|  |  |
| --- | --- |
| To: | Audit and Governance Committee |
| Date: | 14 January 2021 |
| Report of: | Head of Financial Services |
| Title of Report: | **Setting of the Council Tax Base 2021-22** |

|  |  |  |  |
| --- | --- | --- | --- |
| Summary and recommendations | | | |
| Purpose of report: | | To set the “Council Tax Base” for 2021-22 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 | |
| Cabinet Member with responsibility: | | Councillor Ed Turner, Cabinet Member for Finance and Asset Management | |
| Corporate Priority: | |  | |
| Policy Framework: | |  | |
| Recommendations: the Committee is recommended to agree | | | |
| 1. | that the 2021/22 Council Tax Base for the City Council’s area as a whole is set at 45,705.6 (as shown in Appendix 1) | | |
| 2. | that the projected level of collection is set at 98% | | |
| 3. | 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 | | 38,124.7 |
|  | Littlemore Parish | | 1,827.1 |
|  | Old Marston Parish | | 1,278.3 |
|  | Risinghurst & Sandhills Parish | | 1,550.7 |
|  | Blackbird Leys Parish | | 2,924.8 |
|  | City Council Total | | 45,705.6 |

|  |  |
| --- | --- |
| Appendices | |
| Appendix 1 | Oxford City Council Tax Base 2021-22 |
| Appendix 2 | Parish Councils’ Tax Bases 2021-22 |
| Appendix 3 | Dwellings by valuation band at 30th Nov 2020 |
| Appendix 4 | Risk Register |

# Introduction and background

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.

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 2020 and projections are then made for expected movements over the period 1 December 2020 – 31 March 2022. 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 2021/22, and by Oxfordshire County Council and the Police and Crime Commissioner (Thames Valley) to apportion their precepts from 1 April 2021.

# Council Tax Reduction Scheme

From 1 April 2019 the Council’s Formula Grant has reduced to zero consequently the total cost of the Council Tax support scheme arising from reduced council tax income is currently estimated at £1.8 million funded completely by the Council.

Oxford’s caseload has reduced over the last few years so the impact on the Tax Base has not been as significant. That caseload for this year was originally estimated at 6,185 but due to the effects of the pandemic this figure has increased and the forecast for 2021/22 is 6,470 (see paragraph 10).

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

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 2020 (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 2021/22 (recently built or uninhabitable dwellings) is 106. This figure is shown in line 7 of Appendix 1 and is based on data as at 30 November 2020.
  + The estimate of the number of dwellings that will be eligible for a 25% discount (primarily dwellings occupied by one adult only) is 18,121.This figure is shown in line 8 of Appendix 1 and is based on data as at 30 November 2020.
  + The estimate of the number of dwellings that will be eligible for a 50% discount (primarily dwellings where all the occupiers are disregarded) is 162.This figure is shown in line 9 of Appendix 1 and is based on data as at 30 November 2020.
* **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 (lines 4 and 5 of Appendix 1)
* **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 2021/22 is 6,470 compared to 6,185 on which the tax base was based in 2020/21. The breakdown per band is detailed in line 13 of Appendix 1. Please also see the Risk Register (Appendix 4).
* **Long Term Empty Premium:** On 13 February 2019 the Council approved a Long Term Empty Property Premium from 1 April 2019 charging a 100% premium on those dwellings that have been empty for 2 years and over. At the same time it also approved a 200% premium on dwellings that have been empty for 5 years and over with effect from 1-4-2020 and from 1 April 2021 a 300% premium to be levied on dwellings that have been empty for 10 years and over. As at 30 November 2020 there were 106 dwellings that had been empty for 2 years plus. Of that figure, 22 had been empty for over 5 years including 4 that had been empty in excess of 10 years. The Council continuously monitors empty dwellings in the City and works with owners to bring them back into use. Where an owner is unable or unwilling to bring an empty dwelling back into use, Council officers may consider serving an Empty Dwellings Management Order under the Housing Act 2004, or compulsory purchase.
* **Discretionary elements:** The Council has discretion in the following areas when calculating its Council Tax Base:

