

To: Audit and Governance Committee
Date: 10 January 2019
Report of: Head of Financial Services
Title of Report: Setting of the Council Tax Base 2019-20

Summary and Recommendations

Purpose of report: To set the “Council Tax Base” for 2019/20 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 2019/20 Council Tax Base for the City Council’s area as a whole is set at **45,294.5** (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	37,825.8
Littlemore Parish	1,798.0
Old Marston Parish	1,272.7
Risinghurst & Sandhills Parish	1,470.4
Blackbird Leys Parish	2,927.6
City Council Total	45,294.5

- Appendix 1 Oxford City Council Tax Base 2019-20
- Appendix 2 Parish Councils’ Tax Bases 2019-20
- Appendix 3 Dwellings by valuation band at 30th Nov 2018
- 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 2018 and projections are then made for expected movements over the period December 1st 2018 – March 31st 2020. 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.
- 3 The Tax Base is used by the Council to calculate the yield from Council Tax for 2019/20, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2019.

Council Tax Reduction Scheme

- 4 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 was initially paid separately by the Government in the form of a Council Tax Reduction Grant. In 2013/14 this represented 90% of the grant the Council previously received for Council Tax Benefit. However in recent times the grant has been absorbed into Formula Grant and is not separately identifiable.
- 5 By 1st April 2019 the Council's Formula Grant will reduce to zero at which point there will be nothing receivable from the Government. Consequently the total cost of the Council Tax support scheme currently estimated at £1.6 million will be funded by the Council.
- 6 Oxford's caseload has dropped over the last few years so the impact on the Tax Base is not as significant as it was in 2013/14 when it was estimated that 7,468 dwellings would receive Council Tax Support. That figure has decreased to 6,261 for 2019/20.

Factors taken into account in the calculation of the Tax Base

- 7 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 2018 (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 2018/19 (recently built or uninhabitable dwellings) is 80. This figure is shown in line 7 of Appendix 1 and is based on data as at November 30th 2018.

- The estimate of the number of dwellings that will be eligible for a 25% discount (primarily dwellings occupied by one adult only) is 17,651. This figure is shown in line 8 of Appendix 1 and is based on data as at November 30th 2018.
- The estimate of the number of dwellings that will be eligible for a 50% discount (primarily dwellings where all the occupiers are disregarded) is 172. This figure is shown in line 9 of Appendix 1 and is based on data as at November 30th 2018.
- **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 2019/20 is 6,261 compared to 6,098 in 2018/19. The breakdown per band is detailed in line 13 of Appendix 1.
- **Long Term Empty Premium:** The estimate of the number of dwellings that will be subject to the “Long Term Empty Premium” after being empty for two years is 80 (Line 11 of Appendix 1). The Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018 received royal assent on Nov 1st 2018. This allows Billing Authorities to charge 100% Premium on dwellings that have been empty for over two years. Members agreed last year to implement this change when legislation allowed. The effect of this is a small increase in the tax base. The legislation also includes a provision to allow councils to triple the council tax on homes left empty for 5 to 10 years and quadruple it on those empty for more than a decade. Members agreed to do this in the Budget Report presented to Chief Executive Board on 18th December 2018.
- **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 2010/11. In the whole of 2017/18 our dwellings total increased by only 246. In 2018/19 the net increase up to Nov 30th was 271. In addition there are some building projects nearing completion and a figure of 95 new builds has been included for the remainder of 2018/19 (line 1a of Appendix 1). This number is net of the fact that some of those dwellings will be exempt or liable for a discount.

For 2019/20 an estimate of 453 new dwellings has been built into the calculation (Line 1b) based on planning applications - a 50% discount has been assumed which also allows for dwellings not 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. There is no definite evidence that the roll out of Universal Credit in Oxford from October 2017 has made the collection of Council Tax more difficult as claimants come to

terms with the new scheme and the requirement to claim Council Tax Support separately. In addition it is critical that the tax base is maintained to an optimum level to ensure Council Tax income is maximised. Consequently the Head of Financial Services has recommended that the allowance for 2019/20 remains at 2%.

Calculation method

8 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.

9 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				
	2019/20	2018/19	Change	
	Nos	Nos	Nos	%
Unparished Area	37,825.8	37,300.3	525.5	1.41
Littlemore	1,798.0	1,754.0	44.0	2.51
Old Marston	1,272.7	1,269.1	3.6	0.29
Risinghurst and Sandhills	1,470.4	1,444.1	26.3	1.82
Blackbird Leys	2,927.6	2,855.9	71.7	2.51
City Council Total	45,294.5	44,623.4	671.1	1.5

Reasons for increases in Council Tax Bases

10 The two main reasons for the 1.5% overall increase in the Tax Bases compared with the 2018/19 figures are a) the increase in the number of newly built dwellings (see Appendix 4) and b) the results of the ongoing review work carried out by Revenues staff on dwellings that are either exempt or which have a Council Tax discount. Table 2 below shows the principal changes between the calculations of the actual tax base for 2018/19 and that proposed for 2019/20.

Table 2 : Estimated change in Tax Base	
	Numbers (Band D equivalents)
Brought Forward	44,623.4
New dwellings	+ 301
Exemptions	+ 429
Increased Council Tax Support caseload	- 163
Review of Discounts	+ 104.1
Estimated total	45,294.5
Net Change	+ 671.1

Risk Implications

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

Equalities Impact Assessment

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

Financial Implications

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

Legal implications

- 14 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.

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