set the Council Tax before the 11<sup>th</sup> March in the preceding financial year.

**Name and contact details of author:**

Adrian Wood  
Technical Officer  
Finance  
Telephone Number 01865 252619

**Background papers:**

DTLR (Transport Local Government Regions) Guidance Note (May 2002) on Financial Arrangements with Parish and Town Councils

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