

**To: Audit and Governance Committee**

**Date: 11 January 2018**

**Report of: Head of Financial Services**

**Title of Report: Setting of the Council Tax Base 2018-19**

# Summary and Recommendations

**Purpose of report**: To set the “Council Tax Base” for 2018/19 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

# Key decision: No

**Executive lead member:** Cllr. Ed Turner

**Policy Framework:** No

Recommendations: The Audit and Governance Committee are recommended to agree:

a) that the 2018/19 Council Tax Base for the City Council’s area as a whole is set at 44,623.4 (as shown in Appendix 1)

b) that the projected level of collection is set at 98%

c) that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows:

Unparished Area of the City 37,300.3

Littlemore Parish 1,754.0

Old Marston Parish 1,269.1

Risinghurst & Sandhills Parish 1,444.1

Blackbird Leys Parish 2,855.9

**City Council Total** **44,623.4**

**The Tax Bases recommended for 2018/19 show no change from the actual Tax Bases for 2017/18. Please see Paragraph 8 below.**

Appendix 1 Oxford City Council Tax Base 2018-19

Appendix 2 Parish Councils’ Tax Base 2018-19

Appendix 3 Dwellings by valuation band at 30th Nov 2017

Appendix 4 Growth in dwellings

Appendix 5 Risk Register

**Background**

1 Responsibility for setting the Council Tax Base for the City Council’s area as a whole and for the individual parishes is delegated to the Audit and Governance Committee.

2 The Tax Base is the estimate of the taxable capacity of the area for the period. The numbers of dwellings in each valuation band are converted to Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at Nov 30th 2017 and projections are then made for expected movements over the period December 1st 2017 – March 31st 2019. Separate calculations are required for a) the whole of the Authority’s area and b) the individual Parishes and the Unparished area of the City. The Tax Base is used by the Council to calculate the yield from Council Tax for 2018/19, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2018.

**Council Tax Reduction Scheme**

3 The Council Tax Reduction Scheme which replaced Council Tax Benefit from April 1st 2013 has the effect of reducing the Tax Base. To assist the Local Authority (and the Parishes) with the resulting loss of income, grant funding was initially paid separately by the Government in the form of a Council Tax Reduction Grant. In 2013/14 this represented 90% of the grant the Council previously received for Council Tax Benefit. However in recent times the grant has been absorbed into Formula Grant and is not separately identifiable although it is estimated that it is around £300k for 2017/18 with the net cost of the scheme to the City Council being around £1.2 million. By 1st April 2019 the Council’s Formula Grant will reduce to zero at which point there will be nothing receivable from the Government. Consequently the total cost of the Council Tax support scheme estimated at £1.8 million will be funded by the Council.

4 Oxford’s caseload has dropped over the last few years so the impact on the Tax Base is not as significant as it was in 2013/14 when it was estimated that 7,468 dwellings would receive Council Tax Support. That figure has decreased to 6,098 for 2018/19.

**Factors taken into account in the calculation of the Tax Base**

5 The following factors are taken into account when calculating the tax base:

* **Dwellings:** The number of dwellings in each valuation band as at 30th November 2017 (see Appendix 3 attached).
* **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax charge, some are exempt. Others can attract a discount, either at 25%, 50% or 100% dependant on the number of adults who are resident. The level of exemptions and discounts reduces the Tax Base.
* The estimate of the number of dwellings that will be eligible for a 25% discount in 2018/19 (recently built or uninhabitable dwellings) is 91. This figure is shown in line 7 of Appendix 1 and is based on data as at November 30th 2017.
* The estimate of the number of dwellings that will be eligible for a 25% discount (primarily dwellings occupied by one adult only) is 17,693.This figure is shown in line 8 of Appendix 1 and is based on data as at November 30th 2017.
* The estimate of the number of dwellings that will be eligible for a 50% discount (primarily dwellings where all the occupiers are disregarded) is 154.This figure is shown in line 9 of Appendix 1 and is based on data as at November 30th 2017.
* **Disability Reductions:** Where there is a disabled occupant and adaptations have been undertaken for their benefit, the dwelling is treated as being in the band below the one in which it was actually valued.
* **Council Tax Reduction Scheme:** The estimate of the total number of dwellings that will be eligible for discounts under the Council Tax Reduction Scheme in 2018/19 is 6,098 compared to 6,442 in 2017/18. The breakdown per band is detailed in line 13 of Appendix 1.
* **Long Term Empty Premium:** The estimate of the number of dwellings that will be subject to 150% Council Tax after being empty for two years is 85 (Line 11 of Appendix 1).In the Autumn Budget it was announced that local authorities could raise this to 200% but since this requires a change to primary legislation this will not come into force until 1/4/2019.
* **Discretionary elements:** The Council has discretion in the following areas when calculating its Council Tax Base:

