

To: Full Council

Date: 19th December 2011 **Item No:**

Report of: Head of Finance

Title of Report: Setting of the Council Tax Base 2012-13

Summary and Recommendations

Purpose of report: To set the "Council Tax Base" for 2012/13 as required by section 33 of The Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended).

Key decision: No

Executive lead member: Councillor Ed Turner

Report Approved by:

Finance:

Legal:

Policy Framework: No

Recommendation(s): Council is asked to agree the following:

- a) that the 2012/13 Council Tax Base for the City Council's area as a whole is set at **47,134** (calculation shown in Appendix 1)
- b) that the projected level of collection is set at 98%
- c) that the following tax bases for each of the Parishes, and for the Unparished area of the City (calculations shown in Appendix 2) be set as follows:

Unparished Area of the City	38,634
Littlemore Parish	1,943
Old Marston Parish	1,308
Risinghurst & Sandhills Parish	1,526
Blackbird Leys Parish	3,723
<u>City Council Total</u>	<u>47,134</u>

Background

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 full charge Band D equivalents. The starting point is the current number of dwellings, exemptions and discounts as at Nov 30th 2011 and projections are then made for expected movements over the period Dec 1st 2011 – March 31st 2013. Separate calculations are required for the whole of the Authority's area and in addition for the individual Parishes and the Unparished areas of the City. The Tax Base will be used by the Council to calculate the yield from Council Tax for 2012/13, and by Oxfordshire County Council and Thames Valley Police Authority to apportion their precepts from 1 April 2012.

Factors taken into account in the calculation

1. **Dwellings:** This is the number of dwellings in each valuation band as at 30 November 2011 (Appendix 3).
2. **Exemptions and Discounts:** Not all dwellings are liable for the full Council Tax. Some categories are exempt. Other dwellings can attract a discount, either at 10%, 25% or 50% dependant on the number of adults who are considered resident. In setting the Tax Base for 2012/13 the Authority needs to take into account all the exemptions and discounts applicable as at November 30th 2011.
3. **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.
4. **Discretion:** The Council has discretion in the following areas when calculating the Council Tax Base:
 - a) **Adjustment for changes in the number of properties being built; Changes in the number of properties subject to a discount; exemption or disabled relief.**

Appendix 4 shows the net annual increase in 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 over the subsequent three years. In 2010/11 the net increase was 586 but this included a total of 309 newly constructed units of student accommodation. These dwellings had no effect on the Tax Base as they are ultimately exempt from Council Tax. The 2011/12 to date figure includes some 31 units of student accommodation – 15 belonging to St Johns College in St Giles and a further 16 at the Post Graduate Centre in John Garne Way. The 'net' figure includes new builds, demolitions, and reconstitutions (splits/mergers).

An estimate of new dwellings has been included for the remainder of 2011/12. This figure is derived from information obtained from the Council Tax Inspector and includes the on-going development at

Rose Hill. For 2012/13 an estimate of 247 new dwellings has been built into the calculation. This assumes net growth at a similar rate to 2011/12. Advice received from the City's Planning Department confirms this as a reasonable approach. A 50% reduction has been applied to the 2012/13 additional dwellings to reflect that some will have discounts or exemptions, and most will not be in the Valuation List for the entire period.

- b) An adjustment has also been made for an estimated increase in the number of exempt dwellings (see also para 7 below). New builds are initially exempt if vacant. This can extend for up to 12 months after works have been completed. In addition our number of student exemptions in 2011/12 has been higher than in 2010/11.
 - c) The Council needs to make an allowance for non-collection of Council Tax. The Chief Financial Officer has recommended that this allowance be set at two percent, giving a projected collection rate of 98%. This is based on past experiences and also recognises current economic conditions.
5. **Calculation method:** The method used to calculate the Tax Base is prescribed by the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (SI 1992/612), as amended by Statutory Instrument 2003/3012. The basic calculation is as follows:
- Number of dwellings in each of the valuation bands
 - Deduct exempt dwellings
 - Adjust for disabled reductions
 - Adjust for discounts (10%, 25% and 50%)
 - Convert to band D equivalents
 - Allow for projected collection rate.

Appendices 1 and 2 attached set out the requisite calculations for the Authority as a whole as well for the Parished and Unparished areas of the City.

6. **The Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003:** Section 11A of the Local Government Finance Act 1992 enabled authorities to reduce the amount of discount given for second homes, and to reduce or end the amount of discount given in respect of long-term empty homes. At the meeting on 19th January 2004, the City's Executive Board decided that for 2004/05, and for subsequent financial years
- a. the discount applied for second homes be reduced to 10%
 - b. the discount for long term empty homes be reduced to nil

These decisions have been incorporated into the calculation process for 2012/13. The Department for Communities and Local Government

is currently consulting over technical reforms to Council Tax. One option is to give Billing Authorities the discretion to reduce the discount on Second Homes to 0%.

7. **Reasons for increase in Council Tax Base:** The calculated figure of **47,134** for the overall Tax Base for 2012/13 represents an increase of 0.32% on the 2011/12 figure. This equates to an additional 150 Band D equivalent dwellings. The total number of dwellings has continued to rise – albeit at a slow rate. In addition to the growth in student accommodation (see 4(a)) some of the growth has been as a result of reconstitutions, i.e. a former single dwelling being converted into two or more flats.
8. **Banding reductions:** During the period April 1st – November 30th 2011 we have received notification of 20 addresses where the Valuation Office Agency reduced the banding as the result of an appeal by the taxpayer or their agent. Of these 9 have been backdated by the VOA to April 1993 – the date of implementation of the Council Tax. The net effect is a permanent reduction on our Tax Base.
9. **Review of 25% Discounts:** The City Council, together with the other Oxfordshire districts, has recently entered into a contract with an external supplier to review our existing single person discounts. We currently have over 18,000 of these discounts and a reduction of 4% has been built into the Tax Base calculation for 2012/03.
10. **Risk Implications:** A risk assessment has been undertaken and the risk register is attached at Appendix 5.
11. **Equalities Impact Assessment:** There are no Equalities Impact Assessment implications relating to the setting of the Tax Base as detailed in this report.
12. **Financial Implications:** These are all included within the main body of the report.
13. **Legal implications:** The Local Government Finance Act 1992 states that Billing Authorities are to calculate their Council Tax Base figures as at Nov 30th. These must be approved by Council and notified to the major precepting authorities by the following Jan 31st.

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Background papers: Statistical report ct6140b/d
produced from the Academy Council Tax system dated Nov 26th 2011.
Statement of numbers and Bands of dwellings issued by the Valuation Office Agency dated Nov 28th 2011 (Appendix 3)

Version number: (Dec 4th 2011)