

What does Council Tax pay for?

What is Council Tax?

Council Tax is a property-based tax, with a personal element.

The basis of the tax is that a property is occupied by two adult residents. In such a case, half the tax will relate to the property element and half to the personal element.

Oldham Council collects Council Tax for its own purposes and also on behalf of Saddleworth and Shaw & Crompton Parish Councils, the Police and Crime Commissioner for Greater Manchester and the Greater Manchester Fire and Rescue Authority.

It is not a direct payment for services so it must be paid whether you use the services or not.

What does it pay for in Oldham?

The Oldham Council element of your Council Tax helps to pay for services we provide throughout the borough, like:

- Protecting and supporting older people and vulnerable adults
- Protecting and supporting children and young people
- Collecting, recycling and disposing of your rubbish
- Maintaining roads, pavements and street lighting, and cleaning your streets
- Running your libraries and leisure centres
- Looking after your parks and open spaces
- More than 500 other services including planning, trading standards, elections, cemeteries and births, marriages and deaths

Your Council Tax also pays for levies (payments we have to make to other organisations) for services such as public transport and waste disposal.

The Adult Social Care Precept element of your Council Tax was introduced from 1 April 2016 and helps fund the increasing cost of providing Adult Social Care services.

Separate elements of your Council Tax also contribute towards the services provided by:

- The Police and Crime Commissioner for Greater Manchester
- The Greater Manchester Fire and Rescue Authority
- Saddleworth Parish Council
- Shaw and Crompton Parish Council

Council Tax Levels and Budget Information

The main sources of income for the Council are:

- Council Tax
- Business Rates
- Central Government Grants

Below are tables, charts and information that show:

- Council Tax levels for 2017/18 compared to 2016/17
- An explanation of the new Business Rates Retention system being piloted across Greater Manchester from 1 April 2017
- The Government's Settlement Funding Assessment for Oldham Council including the provision of additional general grants
- Gross Income and Expenditure levels
- How the Council's budget has changed compared to 2016/17
- A summary of where money is spent and where funding comes from

Council Tax Levels

The Council Tax payable for 2017/18 for Band D properties is presented below. It is split into separate elements and includes a comparison against 2016/17 charges.

Council Tax Element	2016/17 Band D Council Tax £	2017/18 Band D Council Tax £	Change £	Change %
Oldham Council Services	1,416.63	1,445.37	28.74	* 1.99
Adult Social Care Precept	27.85	56.74	28.89	* 2.00
Council Tax for Council Services	1,444.48	1,502.11	57.63	3.99
Police and Crime Commissioner for Greater Manchester	157.30	162.30	5.00	3.18
Greater Manchester Fire & Rescue Authority	58.78	59.95	1.17	1.99
TOTAL BAND D COUNCIL TAX	1,660.56	1,724.36	63.80	3.84
Saddleworth Parish Council	19.35	20.35	1.00	5.17
Shaw & Crompton Parish Council	15.70	16.05	0.35	2.23

* Percentage increase compared to 2016/17 Council Tax for Oldham Council Services of £1,444.48.

The Council is required to calculate its Relevant Basic Amount of Council Tax to determine whether it needs to hold a Council Tax referendum. A referendum would be necessary should the rise be above the level Central Government considers to be excessive. This "excessiveness" is determined annually but for 2017/18 has been set at a 5% increase comprising 3% for Adult Social Care and 2% for other Council Services. The increase of 3.99% shown in the table above is not therefore classed as excessive and has not triggered a referendum.

The amounts shown for Saddleworth and Shaw and Crompton Parish Councils are only payable by residents living in those Parish areas.

[Council Tax charges for all property bands \(A to H\) can be found here.](#)

The amount of revenue raised from each element of Council Tax is presented below. The total raised which helps pay for Council Services is £82.473m. Within this amount, £3.115m helps pay for Adult Social Care services. Elements for Police, Fire and the Parish Councils are collected on behalf of those organisations.

