

Report of: Head of Financial Services

To: Council

Date: 17 February 2016

Item No:

Title of Report: Council Tax 2016/17

Summary and Recommendations

Purpose of report: To set out the necessary calculations to enable Council to set the 2016/17 Council Tax for Oxford City.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: None

Recommendation(s): Council is asked to approve for 2016/17: -

1. The City Council's precept and Council Tax requirement of £12,621,173 including Parish precepts and £12,423,802 excluding Parish precepts.
2. The average Band D Council Tax figure (excluding Parish Precepts) of £284.52 a **1.99%** increase on the 2015/16 figure of £278.97. Including Parish Precepts the figure is £289.04, a 2.14% increase (see paragraph 3).
3. A contribution of £10,000 to Old Marston Parish Council in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 11 and 12).
4. The amount of £538,520 to be treated as Special Expenses (see paragraph 15).
5. The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's precepts) as follows:-

Littlemore	£315.17
Old Marston	£313.50

Risinghurst and Sandhills	£303.79
Blackbird Leys	£282.54
Unparished Area	£286.87

These figures include the Parish Precepts and special expensing amounts as appropriate; in addition to the City-wide Council Tax of £272.19.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 18 below.
7. The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 19 below, and
8. The overall average Band D equivalent Council Tax of £1,737.64 including Parish Precepts (subject to confirmation of the Band D figures for the County Council – see paragraph 18 below).

Appendix 1 Statutory Calculations Required for Setting of the Council Tax

Appendix 2 Council Tax Amounts per Band 2016/17

Appendix 3 Risk Implications

BACKGROUND

1. 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 £12,621,173. The Council Tax Requirement for the Council's own purposes is £12,423,802. The detailed calculation is shown in Appendix 1.

CALCULATION OF BASIC AMOUNT OF COUNCIL TAX

2. The tax bases for the various parts of the City were approved by the Audit and Governance Committee on 16th December 2015 and totalled 43,665.1. This allows 2% for non-collection and represents a 2.4% increase on the 2015/16 figure of 42,658.7.
3. 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 2016/17

Requirement from Council Tax	£12,423,802
<i>(including Parishes)</i>	£12,621,173
Tax Base	43,665.1
Basic Amount of Council Tax Band D	£284.52
<i>(including Parishes)</i>	£289.04

4. The Basic Amount of Council Tax (exclusive of Parish precepts) represents a 1.99% increase on the 2015/16 figure of £278.97 and an annual increase of £5.55 or approximately 11p per week.
5. 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

6. The calculation of the City Wide Tax is set out below:-

Table 2 City Wide Band D Council Tax 2016/17

Council Tax Requirement	£12,621,173
Less Parish Precepts	£197,371
Less Unparished Area Special Expenses (see para 7)	<u>£538,520</u>
City Wide Requirement	£11,885,282
Divided by Tax Base	43,665.1
City Wide Council Tax at Band D	£272.19

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

7. The Parishes have issued the City Council with their precepts. These, and the associated special expensing requirement for other areas of the City, are as shown below.

Table 3 Band D Parish Precept & Special Expenses Addition 2016/17

	Parish Precept (net of funding)	Unparished Area Special Expenses (net of Cemeteries)	Special Expense for Cemeteries	Total	Tax Base Numbers	Average Band D
	£		£	£		£
Littlemore	73,485.30		881.85	74,367.15	1,730.4	42.98
Old Marston	52,426.07			52,426.07	1,269.1	41.31
Risinghurst and Sandhills	44,105.63		722.95	44,828.58	1,418.6	31.60
Blackbird Leys	27,354.00		1,416.14	28,770.14	2,778.8	10.35
Unparished Area		516,914.00	18,585.06	535,499.06	36,468.2	14.68
TOTAL	197,371.00	516,914.00	21,606.00	735,891.00	43,665.1	