(i) **Number of new properties built:** Appendix 4 shows the net annual increase in the total numbers of dwellings banded for Council Tax going back to 1997/98. The graph shows the ‘boom’ years of 2004/05, 2005/06 and 2006/07, followed by a considerable drop thereafter. The net increase in 2017/18 to Nov 30th was just 162. There are some building projects nearing completion and a figure of 75 new builds has been included for the remainder of 2017/18 (line 1a of Appendix 1). This is reduced to take account that some of the dwellings will be exempt or liable for a discount.

For 2018/19 an estimate of 527 new dwellings has been built into the calculation (Line 1b) based on planning applications - a 50% discount has been given to these dwellings to reflect that some will have discounts or exemptions, and most will not be in the Valuation List for the entire period. This number includes the first phase of the Barton Park development.

(ii) **Allowance for non-collection** -The Council is required to make an allowance for non-collection of Council Tax. The roll out of Universal Credit in Oxford from October 2017 may make the collection of Council Tax more difficult as claimants come to terms with the new scheme and the requirement to claim Council Tax Support separately. However it is critical that the tax base is maintained to an optimum level to ensure Council Tax income is maximised. Consequently the Head of Financial Services has recommended that the allowance for 2018/19 remains at 2%.

**Calculation method**

6 The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914). The basic calculation is as follows:

* Number of dwellings in each of the valuation bands
* Less Exempt dwellings
* Dwellings eligible for the Council Tax Reduction Scheme
* Disabled reductions
* Discounts (25% and 50%)
* Convert to Band D equivalents
* Adjust for projected collection rate.

7 Appendices 1 and 2 attached set out the requisite calculations for the Authority as a whole as well as for the Parished and Unparished areas of the City. Table 1 below summarises the Tax Bases.

**Table 1**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Council Tax Bases** | | |  | |
|  | **2018/19** | **2017/18** | **Change** | |
|  | **Nos** | **Nos** | **Nos** | **%** |
| Unparished Area | 37,300.3 | 37,300.3 | - | - |
| Littlemore | 1,754.0 | 1,754.0 | - | - |
| Old Marston | 1,269.1 | 1,269.1 | - | - |
| Risinghurst and Sandhills | 1,444.1 | 1,444.1 | - | - |
| Blackbird Leys | 2,855.9 | 2,855.9 | - | - |
|  |  |  |  |  |
| **City Council Total** | **44,623.4** | **44,623.4** | **-** | **-** |

**Reasons for no change in Council Tax Bases**

8 The two main reasons to justify keeping the Tax Bases at the 2017/18 levels are a) the slow rate of growth in 2017/18 (see Appendix 4) and b) an increasing number of exemptions particularly Exempt Category M (Halls of Residence) and Category N (dwellings occupied exclusively by full time students).

Table 2 below shows the principal changes between the calculations of the actual tax base for 2017/18 and that proposed for 2018/19.

|  |  |
| --- | --- |
| **Table 2: Estimated change in Tax Base** | |
|  | **Numbers (Band D equivalents)** |
| Brought Forward | 44,623.4 |
| New dwellings | + 233 |
| Exemptions | -610 |
| Reduced Council Tax Support caseload | + 344 |
| Review of Discounts | + 33 |
| Estimated total | 44,623.4 |
| Net Change | 0 |

**Risk Implications**

9 A risk assessment has been undertaken and the risk register is attached at Appendix 5.

**Equalities Impact Assessment**

10 There are no Equalities Impact Assessment implications relating to the setting of the Tax Base as detailed in this report.

**Financial Implications**

11These are all included within the main body of the report.

**Legal implications**

12 The Local Government Finance Act 1992 states that Billing Authorities are to calculate their Council Tax Base figures as at 30th November preceding the financial year to which the Tax Base applies. These figures must be notified to the major precepting authorities by the following 31st January.

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**Background papers:**

Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated Nov 26th 2017 (Appendix 3)