

To: Audit and Governance Committee
Date: December 16th 2015
Report of: Head of Financial Services
Title of Report: Setting of the Council Tax Base 2016-17

Summary and Recommendations

Purpose of report: To set the "Council Tax Base" for 2016/17 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

Key decision: No

Executive lead member: Cllr. Ed Turner

Policy Framework: No

Recommendations: The Audit and Governance Committee are recommended to agree:

- a) that the 2016/17 Council Tax Base for the City Council's area as a whole is set at **43,665.1** (as shown in Appendix 1)
- b) that the projected level of collection is set at 98%
- c) that the tax bases for the Parishes, and for the Unparished Area of the City (as shown in Appendix 2) be set as follows:

Unparished Area of the City	36,468.2
Littlemore Parish	1,730.4
Old Marston Parish	1,269.1
Risinghurst & Sandhills Parish	1,418.6
Blackbird Leys Parish	2,778.8
City Council Total	43,665.1

- Appendix 1 Oxford City Council Tax Base 2016-17
- Appendix 2 Parish Councils' Tax Base 2016-17
- Appendix 3 Dwellings by valuation band at 30th Nov 2015
- Appendix 4 Growth in dwellings
- Appendix 5 Risk Register

Background

- 1 Responsibility for setting the Council Tax Base for the City Council's area as a whole and for the individual parishes is delegated to the Audit and Governance Committee.
- 2 The Tax Base is the estimate of the taxable capacity of the area for the period. The numbers of dwellings in each valuation band are converted to Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at Nov 30th 2015 and projections are then made for expected movements over the period December 1st 2015 – March 31st 2017. Separate calculations are required for a) the whole of the Authority's area and b) the individual Parishes and the Unparished area of the City. The Tax Base is used by the Council to calculate the yield from Council Tax for 2016/17, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2016.

Council Tax Reduction Scheme

- 3 The Council Tax Reduction Scheme which replaced Council Tax Benefit from April 1st 2013 has the effect of reducing the Tax Base. To assist the Local Authority (and the Parishes) with the resulting loss of income, grant funding is paid by the Government. In 2013/14 this represented 90% of the grant the Council previously received for Council Tax Benefit. However, the grant has subsequently been absorbed into Formula Grant and is not separately identifiable.

Factors taken into account in the calculation of the Tax Base

- 4 The following factors are taken into account when calculating the tax base:
 - **Dwellings:** The number of dwellings in each valuation band as at 30th November 2015 (see Appendix 3 attached).
 - **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax charge, some are exempt. Others can attract a discount, either at 25%, 50% or 100% dependant on the number of adults who are resident. The level of exemptions and discounts reduces the Tax Base.
 - The estimate of the number of dwellings that will be eligible for a 25% discount in 2016/17 (recently built or uninhabitable dwellings) is 75. This figure is shown in line 8 of Appendix 1 and is based on data as at Nov 30th 2015.
 - The estimate of the number of dwellings that will be eligible for a 100% discount (applicable for one month only) (empty

and unfurnished dwellings) is 53. This is included within line 2 of Appendix 1 and is based on data as at Nov 30th 2015.

- **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.
- **Council Tax Reduction Scheme:** The estimate of the total number of dwellings that will be eligible for discounts under the Council Tax Reduction Scheme in 2016/17 is 6,744 compared to 7,079 in 2015/16. The breakdown per band is detailed in line 3 of Appendix 1.
- **Long Term Empty Premium:** The estimate of the number of dwellings that will be subject to 150% Council Tax after being empty for two years is 76 (Line 12 of Appendix 1).
- **Discretionary elements:** The Council has discretion in the following areas when calculating its Council Tax Base:
 - (i) **Number of new properties built:** Appendix 4 shows the net annual increase in the 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 thereafter. The net increase in 2015/16 to date is 446. There are a number of building projects nearing completion and a figure of 112 new builds has been included for the remainder of 2015/16 (line 1a of Appendix 1).

For 2016/17 an estimate of 335 new dwellings has been built into the calculation (Line 1b) based on planning applications - a 50% discount has been given to these dwellings to reflect that some will have discounts or exemptions, and most will not be in the Valuation List for the entire period.

(ii) **Allowance for non-collection** - The Council is required to make an allowance for non-collection of Council Tax. The Head of Financial Services has recommended that the allowance for 2016/17 is 2%. This compares to 2.5% for 2015/16. This reassessment is based on the fact that:

- The cumulative Collection Fund (Council Tax element) surplus as at March 31st 2015 is £1,889,527; this represents the excess of Council Tax collected for the year above the original estimate. As at March 31st 2015 the Council had collected 97.67% of the 2014/15 Council Tax debit. This represented our best ever in year result and confirms that our collection rates are rising.
- The caseload for the Council Tax Reduction Scheme has reduced from 7,468 back in 2013/14 (the year Council Tax Support replaced the former scheme of Council Tax Benefit) to the current figure of 6,744. This is due to a fall in the number of households claiming Council Tax Support as a

result of Oxford's economy recovering well over the last few years.

Calculation method

- 5 The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914). The basic calculation is as follows:
- Number of dwellings in each of the valuation bands
 - Less Exempt dwellings
 - Dwellings eligible for the Council Tax Reduction Scheme
 - Disabled reductions
 - Discounts (25% and 50%)
 - Convert to Band D equivalents
 - Adjust for projected collection rate.
- 6 Appendices 1 and 2 attached set out the requisite calculations for the Authority as a whole as well for the Parished and Unparished areas of the City. Table 1 below summarises the Tax Bases.

Table 1.

Council Tax Bases				
	2016/17	2015/16	Change	
	Nos	Nos	Nos	%
Unparished Area	36,468.2	35,683.1	785.1	2.2
Littlemore	1,730.4	1,663.1	67.3	4.0
Old Marston	1,269.1	1,220.9	48.2	3.9
Risinghurst and Sandhills	1,418.6	1,397.4	21.2	1.5
Blackbird Leys	2,778.8	2,694.2	84.6	3.1
City Council Total	43,665.1	42,658.7	1,006.4	2.4

Reasons for increase in Council Tax Base

- 7 The calculated figure of 43,665.1 for the overall Tax Base for 2016/17 represents an increase of 2.4% on the 2015/16 figure. The main reasons for this are:
- a) a slow, but steady, growth in the overall number of dwellings. As at November 30th 2014 dwellings totalled 59,561. Twelve months later this had grown to 60,101 (an increase of 0.91%)

- b) a reduction in the estimate of the number of dwellings entitled to discounts under the Council Tax Reduction Scheme from 7,079 in 2015/16 to 6,744 in 2016/17 (a reduction of 4.73%).
- c) the reduction of the non-collection allowance from 2.5% to 2% (see para 4 (ii) above)

Risk Implications

- 8 A risk assessment has been undertaken and the risk register is attached at Appendix 5.

Equalities Impact Assessment

- 9 There are no Equalities Impact Assessment implications relating to the setting of the Tax Base as detailed in this report.

Financial Implications

- 10 These are all included within the main body of the report.

Legal implications

- 11 The Local Government Finance Act 1992 states that Billing Authorities are to calculate their Council Tax Base figures as at 30th November preceding the financial year to which the Tax Base applies. These figures must be notified to the major precepting authorities by the following 31st January.

Name and contact details of author:

Adrian Wood
Finance Technical Officer
Ext: 2619
Email: awood@oxford.gov.uk

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