

**CCReport of:** Strategic Director, Finance and Corporate Services

**To:** Executive Board and Council

**Date:** 27 February 2006 **Item No:**

**Title of Report :** Council Tax 2006/07

### Summary and Recommendations

**Purpose of report:** The Council Tax for Oxford City for 2006/07 has to be set by Council, in accordance with the Local Government Finance Acts, 1988 and 1992. This report contains the necessary calculations and is presented to the Executive Board, prior to going to Council.

**Key decision:** No

**Portfolio Holder:** Councillor Alex Hollingsworth

**Deputy Responsibility:** Finance and Performance Management

**Ward(s) affected:** ALL

**Report Approved by:** Councillor Hollingsworth  
Penny Gardner (Finance)  
Jeremy Thomas (Legal)

**Policy Framework:** Not applicable

**Recommendation(s):** The Executive Board is asked to RECOMMEND Council to agree for 2006/07: -

1. The City Council's precept and requirement from Council Tax of £10,589,738
2. The Basic Amount of Council Tax at Band D of £233.52. This represents an increase of 4.0% on the 2005/06 figure of £224.54. This increase equates to £8.98 per annum (17 pence per week).
3. That the amount of £457,315 be treated as the Special Expenses of the Unparished Area.

4. The approval of Band D Council Taxes for the various areas of the City (excluding the Police and County Council's additions) as follows:-
- |                           |         |
|---------------------------|---------|
| Littlemore                | £242.71 |
| Old Marston               | £257.93 |
| Risinghurst and Sandhills | £243.32 |
| Blackbird Leys            | £228.11 |
| Unparished Area           | £232.29 |

These figures include the Parish precepts (or Unparished Area addition) on top of the City-wide Council Tax of £219.87

5. The approval of the attached Appendices 1 and 2.
6. To note the County Council's precept of £45,744,592 and its Council Tax at Band D of £1,008.75. This has increased 4.4% compared to 2005/06.
7. To note the Thames Valley Police Authority's precept of £6,012,412 and a Council Tax at Band D of £132.58 (a 5.0% increase on 2005/06).
8. The overall average Band D Council Tax is £1,374.85.

### **EXPENDITURE REQUIREMENTS 2006/07**

1. Our estimate of the cost of carrying out the Council's functions, after the use of balances, is £26,463,375 including provision for inflation contingencies, and Parish Precepts.
2. The Government provides financial support to local authorities. This support is in the form of redistributed National Non-Domestic Rates (NNDR) and the Revenue Support Grant (RSG). For 2006/07 the Government has moved away from the old grant distribution mechanism, which made use of Formula Spending Shares (FSS) in an attempt to calculate assumed spending for each authority.
3. The Formula Spending Shares were a way of allocating resources according to authorities' relative circumstances. The intention was that if every authority set its budget at the level of FSS, the Council Tax would be the same across England – the Assumed Notional Council Tax (ANCT).
4. For 2006/07 the Government has replaced the old FSS mechanism with a new grant support system – known as the “four block” model. As with the old FSS system, the four block model attempts to allocate resources according to authorities' relative circumstances. However there has been a fundamental change to the mechanics of the calculation of grant support. As a result it is no longer possible to derive an Assumed Notional Council Tax figure.

5. Oxford's share of the 'Redistribution of NNDR' for 2006/07 is £13,176,359. With the 'Government Grant' at £2,543,507, the total external funding is £15,179,866 (£14,591,782 for 2005/06). This has to be adjusted for the City Council's share of the estimated collection fund surplus for 2005/06 - £153,771.

### **CALCULATION OF BASIC AMOUNT OF COUNCIL TAX**

6. The tax bases for the various parts of the City were approved at Council on 16<sup>th</sup> January 2006 and totalled 45,348 (43,996 in 2005/06). This allows 3.0% for non-collection. The increase in the overall tax base is due essentially to newly built dwellings becoming liable for Council Tax, and also to the ongoing review of those dwellings in receipt of exemption or discount status.
7. The Basic Amount of Tax is calculated under Sections 32 to 36 of the Local Government Finance Act 1992. Details are shown in Appendix 1 and summarised below.

Spending Requirement (including Parishes)	£ 26,463,375
<b>Budget requirement</b>	
<u>Less</u> Revenue Support Grant	2,543,507
<u>Less</u> share of National Non-Domestic Rate	13,176,359
<u>Less</u> City share of 2005/06 estimated Collection Fund Surplus	153,771
Requirement from council tax	10,589,738
<u>Divide</u> by tax base	45,348
<b><u>Basic Amount of Council Tax at Band D</u></b>	<b><u>233.52</u></b>

8. The Basic Amount of Council Tax of £233.52 (£224.54 for 2005/06) has increased by 4.0%. This increase equates to £8.98 per annum (17 pence per week). These figures are inclusive of Parish Precepts, and the Non Parished Area Special Expenses.
9. The Basic Amount of Council Tax is calculated by dividing the total City Council Precept (which includes the amount to be collected for the Parishes) by the tax base. This amount of tax is calculated purely to comply with statutory requirements.
10. Actual Council Taxes at Band D are calculated as follows:-

Requirement from Council Tax	£ 10,589,738
Less Parish precepts	161,600
Less Unparished Area special expenses	457,315
City-Wide Requirement	9,970,823
Divided by tax base	45,348
<b><u>City-Wide Council Tax at Band D</u></b>	<b><u>219.87</u></b>

## **PARISH PRECEPTS AND UNPARISHED AREA SPECIAL EXPENSES ACCOUNT**

11. The Parishes have issued the City Council with their precepts and the respective additions to the Band D Tax are calculated as follows.
12. Only part of the City area is covered by Parishes. In the Unparished Area the City Council itself undertakes the Parish functions. Therefore, an Unparished Area Special Expenses Account has to be kept.
13. Expenditure on the Unparished Area Special Expenses Account are estimated at £457,315 (2005/06 £437,494) and the addition to the Council Tax is also shown below.

