

# Council Report



Report No. 113/10

Report of Head of Finance

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To: COUNCIL

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## Council Tax 2011/12

### Recommendations

1. To **note** that at its meeting on 8 December 2010 the council calculated the following amounts for the year 2011/12 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992:
  - (a) **48,426** being the amount calculated by the council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year.
  - (b) The amounts set out in column 1 of appendix 1 for each parish being the amounts calculated by the council, in accordance with regulation 6 of the Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.
2. To **resolve** that the following amounts be now calculated by the council for the year 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
  - (a) **£53,581,727** being the aggregate of the amounts which the council estimates for the items set out in Section 32(2)(a) to (e) of the Act.
  - (b) **£39,259,450** being the aggregate of the amounts which the council estimates for the items set out in Section 32(3)(a) to (c) of the Act.
  - (c) £14,322,277 being the amount by which the aggregate at (2)(a) above exceeds the aggregate at (2)(b) above, calculated by the council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.

- (d) £5,742,315 being the aggregate of the sums which the council estimates will be payable for the year into its general fund in respect of redistributed non-domestic rates and revenue support grant, increased by the amount of the sums which the council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988.
- (e) £177.18 being the amount at (2)(c) above less the amount at (2)(d) above, all divided by the amount at (1)(a) above, calculated by the council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year.
- (f) £2,929,127 being the aggregate amount of all special items referred to in Section 34(1) of the Act, as set out in column 2 of appendix 1.
- (g) £116.69 being the amount at (2)(e) above less the result given by dividing the amount at (2)(f) above by the amount at (1)(a) above, calculated by the council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.
- (h) The amounts set out in column 6 of appendix 1 for each parish being the amounts given by adding to the amount at (2)(g) above the amount of the special item relating to dwellings in those parts of the council's area mentioned in appendix 1 divided in each case by the amount at (1)(b) above, calculated by the council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.
- (i) The amounts set out in columns 3 to 10 of appendix 2 for each parish being the amounts given by multiplying the amounts at (2)(g) and (2)(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

3. To **note** that for the year 2011/12 Oxfordshire County Council has stated the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	£774.47
Band B	£903.55
Band C	£1,032.63
Band D	£1,161.71
Band E	£1,419.87
Band F	£1,678.03
Band G	£1,936.18
Band H	£2,323.42

4. To **note** that for the year 2011/12 the Thames Valley Police Authority has stated the following amounts in precepts issued to the council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Band A	£102.87
Band B	£120.01
Band C	£137.16
Band D	£154.30
Band E	£188.59
Band F	£222.88
Band G	£257.17
Band H	£308.60

5. To **resolve** that, having calculated the aggregate in each case of the amounts at (2)(i), (3) and (4) above, the council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in appendix 3 as the amounts of council tax for the year 2011/12 for each of the categories of dwellings shown in appendix 3.

## Purpose of report

1. Oxfordshire County Council set its council tax for 2011/12 on 15 February 2011 and the Thames Valley Police Authority set its council tax on 18 February 2011. The District Council finalised its revenue budget at its meeting of 23 February 2011. Following these decisions the council has to calculate and set the council tax to include the County Council and the Police Authority as well as the district and parish taxes.
2. The council tax for 2011/12 is the result of calculations in accordance with the legislation and regulations which have been issued.
3. The recommendations above are phrased to comply with the statutory requirements which may make them difficult to comprehend. The sequence of calculations leading to the council tax is therefore set out in detail in this report. In the tables comparable figures for 2010/11 are shown for information.
4. **A summary of the calculation of the council tax is given in paragraph 36 (table 10). The district council's element of the Band D council tax for 2011/12 will be £116.69, which is the same level as 2010/11.**

## Strategic objectives

5. Setting the council tax in accordance with a prescribed timetable, enables the council to comply with its strategic objective of managing our business effectively.

## Council tax base

6. At its meeting on 8 December 2010 the council agreed the calculation of the tax base for its area and for each parish within the district. These figures are set out in column 1 of appendix 1. **(recommendation (1))**.
7. The tax base is a measure of the taxable resources in the area, and is the number of taxable properties, expressed as band D equivalents (i.e. band A properties counting as 6/9<sup>ths</sup> through to band H properties counting as 18/9<sup>ths</sup>). The total amount to be raised divided by the tax base gives the tax for a band D property.
8. The tax base for the district has been calculated to be 48,426 (2010/11 was 48,199), which means that for each £1 increase of council tax a sum of £48,426 is expected to be raised. This calculation takes into account discounts, exemptions and a provision for non-payment and includes the reduction in discounts for second homes and long term empty homes. Whilst a band D property taxpayer would pay the extra £1, taxpayers in other bands would pay less (bands A to C) or more (bands E to H).

## District council expenditure

9. At its meeting on 23 February 2011 the council set its own budget requirement at £11,393,150 (2010/11 was £12,874,829).
10. In order to comply with the legislation, district council expenditure and income met from or credited to all accounts, together with parish precepts, must be added. The resulting figures for gross expenditure and gross income are shown in table 1 below.

