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Our ref:

Your ref:

Dear Mr Rodrigo

Council Tax procedure in Oxford City

Thank you for your letter that was presented to the Council's Audit and Governance Committee meeting on Sept 27th.

I am sorry that you remain dissatisfied with the procedure for setting the Council Tax in the City Council's administrative area. Due to the fact that we have four relatively small parishes with the vast majority of the dwellings falling within what is known as the "unparished area" the calculation process is a complicated one, but one that takes account of the provisions of the Local Government Finance Act, 1992, in particular sections 34 and 35.

Before explaining the legal position I must correct one of your assertions that the unparished area special expenses was introduced in 2008 following the moving of the parished part of the Rose Hill estate from the administrative area of Littlemore Parish Council into the unparished area of the city. This has in fact been in place since the introduction of Council Tax in 1993 .

The legal position around 'Special Expenses' is governed by Section 34 of the 1992 Act which sets out the additional calculations the council is required to make where "special items" relate to a part of a billing authority's area.

"Special items" are as defined in section 35 –

- (1) Any precept issued to the Authority which is applicable to part only of its area, i.e. the precept demands issued by the councils four parishes
- (2) Any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by....a parish or community council."

Thus the council is required to calculate for the unparished area of the city, the cost of providing those services that are carried out by the parishes and are therefore included in the parish precepts. The unparished area special expenses account is thus really the equivalent of a Parish Precept. If the calculation is not undertaken, taxpayers in parished areas would be subject to "double taxation". This is because the costs of services (such as grass cutting on public land and maintenance and running costs of allotments) for residents of the unparished area would be spread across the whole district rather than being charged only to residents of the unparished area.

This approach is replicated in other Billing Authorities that have an unparished area as well as parishes.



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In answer to the specific points raised in your letter of 27th September I would advise the following :

Calculation for different parts of unparished area

You make the point that some of the service areas included in the unparished area do not benefit Rose Hill. I agree that items included within the calculation of the unparished area special expenses may not apply across the whole unparished area but it would be impracticable and unduly complicated to calculate different levels of unparished area expenses for different parts of the area, for example Old Headington, New Marston, Rose Hill etc.

Local say in spending decisions

Your statement that residents in unparished areas have no say in spending priorities I believe is untrue. The City Council is run by members that are elected via a democratic process. The Council consults each year on its budget proposals and spending priorities and takes account of what is said. Should you have any particular items that you wish to take up then your elected member is available and there are Area Committees for your area where you can make representation.

Is the unparished area tax used to keep the city wide tax low?

It is true that the unparished area special expenses account reduces the city wide tax but under s34 the council have no discretion but to do so. Percentage increases for Council Tax are however based on the basic amount of Council Tax, not the City wide tax. These are the figures reported to Central Government.

Any shortfalls in tax that is due to the precepting authorities is met from the Unparished Area special expenses account

This is not correct as all Council Tax income is paid into the Authority's collection fund. There are no separate accounts maintained for taxes received from the parishes or unparished area. In the unfortunate event of the council not being able to meet its precept commitments it would be necessary to borrow funds to cover the shortfall.

Council Tax setting is a complex and technical area especially in Oxford City but I am satisfied that the Council are carrying out those calculations in accordance with the requirements of the related legislation.

I trust that I have satisfactorily addressed the concerns that you raised in your letter but should you require anything else then please feel free to give me a ring.



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