	<b>Precept</b>	<b>Tax Base</b>	<b>Tax</b>
	<b>£</b>		<b>£</b>
Littlemore	55,000	2,408	<b>22.84</b>
Old Marston	48,600	1,277	<b>38.06</b>
Risinghurst and Sandhills	28,000	1,194	<b>23.45</b>
Blackbird Leys	30,000	3,641	<b>8.24</b>
Unparished Area	457,315	36,828	<b>12.42</b>
<b>Total</b>	<b>618,915</b>	<b>45,348</b>	

14. 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.

## **THAMES VALLEY POLICE AUTHORITY**

16. The Police Authority has set a band D Council Tax of £132.58, an increase of 5.0%.
17. Their precept on the City Council for 2006/07 is £6,012,412.

## **OXFORDSHIRE COUNTY COUNCIL**

18. The County Council has precepted on the City Council for an amount of £45,744,592.
19. The County's Band D rate of Council Tax has been set at £1,008.75 – an increase of 4.4%.

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

- 1 The revenue estimates for the year 2006/07 have been reported to Council on 20<sup>th</sup> February 2006 and take into account the revenue implications of the approved capital programme and staffing requirements.
- 2 Having approved these items, Executive Board is asked to approve the following.

That the following amounts be now calculated by the Council for the year 2006/07 in accordance with sections 32 to 36 of the Local Government Finance Act 1992.

- a) £108,452,322 being the aggregate amount which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act, that is the gross expenditure, on the General Fund.
- b) £81,988,947 being the aggregate of the amounts which the Council is required to calculate under Sections 32 (3) (a) to (c) of the Act, that is general fund income, including contributions from balances.
- c) £26,463,375 being the amount by which 1.2 (a) above exceeds 1.2 (b) This sum is calculated by the Council, in accordance with Section 32 (4) of the Act, as its budget requirement for the year. This is the amount 'R' calculated in accordance with S33 (1) of the Local Government Finance Act 1992.
- d) £15,719,866 being the aggregate of the sums which the Council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates and revenue support grant.
- e) £153,771 being the City share of the estimated 2006/07 collection fund surplus, as calculated under the Local Authorities (Fund) (England) Regulations 1992.
- f) £15,873,637 being the amount at (d) plus (e), and equating to the value P required to be calculated under Section 33 (1) of the 1992 Act.
- g) £10,589,738 calculated by the Council in accordance with Section 33 (1) of the 1992 Act, as its requirement from Council Tax for the year. This is the amount 'R-P' as required by S33 (1) of the Act.

- h) £161,600 being the total of Parish precepts referred to in Section 35 (1) of the 1992 Act and £457,315 being the special expenses of the Unparished Area, as specified in S35(2) (d) of the 1992 Act, the aggregate of special items is £618,915.
- i) 45,348 being the taxbase for tax setting purposes, approved by Council on 16<sup>th</sup> January 2006 'T' as required by S33 (1) of the Act).
- j) £233.52 being the overall basic amount of Council Tax calculated by dividing the amount at 1.2 (g) above by the tax-base. This is the amount 'R less P and all divided by T, under Section 33 (1) of the 1992 Act.
- k) The City Council is required under Section 34 (2) of the 1992 Act to calculate the City-Wide Council Tax under the formula B-A/T where
- B = Basic Amount of Council Tax (see paragraph 1.2 (j))  
A = Sum of Special Items (see paragraph 1.2 (h))  
T = Taxbase (see paragraph 1.2 (i))

The calculation is therefore

$$£233.52 - (£618,915 / 45,348) = £219.87$$

The City Wide Council Tax is £219.87

- l) Parish and special expense area additions to the City Wide Council Tax (at Band D) are calculated under Section 34 (3) of the 1992 Act, in accordance with the formula

'S/TP'

where S = Precept or Special Expense

and TP = Taxbase of Parish or special expense area

	<b>Precept</b>	<b>Tax Base</b>	<b>Tax</b>
	<b>£</b>		<b>£</b>
Littlemore	55,000	2,408	<b>22.84</b>
Old Marston	48,600	1,277	<b>38.06</b>
Risinghurst and Sandhills	28,000	1,194	<b>23.45</b>
Blackbird Leys	30,000	3,641	<b>8.24</b>
Unparished Area	457,315	36,828	<b>12.42</b>
<b>Total</b>	<b>618,915</b>		

- m) The basic amounts of Council tax (at Band D) for the Parished and Unparished Areas are calculated by combining the City Wide Council Tax (see paragraph 1.2(k)) and the additions shown at paragraph 1.2(l). Band D Council taxes for different parts of the City's area are shown below.

	£
Littlemore	242.71
Old Marston	257.93
Risinghurst and Sandhills	243.32
Blackbird Leys	228.11
Unparished Area	232.29

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**Background papers:** None