**Table 1: Gross expenditure and gross income 2011/12**

	2011/12 £
Gross expenditure	53,581,727
Gross income	39,259,450

11. The council is asked to approve these calculations. **(recommendations (2)(a) and (2)(b))**
12. The budget requirement of the District Council is therefore £14,322,277, as detailed in table 2 below.

**Table 2: District council budget requirement 2011/12**

	2011/12 £	2010/11 £
District council element	11,393,150	12,874,829
Parish council element	2,929,127	2,864,426
<b>Budget requirement</b>	<b>14,322,277</b>	<b>15,739,255</b>

13. The council is asked to approve this calculation. **(recommendation (2)(c))**.

## External finance

14. The government provides financial support to local authorities. This support is in the form of redistributed national non-domestic rates (NNDR) and the revenue support grant (RSG). The decrease of £1,003,418 from the adjusted 2010/11 settlement is 15.2%. The total grant for 2011/12 is shown in table 3 below.

**Table 3: External finance 2011/12**

	2011/12 £	2010/11 £
Redistribution of NNDR	4,276,223 <sup>1</sup>	904,017
Government grant (RSG)	1,321,793 <sup>1</sup>	6,225,615
Original 2010/11 amount		7,129,632
Adjustment for 2011/12 <sup>2</sup>		(528,199)
<b>Total external finance</b>	<b>5,598,015<sup>1</sup></b>	<b>6,601,433</b>

<sup>1</sup> Figures as per Government settlement notification – rounding differences apply

<sup>2</sup> Adjustment is for the transfer of Concessionary Fare responsibilities to the County Council

15. The total of £5,598,015 then has to be adjusted for the estimated balance on the Council's collection fund at 31 March 2011.

## Collection fund balances

16. Two separate calculations are required, one arising from the community charges and the other from the council tax; however there is no longer any community charge element within the council tax. The calculations had to be made on or before 15 January 2011.
17. It has been estimated that there will be a surplus of £1,222,877.49 on the council tax collection fund at 31 March 2011 (2010/11 - £1,058,289.72). This sum has to be split between the County Council, the Thames Valley Police Authority and the District Council in proportion to their precepts, as shown in table 4 below.

**Table 4: Allocation of collection fund surplus**

	2011/12 £	2010/11 £
Oxfordshire County Council	952,132.42	826,971.47
Thames Valley Police Authority	126,445.53	110,646.63
Vale of White Horse District Council	144,299.54	120,671.62
<b>Total</b>	<b>1,222,877.49</b>	<b>1,058,289.72</b>

18. Each authority has to adjust its council tax to take these balances into account. Thus the figure shown in **recommendation (2)(d)** is the adjusted amount of external finance, calculated as shown in table 5 below.

**Table 5: Adjusted amount of external finance**

	2011/12 £	2010/11 £
Total external support	5,598,015	7,129,632
Collection fund balance (community charges)	0	0
Collection fund balance (council tax)	144,300	120,672
<b>Total</b>	<b>5,742,315</b>	<b>7,250,304</b>

## Basic amount of council tax

19. The next step is to calculate the basic amount of council tax for the district. This is an average which includes both district and parish expenditure and is for a band D property. The calculation is shown in table 6 below.

**Table 6: Calculation of basic amount of council tax**

	<b>2011/12</b> <b>£</b>	<b>2010/11</b> <b>£</b>
Budget requirement (including parishes)	14,322,277	15,739,255
Less: external finance & CF balance	(5,742,315)	(7,250,304)
<b>Net tax yield required</b>	<b>8,579,962</b>	<b>8,488,951</b>
Divided by Tax Base	48,426	48,199

The basic amount of council tax for 2011/12 is **£177.18** (2010/11 was £176.12). This is an increase of 0.6% from 2010/11. **(recommendation (2)(e))**.

## Special items

20. Having resolved in February 1993 that all the expenses of the District Council are to be treated as general expenses and therefore met by all taxpayers the only special items are parish precepts.

21. The precepts received are set out in column 2 of appendix 1, and total £2,929,127 (2010/11 was £2,864,426). The increase of £64,701 from 2010/11 is 2.3%. **(recommendation (2)(f))**.

## Basic amount of council tax with no parish precept

22. The parish precepts total £2,929,127 and the average tax for parish purposes is £60.49 (2010/11 £59.43). The basic amount of tax applying where the parish precept is nil is £116.69 (2010/11 £116.69). This is the council tax required for the district council's own expenditure. **(recommendation (2)(g))**

## Basic amount of council tax by parish

23. Where there is a parish precept this is divided by the tax base for that parish and the result is added to the basic amount applying where there is no parish precept. This ensures that each parish precept is met only by taxpayers in that parish area.

24. The schedule of amounts for each parish is given in column 6 of appendix 1. **(recommendation (2)(h))**

## Amount of council tax by property band

25. The basic amount for each parish is then scaled up or down to give the tax applying to each property band. The factors laid down in the legislation are shown in table 7 below.

