

To: City Executive Board and Council

Date: 13th January 2010 and 25th January 2010 **Item No:**

Report of: Heads of Finance

Title of Report: **SETTING OF THE COUNCIL TAX BASE 2010-11**

Summary and Recommendations

Purpose of report: To set the "Council Tax Base" for 2010/11 (as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 1992).

Key decision: No

Executive lead member: Cllr. Ed Turner

Report Approved by:

Finance:
Legal: Jeremy Thomas

Policy Framework: No

Recommendation(s): The City Executive Board is asked to recommend to Council the following:

- a) that the 2010/11 Council Tax Base for the City Council's area as a whole be set at **46,680** (calculation shown in Appendix 1)
- b) that the projected level of collection be set at 98%
- c) that the following tax bases for each of the parishes, and for the Unparished area (calculations shown in Appendix 2) be set at:

Unparished Area of the City	38,253
Littlemore Parish	1,917
Old Marston Parish	1,298
Risinghurst & Sandhills Parish	1,526
Blackbird Leys Parish	3,686

<u>City Council Total</u>	<u>46,680</u>
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Council Tax Base – an introduction

The tax base is the estimate of the taxable capacity of the area for the 2010/11 period. The numbers of dwellings in each valuation band are converted to full charge Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at Nov 30th 2009 and projections are then made for expected movements over the period Dec 1st 2009 – March 31st 2011. Separate calculations are required for the whole of the Authority's area and in addition for the individual Parishes and the Unparished area of the city. The Tax Base will be used by the Council to calculate the Council Tax for 2010/11, and by Oxfordshire County Council and Thames Valley Police Authority to apportion their precepts from 1 April 2010.

1. **Dwellings:** This is the number of dwellings in each valuation band as at 30 November 2009 (Appendix 3).
2. **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax. Some categories are exempt. Other dwellings can attract a discount, either at 10%, 25% or 50% dependant on the number of adults who are considered resident. In setting the Tax Base for 2010/11 the Authority needs to take into account all the exemptions and discounts applicable as at November 30th 2009.
3. **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.
4. **Discretion:** The Council has discretion in the following areas when calculating the Council Tax Base:
 - a) **Adjustment for changes in the number of properties being built;**
Changes in the number of properties subject to a discount;
exemption or disabled relief.

Appendix 4 shows the net annual increase in our 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 over the next two years. In 2009/10 our net figure had only increased by 177 to the end of November. There had been a total of 257 new dwellings, but also 91 demolitions. (The balance was due to splits and mergers, i.e. houses being converted into flats).
 - b) An estimate of 127 new dwellings has been included for the remainder of 2009/10. This figure is derived from information obtained from the Council Tax Inspector and includes the developments at Remy Place (27 flats). For 2010/11 an estimate of 265 new dwellings has been built into the calculation. This assumes growth in 2010/11 at a similar rate to 2009/10. The principal developments will be at Rose Hill and at Railway Lane, Littlemore. A 50% reduction has been applied to the 2010/11 additional

dwellings to reflect that some will have discounts or exemptions, and most will not be in the Valuation List for the entire period.

- c) An adjustment has also been made for an estimated increase in the number of exempt dwellings (see also para 7 below). As at Nov 30th our exemption totals are not at their highest and will continue to rise as the current academic year students register for exemption (Halls of Residence and houses occupied entirely by students are exempt).
- d) The Council needs to make an allowance for non-collection of Council Tax. The Chief Financial Officer has recommended that this allowance be set at two percent, giving a projected collection rate of 98%. This was reduced from 3% with effect from 2007/08 due to the Authority's improved collection performance. We now collect the tax quicker (eventually collecting over 99% of the debit).

5. **Calculation method:** The method used is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (SI 1992/612), as amended by Statutory Instrument 2003/3012 (see paragraph 6 below). This has been followed for the calculation of the Tax Base for the whole Authority (Appendix 1) and for each of the parishes (Appendix 2). The basic steps are as follows:

- Number of dwellings in each of the valuation bands
- Deduct exempt dwellings
- Adjust for disabled reductions
- Adjust for discounts (10%, 25% and 50%)
- Convert to band D equivalents
- Allow for projected collection rate.

6. **The Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003:** The procedure for setting the tax base for 2010/11 (and years 2005-06 through to 2009-10) has reverted to the process used for the years up to and including 2003/04. For 2004/05 the above legislation put back the 'relevant day' from November 30th to December 20th. This was to enable authorities to take account of discounts under the new section 11A of the Local Government Finance Act 1992. At the meeting on 19th January 2004, Executive Board decided that for 2004/05, and for subsequent financial years

- a. the discount applied for second homes be reduced to 10%
- b. the discount for long term empty homes be reduced to nil

These decisions have been incorporated into the calculation process for 2010/11.

7. **Reasons for increase in Council Tax Base:** The calculated figure of **46,680** for the overall tax base for 2010/11 represents an increase of 1.08% on the 2009/10 figure. This is the first increase in our tax base since 2007/08 when the calculated base increased from 45,348 to 46,180 (1.83%). Our total of dwellings has continued to rise – albeit at a slow rate. This is as expected in the current economic climate. Student exemptions have continued to rise whereas other categories of exemptions, in particular Class A (vacant dwellings requiring structural alteration), have decreased.
8. **Banding reductions:** A ‘cautious’ approach to the expected number of new dwellings in 2010/11 has been adopted – partly because of the effect of banding appeals. During the period April 1st – November 30th 2009 we have received notification of 112 properties where the Valuation Office Agency has reduced the banding as the result of a successful appeal. Twenty six of these have been backdated by the VOA to April 1993 – the date of implementation of the Council Tax. Dwellings for example have moved from Band G to F, from Band E to D etc. The net effect is to have a permanent reduction on our tax base. It is highly probable that we will be notified of more of these over the forthcoming 15 months. Regrettably there is no way of estimating the number of these.
9. **Risk Implications:** A risk assessment has been undertaken and the risk register is attached at Appendix 5.

Name and contact details of author: Adrian Wood
 Finance Performance Officer
 Ext: 2619
 Email: awood@oxford.gov.uk

Background papers: Statistical report ct6140
 produced from the Academy Council Tax system dated Nov 28th 2009.
 Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated Nov 30th 2009 (Appendix 3)

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