

Report of: Head of Financial Services

To: Council

Date: 13 February 2019

Title of Report: Council Tax 2019/20

Summary and Recommendations

Purpose of report: To set out the necessary calculations to enable Council to set the 2019/20 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 2019/20: -

1. The City Council's precept and Council Tax requirement of £14,201,686 including Parish precepts and £13,941,621 excluding Parish precepts.
2. The average Band D Council Tax figure (excluding Parish Precepts) of £307.80 a **2.99%** increase on the 2018/19 figure of £298.86. Including Parish Precepts the figure is £313.54, a 3.21% increase (see paragraphs 2 to 6).
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 12 and 13).
4. The amount of £603,750 to be treated as Special Expenses (see paragraph 19).
5. The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's precepts) as follows:-

Littlemore	£348.68
Old Marston	£340.49
Risinghurst and Sandhills	£329.55
Blackbird Leys	£313.44
Unparished Area	£310.35

These figures include Parish Precepts and special expensing amounts as appropriate; in addition to the City-wide Council Tax of £294.47.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 22 below.
7. The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 23 below, and
8. The overall average Band D equivalent Council Tax of £1,988.65 including Parish Precepts (subject to confirmation of the Band D figures for the County Council and Police and Crime Commissioner).

Appendix 1 Statutory Calculations Required for Setting of the Council Tax

Appendix 2 Council Tax Amounts per Band 2019/20

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 £14,201,686. The Council Tax Requirement for the Council's own purposes is £13,941,621. 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 10th January 2019 and totalled 45,294.5. This allows 2% for non-collection.
3. On 13 December 2018, the Provisional Local Government Finance Settlement was announced by the Secretary of State for the Ministry for Housing, Communities and Local Government. The referendum levels for 2019-20 remain unchanged. For district councils, increases of less than 3% or up to and including £5 (whichever is higher) above the authority's relevant basic amount of council tax for 2018/19 can be made without triggering a referendum.
4. 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 2019/20

Requirement from Council Tax	£13,941,621
(including Parishes)	£14,201,686
Tax Base	45,294.5
Basic Amount of Council Tax Band D	£307.80
(including Parishes)	£313.54

5. The Basic Amount of Council Tax (excluding Parish precepts) represents a 2.99% increase on the 2018/19 figure of £298.86 and an annual increase of £8.94 or approximately 17p per week.
6. 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

7. The calculation of the City Wide Tax is set out in Table 2 below:-

Table 2 City Wide Band D Council Tax 2019/20

Council Tax Requirement	£14,201,686
Less Parish Precepts	£260,065
Less Unparished Area Special Expenses (see para 19)	<u>£603,750</u>
City Wide Requirement	£13,337,871
Divided by Tax Base	45,294.5
City Wide Council Tax at Band D	£294.47

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

8. 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 2019/20

	Parish Precept (net of funding) £	Unparished Area Special Expenses (net of Cemeteries)	Special Expense for Cemeteries £	Total £	Tax Base Numbers	Average Band D £
Littlemore	96,579.38		897.17	97,476.55	1,798.0	54.21
Old Marston	58,571.56			58,571.56	1,272.7	46.02
Risinghurst and Sandhills	50,850.00		733.70	51,583.70	1,470.4	35.08
Blackbird Leys	54,064.00		1,460.81	55,524.81	2,927.6	18.97
Unparished Area		581,784.00	18,874.32	600,658.32	37,825.8	15.88
TOTAL	260,064.94	581,784.00	21,966.00	863,814.94	45,294.5	

Council Tax Support Grant

9. 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.
10. After the initial year, there was no longer transparency regarding the amount of support the Government included in the Finance Settlement in respect of individual Councils Council Tax Support Grant. Consequently, as the Council's Revenue Support Grant continued to reduce it was agreed that the Council Tax Support Grant paid to Parishes was reduced by a similar percentage.
11. The above principle carried on up to and including 2018/19. As the Council's Revenue Support Grant is reduced to nil with effect from April 1st 2019, funding passed on to the Parishes also reduces to nil from 2019/20 onwards. This was explained to the Parishes at the Forum Meeting that took place in December 2018.
12. **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
13. Old Marston Parish Council subsequently 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. The use of the cemetery is not restricted to residents of that Parish; hence a contribution has been made to reduce the parish precept in recognition of this fact since 2008/09. For 2019/20 the Old Marston Parish Precept has been calculated as £68,571.56 and a recommendation is made to Council to reduce this by £10,000 to £58,571.56.