Council Tax Element	2016/17 Council Tax Income £000	2017/18 Council Tax Income £000	Change £000
Oldham Council Services	77,073	79,358	2,285
Adult Social Care Precept	1,515	3,115	1,600
Revenue for All Oldham Council Services	78,588	82,473	3,885
Police and Crime Commissioner for Greater Manchester	8,558	8,911	353
Greater Manchester Fire & Rescue Authority	3,198	3,292	94
Revenue for Council Services, Police & Fire	90,344	94,676	4,332
Saddleworth Parish Council	162	172	10
Shaw & Crompton Parish Council	83	85	2

The Council must prepare a statutory calculation - the Council Tax Requirement. This is calculated by multiplying the Tax Base in an area (the number of Band D equivalent dwellings for Council Tax purposes) by Band D Council Tax. The Band D Council Tax figures are shown in a previous table whilst the Tax Base for each area is as follows:

Tax Base for Council Tax	2016/17	2017/18	Change
Oldham Council Area	54,406	54,905	499
Saddleworth Parish Area	8,389	8,458	69
Shaw & Crompton Parish Area	5,305	5,316	11

The resulting Council Tax Requirement is shown below:

Council Tax Requirement	2016/17 Council Tax Income £000	2017/18 Council Tax Income £000	Change £000
Revenue for Council Services	78,588	82,473	3,885
Saddleworth Parish Council	162	172	10
Shaw & Crompton Parish Council	83	85	2
Council Tax Requirement	78,833	82,730	3,897

Business Rates Retention

From 1 April 2017, all Greater Manchester district Councils are taking part in a pilot scheme to retain all Business Rates revenues within the local area. Similar pilot schemes have been set up elsewhere in the country. The Government is planning to roll out full Business Rates retention nationally by the end of the decade.

Under the Greater Manchester Pilot, the Council will continue to collect Business Rates from businesses in Oldham. Oldham Council will retain 99% of those revenues to fund local services whilst 1% will continue to be paid to the Greater Manchester Fire and Rescue Authority (GMFRA).

In exchange for full Business Rates Retention, the Government will no longer pay Revenue Support Grant or Public Health Grant to the Council. At the start of the pilot scheme, the Council will receive the same amount of funding to pay for local services as it would have had it if had not participated in the pilot. Taking part does, however, provide an opportunity to retain a greater share of growth in Business Rates revenues instead of having to pay 50% to Central Government.

The Government's Settlement Funding Assessment for Oldham Council

The Council receives a Settlement Funding Assessment (SFA) from Government which comprises Business Rate Top Up Grant, together with the Government's assessment of the level of Business Rates income to be retained by the Council. The SFA for 2017/18 is £108.273m and the elements of funding are set out in the table below.

Settlement Funding Assessment 2017/18	£000
Business Rates Top Up (Funded from Central Government)	54,747
Government Assessed Locally Retained Business Rates	53,526
Total Settlement Funding Assessment	108,273

The Council's budget forecasts collecting and retaining £50.646m of Business Rates revenue during 2017/18. Although this is £2.880m lower than the Government's assessment, the difference is more than covered by the receipt of additional Government Grant paid in lieu of Business Rates totalling £5.271m.

In addition to the funding from Central Government highlighted above, the Council also receives a number of other General Government grants which support its 2017/18 revenue budget. These are listed in the table below:

Government Grant	£000	£000
Grants in lieu of Business Rates		5,271
Education Services Grant		774
New Homes Bonus		2,641
New Homes Bonus Returned Funding		143
Housing Benefit Administration Grant		891
Council Tax Administration Grant		403
Independent Living Fund (ILF) Grant		2,748
Improved Better Care Fund Grant		716
Adult Social Care Support Grant		1,127
Other Non Ringfenced Government Grants		
Special Educational Needs and Disability Grant	203	
Implementation of Universal Credit	283	
New Burdens - Department for Work and Pensions	10	
Lead Local Flood Authority	10	
		506
Total General Government Grants		15,220

Subsequent to setting the Council's 2017/18 budget the Chancellor, as part of the Spring Budget, has announced an additional £2bn of funding allocated to Social Care in England over the next 3 years with £1bn available in 2017/18. The Government has confirmed allocations for Oldham Council of £5.095m for 2017/18, £3.201m for 2018/19 and £1.586m for 2019/20. The Council is now considering how best to deploy these resources to support the provision of Adult Social Care services.

Gross Income and Expenditure

The table below shows the gross income and expenditure for all Oldham Council services along with financing from general grants, business rates and reserves. Gross Expenditure for 2017/18 is £602.716m of which £392.848m is financed from service specific grants and income from fees and charges. Net expenditure for 2017/18 is therefore £209.868m and is largely financed from General Government Grants and Council Tax revenues totalling £203.343m. The remaining balance is financed by the use of reserves totalling £6.525m.

Note: During 2016/17, the Council undertook a review of its organisational structure realigning services into revised portfolios. The following table takes account of this change.

