

Report of: Head of Financial Services

To: Council

Date: 19 February 2018

Title of Report: Council Tax 2018/19

Summary and Recommendations

Purpose of report: To set out the necessary calculations to enable Council to set the 2018/19 Council Tax for Oxford City.

Executive lead member: Councillor Ed Turner

Recommendations: Council is asked to approve for 2018/19: -

1. The City Council's precept and Council Tax requirement of £13,556,751 including Parish precepts and £13,336,276 excluding Parish precepts.
2. The average Band D Council Tax figure (excluding Parish Precepts) of £298.86 a **2.99%** increase on the 2017/18 figure of £290.19. Including Parish Precepts the figure is £303.80, a 2.98% increase (see paragraphs 2 to 6).
3. A contribution of £10,000 to Old Marston Parish Council in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 12 and 13).
4. The amount of £577,644 to be treated as Special Expenses (see paragraph 16).
5. The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's precepts) as follows:-

Littlemore	£336.08
Old Marston	£329.75
Risinghurst and Sandhills	£318.77
Blackbird Leys	£297.30
Unparished Area	£301.32

These figures include Parish Precepts and special expensing amounts as appropriate; in addition to the City-wide Council Tax of £285.92.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 19 below.
7. The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 20 below, and
8. The overall average Band D equivalent Council Tax of £1,912.27 including Parish Precepts (subject to confirmation of the Band D figures for the County Council and Police and Crime Commissioner).

Appendix 1	Statutory Calculations Required for Setting of the Council Tax
Appendix 2	Council Tax Amounts per Band 2018/19
Appendix 3	Risk Implications

BACKGROUND

1. The Localism Act, 2011 requires local authorities to calculate the amount of income to be collected from Council Tax based on the Band D charge multiplied by the Council's Tax Base. The City Council's calculation of this figure, the Council Tax Requirement, including the Parish Precepts is £13,556,751. The Council Tax Requirement for the Council's own purposes is £13,336,276. The detailed calculation is shown in Appendix 1.

CALCULATION OF BASIC AMOUNT OF COUNCIL TAX

2. The tax bases for the various parts of the City were approved by the Audit and Governance Committee on 11th January 2018 and totalled 44,623.4. This allows 2% for non-collection.
3. On 19 December 2017, the Provisional Local Government Finance Settlement was announced by the Secretary of State for Communities and Local Government. This stated that Councils will be able to raise general council tax by a further 1% in 2018/19 (and 2019/20) in line with current levels of inflation without the need for a referendum. This means that the referendum limit is increased from 2% to 3%.
4. The Basic Amount of Tax is calculated in accordance with Section 31B of the Local Government Finance Act 1992. Details are shown in Appendix 1 and summarised in Table 1 below.

Table 1 Basic amount of Band D Council Tax 2018/19

Requirement from Council Tax (including Parishes)	£13,336,276 £13,556,751
Tax Base	44,623.4
Basic Amount of Council Tax Band D (including Parishes)	£298.86 £303.80

5. The Basic Amount of Council Tax (excluding Parish precepts) represents a 2.99% increase on the 2017/18 figure of £290.19 and an annual increase of £8.67 or approximately 17p per week.
6. 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

7. The calculation of the City Wide Tax is set out in Table 2 below:-

Table 2 City Wide Band D Council Tax 2018/19

Council Tax Requirement	£13,556,751
Less Parish Precepts	£220,475
Less Unparished Area Special Expenses (see para 16)	£577,644
City Wide Requirement	£12,758,632
Divided by Tax Base	44,623.4
City Wide Council Tax at Band D	£285.92

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

8. The Parishes have issued the City Council with their precepts. These, and the associated special expensing requirement for other areas of the City, are as shown below.

Table 3 Band D Parish Precept & Special Expenses Addition 2018/19

	Parish Precept (net of funding) £	Unparished Area Special Expenses (net of Cemeteries)	Special Expense for Cemeteries £	Total £	Tax Base Numbers	Average Band D £
Littlemore	87,094.50		888.69	87,983.19	1,754.0	50.16
Old Marston	55,618.82			55,618.82	1,269.1	43.83
Risinghurst and Sandhills	46,706.04		731.67	47,437.71	1,444.1	32.85
Blackbird Leys	31,055.16		1,446.98	32,502.14	2,855.9	11.38
Unparished Area		555,678.00	18,898.66	574,576.66	37,300.3	15.40
TOTAL	220,474.52	555,678.00	21,966.00	798,118.52	44,623.4	

COUNCIL TAX SUPPORT GRANT

9. In 2013/14 Council Tax Benefit was replaced with a system which allows local authorities to provide a discount or Council Tax Support Grant to eligible claimants.
10. There is no longer transparency regarding the amount of support the Government includes in the Finance Settlement in respect of individual Councils Council Tax Support Grant. Consequently, as the Council's Revenue Support Grant continues to reduce it is proposed that the Council Tax Support Grant paid to Parishes is reduced by a similar percentage. This principle is discussed annually with Parish Councils at the Parish Councils Forum.
11. Table 4 below shows the proposed distribution of Council Tax Support Grant between Parishes for 2018-19. The distribution is based on the effect of the Council Tax Reduction Scheme on each Parish's Tax Base, i.e. those that have been hit hardest by the changes receive the greatest proportion of funding.

