

Report of: Head of Finance

To: Council

Date: 25 February 2013

Item No:

Title of Report: Council Tax 2013/14

Summary and Recommendations

Purpose of report: To set out the necessary calculations to enable Council to set the 2013/14 Council Tax for Oxford City, in accordance with the Local Government Finance Acts, 1988 and 1992, as amended by The Localism Act 2011.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: None

Recommendation(s): Council is asked to approve for 2013/14: -

1. The City Council's precept and Council Tax requirement of £11,228,070 (inclusive of Parish Precepts). Net of the Parish Precepts, the figure is £11,073,898.
2. The average Band D Council Tax figure (excluding Parishes) of £268.19 a 1.99% increase on the 2012/13 figure of £262.96. Including Parish Precepts the figure is £271.93, a 1.83% increase on the 2012/13 figure of £267.05 (see paragraph 13).
3. The contribution of £10,000 to the Parish of Old Marston in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 20 and 21).
4. The amount of £480,238 to be treated as Special Expenses (see paragraph 24).
5. The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's additions) as follows:-

Littlemore	£286.32
Old Marston	£296.33
Risinghurst and Sandhills	£284.37
Blackbird Leys	£265.50
Unparished Area	£270.39

These figures include the Parish Precepts and special expensing amounts as appropriate on top of the City-wide Council Tax of £256.56.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 27 below.
7. The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 28 below, and
8. The overall average Band D equivalent Council Tax of £1,614.14 including Parish Precepts.

Appendix 1 Statutory Calculations Required for Setting of the Council Tax

Appendix 2 Council Tax Amounts per Band 2013/14

Appendix 3 Risk Management Implications

BACKGROUND

9. The Localism Act, 2011 has made significant changes to the Local Government Finance Act 1992, and now requires authorities to calculate a council tax requirement for the year, not a budget requirement as previously. The City Council's calculation of this figure including the Parish Precepts is £11,228,070. The council tax requirement for the Council's own purposes is £11,073,898. The detailed calculation is shown in Appendix 1.

CALCULATION OF BASIC AMOUNT OF COUNCIL TAX

10. The tax bases for the various parts of the City were approved at Council on 17th December 2012 and totalled 41,290.8. This allows 3.0% for non-collection and represents a 12.4% reduction on the 2012/13 figure of 47,133.9. The reason for this significant reduction is due to the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (see paragraphs 11 and 12).

11. Changes to the tax base calculation from April 2013
From April 1st 2013 the national scheme of Council Tax Benefit is being replaced by local “*council tax reduction schemes*”. Full details were reported to Council on Dec 17th 2012 when the “Setting of the Council Tax Base 2013-14” report was considered. The Council Tax Reduction Scheme reduces the authority’s Tax Base by the value of Council Tax support against individual property Council Tax bands. This is then equated to the number of Band D equivalent properties. In Oxford City this equates to a reduction of 6,447 band D properties or 14% of the Tax Base.
12. In addition the 2013/14 Tax Base also reflects the technical changes to Council Tax that will take effect from April 2013. At City Executive Board on 22nd November 2012 it was agreed to make changes to these discounts and exemptions and to consult on such changes through the Council’s budget consultation process. These changes include:
- giving Billing Authorities the power to levy up to full Council Tax on second homes
 - the replacing of former Exemption Classes A and C (Vacant dwellings where major repair works or structural alterations are required, and empty and substantially unfurnished dwellings) with discounts to be determined by the Billing Authority and
 - allowing Billing Authorities to levy an ‘empty homes premium’ in respect of dwellings which have been left empty for two years or more

These changes to discounts and exemptions partially offset the reduction in the Tax Base caused by the local Council Tax Reduction Scheme. The financial effect is that they will generate additional income of around £145k. This together with a one-off transitional grant will largely compensate for the 10% reduction in funding.

13. The Basic Amount of Tax is calculated under Sections 31B of the Local Government Finance Act 1992. Details are shown in Appendix 1 and summarised below.

Table 1 Basic amount of Band D Council Tax 2013/14

Requirement from Council Tax	£11,073,898
(including Parishes)	£11,228,070
Tax Base	41,290.8
Basic Amount of Council Tax Band D	£268.19
(including Parishes)	£271.93

14. The Basic Amount of Council Tax (exclusive of Parish precepts) represents a 1.99% increase on the 2012/13 figure of £262.96 and an annual increase of £5.23 or 10p per week.
15. 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

16. The calculation of the City Wide tax is set out below:-

Table 2 City Wide Band D Council Tax 2013/14

Council Tax Requirement	£11,228,070
Less Parish Precepts	£154,172
Less Unparished Area Special Expenses	<u>480,238</u>
City Wide Requirement	£10,593,660
Divided by Tax Base	41,290.8
City Wide Council Tax at Band D	£256.56

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

17. The Parishes have issued the City Council with their precepts. These, and the respective additions for the special expensing of cemeteries, are as shown below.