	2016/17			2017/18		
	Gross Exp £000	Income £000	Net Exp £000	Gross Exp £000	Income £000	Net Exp £000
Portfolio Detail						
Economy and Skills	232,733	(213,149)	19,584			
Health and Wellbeing	122,898	(59,928)	62,970			
Corporate and Commercial Services	118,180	(90,994)	27,186			
Cooperatives and Neighbourhoods	88,721	(22,453)	66,268			
Policy and Governance	6,050	(1,035)	5,015			
Chief Executive	705	(109)	596			
Capital Treasury and Technical Accounting	38,135	(29,405)	8,730			
Economy, Skills and Neighbourhoods				335,274	(246,753)	88,521
Health and Wellbeing				159,695	(51,421)	108,274
Corporate and Commercial Services				90,283	(85,230)	5,053
Chief Executive				6,919	(5,101)	1,818
Capital, Treasury and Corporate Budgets				10,239	(4,343)	5,896
Parish Precepts	304	0	304	306	0	306
Portfolio Totals	607,726	(417,073)	190,653	602,716	(392,848)	209,868
Financed by:						
Revenue Support Grant			(40,543)			0
Retained Business Rates			(28,360)			(50,646)
Business Rates Top Up			(30,237)			(54,747)
Grants in lieu of Business Rates			(2,474)			(5,271)
Education Services Grant			(2,505)			(774)
New Homes Bonus Grant			(2,767)			(2,784)
Housing and Council Tax Benefit Administration Grant			(1,386)			(1,294)
Independent Living Fund			(2,841)			(2,748)
Improved Better Care Fund Grant			0			(716)
Adult Social Care Support Grant			0			(1,127)
Other Non Ringfenced Government Grants			(181)			(506)
Council Tax			(77,073)			(79,358)
Adult Social Care Precept			(1,515)			(3,115)
Saddleworth Parish Council Precept			(162)			(172)
Shaw Parish Council Precept			(83)			(85)
Collection Fund Surplus			(196)			0
Total Financing			(190,323)			(203,343)
Balance Remaining			330			6,525
Use of Reserves to Support Budget Reductions (approved 2016/17)			(330)			(250)
Use of Reserves to Support Budget Reductions (approved 2017/18)						(789)
Use of Corporate Reserves to Balance the Budget						(5,486)
Total Use of Reserves			(330)			(6,525)
Final Balance			0			0

How the Council's budget has changed compared to 2016/17

The following table shows how the net revenue expenditure budget and financing for 2017/18 has changed from the previous year.

	£000	£000
Budget Pressures		
Full Year Impact of 2016/17 Budget Reductions, Policy Changes and Service Changes	(4,776)	
Activity Transferring into the Dedicated Schools Grant	(640)	
Public Health Grant Rolled into 100% Business Rates Retention Pilot Scheme	17,337	
Additional Pension Contributions	662	
Impact of Pay Award	1,000	
Price Inflation	1,480	
Investment Fund (Capital Financing Costs)	200	
Homelessness Service Increasing Demand	250	
Home to School Transport Service Demand	350	
Waste Disposal and Transport Levies	932	
Employment Terms and Conditions	2,000	
Adults Social Care Service Demand	3,000	
Adults Social Care Impact of National Living Wage	2,445	
Adults Social Care Improved Better Care Fund	716	
Support for the Public Health Service	796	
Coroners Service Increase in Service Demand	250	
Apprenticeship Levy New Burden	400	
Changes to Education and Early Years Funding	1,094	
Special Educational Needs and Disability New Burdens	203	
Implementation of Universal Credit New Burden	293	
Revised Parish Precepts	12	
Total Budget Pressures		28,004
Less Changes in Funding		
Public Health Grant Rolled into 100% Business Rates Retention Pilot Scheme	17,337	
Public Health Grant Roll In		17,337
Additional Retained Business Rates	4,949	
Revenue Support Grant	(40,543)	
Business Rates Top Up	24,510	
Grants in lieu of Business Rates	2,797	
Education Services Grant	(1,731)	
New Homes Bonus Grant	17	
Housing and Council Tax Benefit Administration Grant	(92)	
Independent Living Fund	(93)	
Improved Better Care Fund Grant	716	
Adult Social Care Support Grant	1,127	
Other Non Ringfenced Government Grants	325	
		(8,018)

Changes in Government Funding		
Reduction in Other Funding		
Collection Fund Council Tax Surplus	196	
Overall Collection Fund Surplus		(196)
Additional Council Tax Income		3,897
Total Changes in Funding		13,020
Total Savings Requirement		14,984
Expenditure Savings by Portfolio		
- Health and Wellbeing	(1,679)	
- Economy, Skills & Neighbourhoods	(1,175)	
- Corporate & Commercial Services	(3,222)	
- Chief Executive	(498)	
- Capital & Treasury	(2,135)	
Total Savings in Expenditure		(8,709)
Approved Additional Use of Reserves 2017/18		(6,275)
Total Savings		(14,984)
Net Balanced Position		0

The budget reduction requirement resulted from having to address a combination of spending pressures and a cut in general Government funding offset by additional Council Tax income.

