

**To: Audit and Governance Committee**

**Date: 9 January 2020**

**Report of: Head of Financial Services**

**Title of Report: Setting of the Council Tax Base 2020-21**

# Summary and Recommendations

**Purpose of report**: To set the “Council Tax Base” for 2020/21 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 is recommended to agree:

a) that the 2020/21 Council Tax Base for the City Council’s area as a whole is set at 45,895.5 (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 38,392.9

Littlemore Parish 1,804.5

Old Marston Parish 1,280.0

Risinghurst & Sandhills Parish 1,474.6

Blackbird Leys Parish 2,943.5

**City Council Total** **45,895.5**

Appendix 1 Oxford City Council Tax Base 2020-21

Appendix 2 Parish Councils’ Tax Bases 2020-21

Appendix 3 Dwellings by valuation band at 30th Nov 2019

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 30 November 2019 and projections are then made for expected movements over the period 1 December 2019 – 31 March 2021. 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 2020/21, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2020.

# Council Tax Reduction Scheme

1. From 1 April 2019 the Council’s Formula Grant has reduced to zero with nothing receivable from the Government. Consequently the total cost of the Council Tax support scheme currently estimated at £1.6 million is funded completely by the Council.
2. 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 6,185 for 2020/21.

# Factors taken into account in the calculation of the Tax Base

1. 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 2019 (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% dependent 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 2020/21 (recently built or uninhabitable dwellings) is 77. This figure is shown in line 7 of Appendix 1 and is based on data as at 30 November 2019.
* The estimate of the number of dwellings that will be eligible for a 25% discount (primarily dwellings occupied by one adult only) is 17,888.This figure is shown in line 8 of Appendix 1 and is based on data as at 30 November 2019.
* The estimate of the number of dwellings that will be eligible for a 50% discount (primarily dwellings where all the occupiers are disregarded) is 130.This figure is shown in line 9 of Appendix 1 and is based on data as at 30 November 2019.
* **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 2020/21 is 6,185 compared to 6,261 in 2019/20. The breakdown per band is detailed in line 13 of Appendix 1. Please also see the Risk Register (Appendix 5).
* **Long Term Empty Premium:** At the City Council’s meeting of 13 February 2019 it was approved that the Long Term Empty Property Premium be increased in accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. From 1 April 2019 the Council have charged a 100% premium on those dwellings that have been empty for 2 years and over. From 1 April 2020 a 200% premium will be levied on dwellings empty for 5 years and over. From 1 April 2021 a 300% premium will be levied on dwellings empty for 10 years and over. As at 30 November 2019 there were 92 dwellings that had been empty for 2 years and over. Of that figure, 24 had been empty for over 5 years including 4 that had been empty in excess of 10 years.
* **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 2019/20 the net increase up to 30 November was 314 (271 in the same period in 2018/19). In addition there are some building projects nearing completion and a figure of 109 new builds has been included for the remainder of 2019/20 (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 2020/21 an estimate of 395 new dwellings has been built into the calculation (Line 1b) based on planning applications - a 50% discount has been assumed which allows for dwellings not being in the Valuation List for the entire period. The figure of 395 is net of purpose built student accommodation that is planned for completion in 2020/21. Such dwellings will be exempt from Council Tax and will have no effect on the tax base.

(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 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 2020/21 remains at 2%.

# Calculation method

1. 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.
1. 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** |  |
|  | **2020/21** | **2019/20** | **Change** |
|  | **Nos** | **Nos** | **Nos** | **%** |
| Unparished Area | 38,392.9 | 37,825.8 | 567.1 | 1.50 |
| Littlemore | 1,804.5 | 1,798.0 | 6.5 | 0.36 |
| Old Marston | 1,280.0 | 1,272.7 | 7.3 | 0.57 |
| Risinghurst and Sandhills | 1,474.6 | 1,470.4 | 4.2 | 0.29 |
| Blackbird Leys | 2,943.5 | 2,927.6 | 15.9 | 0.54 |
| **City Council Total** | **45,895.5** | **45,294.5** | **601.0** | **1.33** |

# Reasons for increases in Council Tax Bases

1. The main reason for the 1.33% overall increase in the Tax Base compared with the 2019/20 figures is the increase in the number of newly built dwellings (see Appendix 4). Secondary reasons are a) 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, and b) a revision of the estimate of the numbers of dwellings subject to Council Tax Support. Table 2 below shows the principal changes between the calculations of the actual tax base for 2019/20 and that proposed for 2020/21.

| **Table 2 : Estimated change in Tax Base** |
| --- |
|  | **Numbers (Band D equivalents)** |
| Brought Forward | **45,294.5** |
| New dwellings | + 451 |
| Exemptions | + 38 |
|  Council Tax Support caseload | + 75.5 |
| Review of Discounts | + 36.5 |
| Estimated total | **45,895.5** |
| **Net Change** | + 601 |

# Risk Implications

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

# Equalities Impact Assessment

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

# Financial Implications

1. These are all included within the main body of the report.

# Legal implications

1. 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.
2. The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012/2914).

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# Background papers:

Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated 30 November 2019 (see Appendix 3 of this report)