Table 3 Band D Special Expenses Addition 2013/14

	Parish Precept (net of funding) £	Unparished Area Special Expenses (net of Cemeteries)	Special Expense for Cemeteries £	Total £	Tax Base Numbers	Average Band D £
Littlemore	47,176.37		803.00	47,979.37	1,612.3	29.76
Old Marston *	47,645.22			47,645.22	1,197.9	39.77
Risinghurst and Sandhills	37,499.45		683.95	38,183.40	1,373.1	27.81
Blackbird Leys	21,850.96		1,289.19	23,140.15	2,587.6	8.94
Unparished Area		460,266.00	17,195.86	477,461.86	34,519.9	13.83
TOTAL	154,172.00	460,266.00	19,972.00	634,410.00	41,290.8	

18. Table 4 shows the distribution of the £24,053 funding received from Central Government to compensate Parish Councils for their loss of Council Tax Income arising from the implementation of the Council Tax Reduction Scheme. This payment to the parishes is provided for within the Council's 2013/14 budget. The funding has been apportioned to parishes by ensuring that those parishes who have been hit the hardest by the reduced Tax Base receive the greater share.

Table 4 Amounts Paid to Parishes

	Precept £	Funding £	Total payable to Parish £
Littlemore	47,176.37	8,823.63	56,000.00
Old Marston *	57,645.22	3,579.78	61,225.00
Risinghurst and Sandhills	37,499.45	3,500.55	41,000.00
Blackbird Leys	<u>21,850.96</u>	<u>8,149.04</u>	<u>30,000.00</u>
	164,172.00	24,053.00	188,225.00

(* this includes the £10,000 contribution – see paragraph 21).

19. **LITTLEMORE PARISH**

It should be noted that Littlemore have reduced their precept demand by £5,000 from the 2012/13 figure (the figure has decreased from £61,000 to £56,000). This has resulted in a reduction in the Littlemore precept of 6.81% when compared with 2012/13.

20. **OLD MARSTON PARISH**

The May 2002 Guidance Note issued by Central Government (DTLR) 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

21. Old Marston Parish Council has made a case for a contribution to the Parish in recognition of the additional expenditure that the Parish incurs in relation to maintaining their cemetery; this has been ongoing since 2008/09. The Parish maintains the cemetery the use of which is not restricted to residents of that Parish, hence a contribution has been made to reduce the parish precept in recognition of this fact. For 2013/14 the Old Marston parish precept has been calculated as £61,225 and a recommendation is made to Council to reduce this by £10,000 to £51,225.

22. **UNPARISHED AREA OF THE CITY**

Only part of the City area is covered by parishes. 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".

23. Within the City area the services shown in the table below are currently provided by at least one Parish Council. To avoid double counting the cost of providing these services (equated to a Band D equivalent) in the parished areas providing them, a special expense - equivalent to the cost of providing these services elsewhere in the City - is levied on those areas not providing them.

24. The following table sets out the Special Expenses Account:

Table 5 Special Expenses Estimate 2013/14

	Special Expenses for Cemeteries £	Special Expenses 2013/14 £	Total Special Expenses 2013/14 £	Total Special Expenses 2012-13 £
Community Recreation Parks Management		217,909	217,909	211,289
Grounds		12,531	12,531	10,655
Allotments		43,665	43,665	45,341
Ditches and Streams		23,952	23,952	8,503
Cemeteries		68,209	68,209	85,424
Street Furniture	19,972		19,972	24,939
		94,000	94,000	104,152
Total Special Expenses	19,972	460,266	480,238	490,303
Tax Base	40,093	34,520		
Band D Special Expenses	£0.50	£13.33		
(Special Expenses / Tax Base)				

25. 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, which is based at Old Marston. As outlined above in (paragraph 19) Old Marston have put forward a strong case 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.
26. 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.

27. **Oxfordshire County Council:** The County Council's likely precept figure for 2013/14 is £48,922,579 giving a Band D Council Tax of £1,184.83. The latter represents a 1.99% increase on the 2012/13 figure of £1,161.71. The figures are due to be finalised on Feb 19th 2013.
28. **Police and Crime Commissioner for Thames Valley:** The precept figure for 2013/14 was confirmed on Feb 1st 2013 and will be £6,498,378 giving a Band D Council Tax of £157.38. The latter is a 2% increase on the 2012/13 figure of £154.30.
29. **Risk Implications:** A risk assessment has been undertaken and the risk register is attached at Appendix 3.
30. **Equalities Impact Assessment:** There are no Equalities Impact Assessment implications relating to the setting of the Council Tax as detailed in this report.
31. **Financial Implications:** These are all included within the main body of the report.
32. **Legal Implications:** 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:

DTLR Guidance Note (May 2002) on Financial Arrangements with Parish and Town Councils