(i) **Number of new properties built:** Appendix 3 is the statement issued by the Valuation Office Agency showing the Council’s dwelling numbers for each Council Tax band as at November 30th 2020. This data is shown in line 1 of Appendix 1 and is the starting point for the calculation of the Tax Base. Our overall total of dwellings has increased from 61,518 on November 30th 2019 to 62,260 one year later, an increase of 1.2%. However it should be noted that the number of dwellings estimated to be exempt from Council Tax (line 2 of Appendix 1) has increased from 5,745 in 2020/21 to 6,288 in 2021/22. The majority of the increase is student dwellings. When occupied solely by full time students these dwellings are exempt. For the effect on the Tax Base see Table 2 below. In addition there are some building projects nearing completion and a figure of 70 new builds has been included for the remainder of 2020/21 (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 2021/22 an estimate of 418 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 418 is net of purpose built student accommodation that is planned for completion in 2021/22. 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. Collection of Council Tax in 2020/21 has become more difficult due to problems resulting from the pandemic. Collection rates are currently slightly down on those of 2019/20 but there is confidence that these will recover. Council Tax Support awarded to those Council Tax payers with financial issues has increased by almost 19% compared to the figure at the end of November 2019. 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 2021/22 remains at 2%.

# Calculation method

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.

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** | | |  | |
|  | **2021/22** | **2020/21** | **Change** | |
|  | **Nos** | **Nos** | **Nos** | **%** |
| Unparished Area | 38,124.7 | 38,392.9 | - 268.2 | - 0.70 |
| Littlemore | 1,827.1 | 1,804.5 | + 22.6 | + 1.25 |
| Old Marston | 1,278.3 | 1,280.0 | - 1.7 | - 0.13 |
| Risinghurst and Sandhills | 1,550.7 | 1,474.6 | + 76.1 | + 5.16 |
| Blackbird Leys | 2,924.8 | 2,943.5 | - 18.7 | -0.64 |
| **City Council Total** | **45,705.6** | **45,895.5** | **- 189.9** | **-0.41** |

# Reasons for overall decreases in Council Tax Base

The second half of 2019/20 saw a substantial increase in the number of dwellings in the City occupied solely by full time students. This applied to both purpose built Halls of Residence and also to dwelling houses. On Feb 1st 2020 the total was 380 higher than at 12 months previously, an increase of 6.37%. Although these dwellings are included within the overall totals, they are exempt from the Council Tax whilst they are occupied entirely by full time students. This trend has continued into 2020/21 and in November 2020 the Council received notification of 220 new assessments at the Student Castle development in Osney Lane. When occupied, these will be exempt from Council Tax.

The second major reason was a large rise in the number of Council Tax Support claimants due to the pandemic. Included in the 2020/21 tax base was an estimated figure of 6,185 dwellings that would be subject to Council Tax Support. Caseload figures have risen steadily during 2020/21 and by late November the figure of dwellings subject to CTS had reached 6,420. With uncertainty over the duration of the pandemic an estimate of 6,470 has been built into the 2021/22 Tax Base calculation.

Tax bases in the Parishes. With the majority of the purpose built student accommodation being situated in the Unparished Area, the Parish tax bases have not been unduly affected by the increase in student dwellings. However the rise in the numbers of Council Tax Support claimants has affected in particular the tax bases of Blackbird Leys and Littlemore. The estimate of the number of dwellings eligible for Council Tax Support has increased by 27.4 in Blackbird Leys and by 21.5 in Littlemore. The Littlemore tax base though has benefited from a growth in their number of dwellings. Risinghurst & Sandhills has benefitted from the new residential development on the former Neilsens site adjacent to the Thornhill Park & Ride. The 140 new dwellings (a 7.8% increase in the Parish’s total) has resulted in a 5.16% increase in that tax base.

Table 2 below shows the principal changes between the calculations of the actual tax base for 2020/21 and that proposed for 2021/22 (figures from 2020/21 report in brackets).

| **Table 2 : Estimated change in Tax Base** | |
| --- | --- |
|  | **Numbers (Band D equivalents)** |
| Brought Forward | **45,895.5 (45,294.5)** |
| New dwellings | + 726.0 (+ 451.0) |
| Exemptions | - 543.0 (+ 38.0) |
| Council Tax Support caseload | - 285.2 (+ 75.5) |
| Rise in Discounts (offset partially by Long Term Empty Premium) | - 87.7 (+ 36.5) |
| Estimated total | **45,705.6 (45,895.5)** |
| **Net Change** | - 189.9 (+ 601) |

# Risk Implications

A risk assessment has been undertaken and the risk register is attached at Appendix 4.

# Equalities Impact Assessment

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

# Financial Implications

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

# Legal implications

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.

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

|  |  |
| --- | --- |
| **Report author** | Adrian Wood |
| Job title | Finance Technical Officer |
| Service area or department | Financial Services |
| Telephone | 01865 252619 |
| e-mail | Email: [awood@oxford.gov.uk](mailto:awood@oxford.gov.uk) |

|  |  |
| --- | --- |
| Background Papers: | |
| 1 | Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated Nov 30th 2020 (Appendix 3) |