**Table 7: Council tax property bands**

<b>Property Band</b>	<b>Factor</b>
Band A	6/9
Band B	7/9
Band C	8/9
Band D	9/9
Band E	11/9
Band F	13/9
Band G	15/9
Band H	18/9

26. Applying these factors gives the council tax covering district and parish expenditure for each property band. These are given, parish by parish, in columns 3 to 10 of appendix 2. **(recommendation (2)(i))**

### **Council tax for Oxfordshire County Council**

27. The County Council receives its own share of NNDR and government grant. Having deducted these from its own budget requirement it issues precepts on the district councils and calculates its own council tax for each band of property.

28. At its meeting on 15 February 2011 the County Council set its council tax as shown in table 8 below.

**Table 8: council tax for Oxfordshire County Council 2011/12**

<b>Property Band</b>	<b>2011/12 Council Tax £</b>	<b>2010/11 Council Tax £</b>
Band A	774.47	774.47
Band B	903.55	903.55
Band C	1,032.63	1,032.63
Band D	1,161.71	1,161.71
Band E	1,419.87	1,419.87
Band F	1,678.03	1,678.03
Band G	1,936.18	1,936.18
Band H	2,323.42	2,323.42

29. The council is asked to note these figures. The amount of money payable to the County Council by way of a precept in 2011/12 is £56,256,968.46 (2010/11 was £55,993,260.29). **(recommendation (3))**

### **Council tax for Thames Valley Police Authority council tax**

30. The Thames Valley Police Authority (TVPA) receives its own share of NNDR and government grant. Having deducted these from its own budget requirement it issues precepts on the district councils and calculates its own council tax for each band of property.

31. At its meeting on 18 February 2010 the police authority set its council tax as shown in table 9 below.

**Table 9: Council tax for Thames Valley Police Authority 2011/12**

Property Band	2011/12 Council Tax £	2010/11 Council Tax £
Band A	102.87	102.87
Band B	120.01	120.01
Band C	137.16	137.16
Band D	154.30	154.30
Band E	188.59	188.59
Band F	222.88	222.88
Band G	257.17	257.17
Band H	308.60	308.60

32. The council is asked to note these figures. The amount of money payable to the Police Authority by way of a precept in 2011/12 is £7,472,132 (2010/11 was £7,437,106). **(recommendation (4))**

### The council tax for 2011/12

33. The County Council's council tax, together with the Thames Valley Police Authority, and district and parish council tax figures, are shown in appendix 3. The amounts are the council tax payable in 2011/12 for each band of property in each parish, assuming no discounts or exemptions apply. **(recommendation (5))**

### Legal implications

34. The Local Government Finance Act 1992 requires the council to set the council tax by 11 March preceding the start of the financial year. The Act sets out the calculations that must be made and this report is structured to meet those requirements.

### Financial implications

35. These are dealt with in the body of the report.

### Conclusion

36. In summary the council tax calculation is as shown in table 10 below.

**Table 10: Summary council tax calculation 2011/12**

	2011/12		2010/11	
	Amount £	Band D Council Tax £	Amount £	Band D Council Tax £
District council expenditure	11,393,150	235.27	12,874,829	267.12
Less: redistributed NNDR to district	(4,276,223)	(88.30)	(6,225,615)	(129.17)
Less: government grant to district	(1,321,793)	(27.30)	(904,017)	(18.76)
Less: CTax surplus on collection fund	(144,300)	(2.98)	(120,672)	(2.50)
<b>District council requirement</b>	<b>5,650,834</b>	<b>116.69</b>	<b>5,624,525</b>	<b>116.69</b>



County council precept	56,256,968	1,161.71	55,993,260	1,161.71
Thames Valley Police precept	7,472,132	154.30	7,437,106	154.30
Parish precepts	2,929,127	60.49	2,864,426	59.43
<b>Total council tax (average)</b>	<b>72,309,061</b>	<b>1,493.19</b>	<b>71,919,317</b>	<b>1,492.13</b>

37. The percentage increases in council tax are shown in table 11 below.

**Table 11: Percentage increases in council tax 2011/12**

	<b>2011/12</b> £	<b>2010/11</b> £	<b>Increase</b> %
Oxfordshire County Council	1,161.71	1,161.71	0.0
Thames Valley Police Authority	154.30	154.30	0.0
Vale of White Horse District Council	116.69	116.69	0.0
Parish Precepts	60.49	59.43	1.8
<b>Overall (Average)</b>	<b>1,493.19</b>	<b>1,492.13</b>	<b>0.0</b>

#### **Appendices:**

1. 2011/12 Parish and District Council Tax based on Band D
2. 2011/12 Vale Of White Horse District Council and Parish Council Tax
3. 2011/12 Total Council Tax (OCC, TVPA, VWHDC And Parishes)

#### **Background Papers:**

Precepts from Town and Parish Councils

Local Government Finance Act 1992

Local Government Finance Act 2003

Revenue Support Grant Settlement 2011/2012 Papers

The Local Authorities (Funds)(England) Regulations 1992 (SI 2428/1992) (as amended)

ADC Circulars 1995/51 and 1994/73

The Local Authorities (Standing Orders) (England) Regulations 2001 (SI 3384/2001)