14. **BLACKBIRD LEYS PARISH**

The Precept has increased from £31,800 in 2018/19 to £54,060 in 2019/20. The resulting increase in the Parish's Band D Council Tax is an annual increase of £7.59 that equates to an increase of 66.7%. The majority of the increase, £15,000, is to enable the council to fulfil its role to (a) represent the local community; (b) support the delivery of services that meet local needs and (c) to strive to improve quality of life in the parish and contribute toward community wellbeing.

15. These three key areas represent the strategic aims of the Parish and inform the action plan for the next three years. The Parish requires funding to find ways to ensure each aim is met. For example, setting up community events; listening to local residents via active engagement. Also, printing and distributing flyers, setting up stalls and meetings and generally promoting the parish council so that it can genuinely represent the voice(s) of the local community. An initial fund of £5,000 for each strategic aim will provide the necessary resources to begin this process and gradually improve community engagement and consultation.

16. The budget for 2019-20 also makes provision for training and development of Councillors and the Parish Clerk. The increased precept for 2019/20 produces a weekly increase of just 15p for a Band D dwelling in the Blackbird Leys area.

17. **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".

18. 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.

19. Table 5 below sets out the Special Expenses Account:

Table 5 Special Expenses Estimate 2019-20		
	Total Special Expenses 2019-20	Total Special Expenses 2018-19
Community Recreation	299,031	294,632
Parks Management	8,558	8,440
Grounds	76,665	52,250
Allotments	18,203	18,056
Ditches and Streams	69,077	77,300
Cemeteries	21,966	21,966
Street Furniture	<u>110,250</u>	<u>105,000</u>
	603,750	577,644

20. 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 13 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.
21. 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.
22. **Oxfordshire County Council:** The County Council's likely precept figure for 2019/20 is £66,529,920.44 giving a Band D Council Tax of £1,468.83 a 2.99% increase on the 2018/19 figure of £1,426.19. The figures are due to be finalised on February 12th 2019. There will be no Adult Social Care precept in 2019/20 as the County Council has already raised the maximum 6% that in December 2016 the Department for Communities and Local Government announced could be raised over the next three-year period, namely 2017/18 through to 2019/20.
23. **Police and Crime Commissioner for Thames Valley:** The precept figure for 2019/20 is likely to be £9,343,349.46 giving a Band D Council Tax of £206.28 a 13.2% increase on the 2018/19 figure of £182.28. The Provisional Local Government Finance Settlement, announced by the Secretary of State for the Ministry for Housing, Communities and Local Government on December 13th 2018, stated that for Police and Crime Commissioners the potential annual increase to their precept will be extended to £24 for 2019/20.

24. **Risk Implications:** Due to the increases explained in the paragraphs above most Oxford residents will face an overall 4% rise in their Council Tax liability for 2019/20. The average Band D Council Tax paid in Oxford in 2018/19 was £1,912.27. This will increase by £76.38 to £1,988.65 in 2019/20. This is less than the £101.40 increase between 2017/18 and 2018/19 because no Adult Social Care precept is applicable for 2019/20. A risk assessment has been undertaken and a risk register is attached at Appendix 3. This includes a risk relating to the potential reputational impact on the City Council as Billing Authority for the area and a risk relating to the increased challenge of maintaining the collection rate.
25. **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.
26. **Financial Implications:** These are all included within the main body of the report.
27. **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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