The Council approved budget reductions of £9.498m in order to balance the 2017/18 budget. Of this sum, £8.709m results from a reduction in expenditure or increased income, and there is a £0.789m use of reserves.

To balance the 2017/18 budget the Council has approved the use of £5.486m Corporate Reserves in addition to the £0.789m use of reserves contained within the 2017/18 budget reduction proposals. Therefore the total additional use of reserves for 2017/18 is at a value of £6.275m as shown in the table above.

The Government has announced that it intends to continue reducing funding support for the Local Government sector still further in 2018/19 and beyond. The Council will therefore continue to face further challenges in order to balance its budget in 2018/19 and future years as more Government funding is withdrawn.

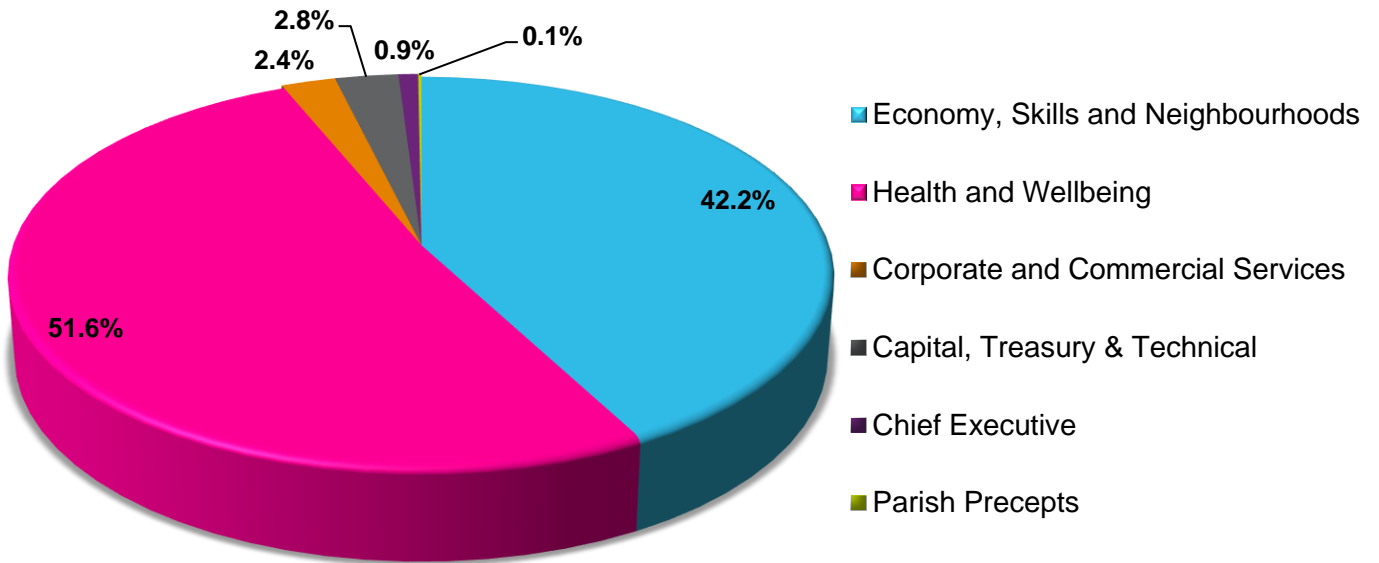
Where money is spent and where funding comes from

The charts below show spending and funding in relation to the 2017/18 budget:

- The biggest spending areas are Economy, Skills and Neighbourhood Services (42.2%) and Health & Wellbeing which includes children's services and adult social care (51.6%).
- Funding comes from Government (Business Rates Grants 28.6% and other grants 4.7%); Council Tax contributes 39.4%, Retained Business Rates 24.1% and utilisation of Reserves 3.1%.

How Your Money is Spent (net revenue expenditure budget)

Net Revenue Expenditure Budget 2017/18



Where the Money Comes From

Funding 2017/18