Table 4 Council Tax Support Grant - Paid to Parishes – 2018/19

	Precept £	Funding £	Total payable to Parish £
Littlemore	87,094.50	806.50	87,901.00
Old Marston *	65,618.82	327.20	65,946.02
Risinghurst and Sandhills	46,706.04	319.96	47,026.00
Blackbird Leys	31,055.16	744.84	31,800.00
	230,474.52	2,198.50	232,673.02

(* this includes the £10,000 contribution – see paragraph 13).

12. OLD MARSTON PARISH

The May 2002 Guidance Note issued by Central Government (Dept. of Transport, Local Government and the Regions) 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
13. Old Marston Parish Council subsequently made a successful case to the Council for a contribution to the Parish in recognition of the additional expenditure that the Parish incurs in relation to maintaining the cemetery within the Parish. The use of the cemetery is not restricted to residents of that Parish, hence a contribution has been made to reduce the parish precept in recognition of this fact since 2008/09. For 2018/19 the Old Marston Parish Precept has been calculated as £65,618.82 and a recommendation is made to Council to reduce this by £10,000 to £55,618.82.

14. UNPARISHED AREAS OF THE CITY

Only part of the city area is parished. 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".

15. Within the city area the services shown in the table below are currently provided by at least one Parish Council. To avoid double charging for the cost of providing these services, a special expense - equivalent to the cost of providing these services elsewhere in the City - is levied on those areas not providing them.
16. Table 5 below sets out the Special Expenses Account:

Table 5 Special Expenses Estimate 2018-19		
	Total Special Expenses 2018-19	Total Special Expenses 2017-18
Community Recreation	285,632	281,069
Parks Management	8,440	11,150
Grounds	52,250	52,250
Allotments	27,056	24,950
Ditches and Streams	77,300	70,250
Cemeteries	21,966	21,606
Street Furniture	<u>105,000</u>	<u>100,000</u>
	577,644	561,275

17. 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, located in Old Marston. As outlined in paragraph 13 Old Marston have put forward a successful case to the Council 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.
18. 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.
19. **Oxfordshire County Council:** The County Council's likely precept figure for 2018/19 is £63,641,446.85 giving a Band D Council Tax of £1,426.19 a 5.99% increase on the 2017/18 figure of £1,345.59. The figures are due to be finalised on February 13th 2018. In December 2016 the Department for Communities and Local Government announced that authorities with adult social care responsibilities (i.e. the County Council) would have the freedom to increase by up to 3% in 2017/18 or 2018/19 but cannot exceed 6% in total over the next three-year period. That 3% together with the additional 1% on the referendum limit introduced for 2018-19 is included within the overall County Council increase figure of 5.99%.
20. **Police and Crime Commissioner for Thames Valley:** The precept figure for 2017/18 is likely to be £8,133,953.35 giving a Band D Council Tax of £182.28 a 7% increase on the 2017/18 figure of £170.28. On December 19th 2017 the Home Secretary announced a £450 million increase in police funding across England and Wales. This package assumes that all PCCs will raise the police element of council tax by £1 a month (or £12 per year) for a Band D property which collectively, will raise £270m of the £450m increase. The increase of £12 per year equates to a 7% increase on last year's figure.
21. **Risk Implications:** Due to the increases explained in the paragraphs above most Oxford residents will face an overall 5.6% rise in their Council Tax liability for 2018/19. The average Band D Council Tax paid in Oxford in 2017/18 was £1,810.87. This will increase by £101.40 to £1,912.27 in 2018/19. A risk assessment has been undertaken and a risk register is attached at Appendix 3. This includes an additional risk relating to the potential reputational impact on the City Council as Billing Authority for the area and a risk relating to the increased challenge of maintaining the collection rate.
22. **Equalities Impact Assessment:** It is difficult to estimate the dimensions of equality risks around Council Tax increases. The Council has put in place proportionate mitigating actions such as the Council Tax Support Scheme and the work of the Welfare Reform Team to protect the most vulnerable and economically challenged households across the City.
23. **Financial Implications:** These are all included within the main body of the report.

24. **Legal Implications:** The Local Government Finance Acts, 1988 and 1992, as amended by The Localism Act 2011 prescribe the calculations in this report. 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:

None

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