Council Tax Support Grant

8. In 2013/14 Council Tax Benefit was replaced with a system which allows local authorities to provide a discount or Council Tax Support Grant to eligible claimants. The Government partially compensates authorities through the Finance Settlement for their subsequent loss of Council Tax income.
9. However, there is no longer transparency as to the amount the Government includes in the Finance Settlement in respect of Council Tax Support Grant. Consequently, as the Council's Revenue Support Grant continues to reduce it is proposed that the Council Tax Support Grant paid to parishes is reduced by a similar percentage. This principle was discussed with Parish Councils at a meeting on December 14th 2015.
10. Table 4 below shows the proposed distribution of Council Tax Support Grant between Parishes for 2016-17. 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 Council Tax Support Grant Paid to Parishes – 2016/17

	Precept £	Funding £	Total payable to Parish £
Littlemore	73,485.30	3,514.70	77,000.00
Old Marston *	62,426.07	1,425.93	63,852.00
Risinghurst and Sandhills	44,105.63	1,394.37	45,500.00
Blackbird Leys	<u>27,354.00</u>	<u>3,246.00</u>	<u>30,600.00</u>
	207,371.00	9,581.00	216,952.00

(* this includes the £10,000 contribution – see paragraph 12).

11. OLD MARSTON PARISH

The May 2002 Guidance Note issued by Central Government (Dept. of Transport, Local Government and the 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

12. Old Marston Parish Council 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 2016/17 the Old Marston Parish Precept has been calculated as £62,426.07 and a recommendation is made to Council to reduce this by £10,000 to £52,426.07.

13. UNPARISHED AREAS OF THE CITY

Only part of the city area is parished. 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 bya parish”.

14. Within the city area the services shown in the table below are currently provided by at least one Parish Council. To avoid double charging for the cost of providing these services, a special expense - equivalent to the cost of providing these services elsewhere in the City - is levied on those areas not providing them.
15. The following table sets out the Special Expenses Account:

Table 5 Special Expenses Estimate 2016-17		
	Total Special Expenses 2016-17	Total Special Expenses 2015-16
Community Recreation	264,314	245,707
Parks Management	11,150	11,000
Grounds	52,250	37,188
Allotments	24,950	26,680
Ditches and Streams	70,250	75,481
Cemeteries	21,606	20,640
Street Furniture	<u>94,000</u>	<u>99,000</u>
	538,520	515,696

16. 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, located in Old Marston. As outlined in paragraph 12 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.
17. 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.
18. **Oxfordshire County Council:** The County Council's likely precept figure for 2016/17 is £55,962,938.76 giving a Band D Council Tax of £1,281.64 a 3.99% increase on the 2015/16 figure of £1,232.46. The figures are due to be finalised on February 16th 2016. In the Spending Review on Nov 25th 2015 it was announced that local authorities with adult social care responsibilities (i.e. the County Council) would be able to raise an additional 2% Council Tax to fund adult social care. That

2% is included within the overall County Council increase figure of 3.99%.

19. **Police and Crime Commissioner for Thames Valley:** The precept figure for 2016/17 was confirmed on January 29th 2016 and will be £7,290,325.10 giving a Band D Council Tax of £166.96 a 1.99% increase on the 2015/16 figure of £163.70.
20. **Risk Implications:** A risk assessment has been undertaken and the risk register is attached at Appendix 3.
21. **Equalities Impact Assessment:** It is difficult to estimate the dimensions of equality risks around Council Tax increases. The Council has put in place proportionate mitigating actions such as the Council Tax Support Scheme and the work of the Welfare Reform Team to protect the most vulnerable and economically challenged households across the City.
22. **Financial Implications:** These are all included within the main body of the report.
23. **Legal Implications:** The Local Government Finance Acts, 1988 and 1992, as amended by The Localism Act 2011 prescribe the calculations in this report. The Billing Authority is required under section 30 of the Local Government Finance Act 1992 to set the Council Tax before the 11th March in the preceding financial year.

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Background papers:

None

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