

To: Audit and Governance Committee
Date: December 14 2016
Report of: Head of Financial Services
Title of Report: Setting of the Council Tax Base 2017-18

Summary and Recommendations

Purpose of report: To set the "Council Tax Base" for 2017/18 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 2017/18 Council Tax Base for the City Council's area as a whole is set at **44,623.4** (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	37,300.3
Littlemore Parish	1,754.0
Old Marston Parish	1,269.1
Risinghurst & Sandhills Parish	1,444.1
Blackbird Leys Parish	2,855.9
City Council Total	44,623.4

Appendix 1	Oxford City Council Tax Base 2017-18
Appendix 2	Parish Councils' Tax Base 2017-18
Appendix 3	Dwellings by valuation band at 30 th Nov 2016
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 2016 and projections are then made for expected movements over the period December 1 2016 – March 31 2018. 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 2017/18, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2017.

Council Tax Reduction Scheme

- 3 The Council Tax Reduction Scheme which replaced Council Tax Benefit from April 1 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. By 1 April 2019 the Councils formula grant will reduce to zero as will the Council Tax Benefit Grant. At this point it is estimated that the scheme will cost the Council £1 million per annum

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 30 November 2016 (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 2017/18 (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 2016.
 - 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 63. This is included within line 2 of Appendix 1 and is based on the average of the monthly numbers from Dec 2015 - Nov 2016.

- **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 2017/18 is 6,442 compared to 6,744 in 2016/17. 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 74 (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 2016/17 to date is 194. There are a number of building projects nearing completion and a figure of 100 new builds has been included for the remainder of 2016/17 (line 1a of Appendix 1).

For 2017/18 an estimate of 504 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. This number includes the first phase of the Barton Park development.
 - (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 2017/18 remains at 2%.

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 as for the Parished and Unparished areas of the City. Table 1 below summarises the Tax Bases.

Table 1

Council Tax Bases				
	2017/18	2016/17	Change	
	Nos	Nos	Nos	%
Unparished Area	37,300.3	36,468.2	832.1	2.3
Littlemore	1,754.0	1,730.4	23.6	1.4
Old Marston	1,269.1	1,269.1	0	-
Risinghurst and Sandhills	1,444.1	1,418.6	25.5	1.8
Blackbird Leys	2,855.9	2,778.8	77.1	2.8
City Council Total	44,623.4	43,665.1	958.3	2.2

Reasons for increase in Council Tax Base

- 7 The calculated figure of 44,623.4 for the overall Tax Base for 2017/18 represents an increase of 2.2% on the 2016/17 figure. The main reasons for this are:
- a) a slow, but steady, growth in the overall number of dwellings. As at November 30th 2015 dwellings totalled 60,101. Twelve months later this had grown to 60,433 (an increase of 0.55%)
 - b) It is estimated that our increase in dwelling numbers will be greater in 2017/18 than in 2016/17. Information from Planning suggests a potential net increase of around 504 in 2017/18 – this includes the first phase of the Barton Park development. The 2016/17 increase will likely be in the region of 294 dwellings.
 - b) a reduction in the estimate of the number of dwellings entitled to discounts under the Council Tax Reduction Scheme from 6,744 in 2016/17 to 6,442 in 2017/18 (a reduction of 4.48%).

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 30 November preceding the financial year to which the Tax Base applies. These figures must be notified to the major precepting authorities by the following 31 January.

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Background papers:

Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated Nov 30th 2016 (Appendix 3)

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