Agenda Item No:	**13**	**Report No:**	**45/17**
Report Title:	**Setting the Council Tax**		
Report To:	**Council**	**Date:**	**23 February 2017**
Leader of the Council:	**Councillor Andy Smith**		
Ward(s) Affected:	**All**		
Report By:	**Alan Osborne, Deputy Chief Executive**		

Contact Officer(s)-

Name(s): **Alan Osborne**
Post Title(s): **Deputy Chief Executive**
E-mail(s): **alan.osborne@lewes.gov.uk**
Tel No(s): **01273 471600**

Purpose of Report:

To explain to Council the process for determining the level of General Fund Council Tax Requirement and Council Tax for 2017/2018.

Officers Recommendation(s):

1 That Council approves an aggregate Council Tax requirement of £7,089,200 (a Council Tax increase of 2.3% for the aggregate Lewes District Council Council Tax Requirement), comprising

a. A General Expenses Council Tax requirement of £6,496,260 (a Council Tax increase of 1.9% for Lewes District Council's General Expenses).

b. A Special Expenses Council Tax Requirement of £592,940.

2 That Council approves the resultant Council Tax Band D tax rates as set out in Appendices D and E and the draft Council Tax resolution at Appendix F.

Reasons for Recommendations

1 In setting the Council Tax for 2017/2018, the Council needs to determine the level of the General Fund Council Tax Requirement for the year. The Localism Act 2011 also requires local authorities to determine whether their basic amount of council tax for a year is excessive.

2 The Council has adopted a system of 'Special Expenses' in respect of the cost of General Fund Open Spaces. In setting the basic of amount of council tax for 2017/2018, it is necessary for the Council to determine the costs which are to be its Special Expenses for the year, with all other costs being charged as its 'General Expenses'.

Information

3 General Fund Summary for 2017/2018

3.1 At its meeting on 8 February 2017 Cabinet considered the amount of the aggregate General Fund Council Tax Requirement for 2017/2018. The aggregate Council Tax Requirement is used to determine the amount of the Band D council tax for the year. The aggregate Council Tax Requirement comprises two elements. The majority part is General Expenses. The remainder is attributed to Special Expenses.

(a) General Expenses: Cabinet has recommended a Council Tax Requirement that incorporates a 1.9% increase in the General Expenses element of the council tax, resulting in a Band D council tax amount of £178.74 for 2017/2018.

(b) Special Expenses: the Council is committed to passing on budget changes in respect of the management and maintenance of open spaces. The cost of managing and maintaining some open spaces in Lewes and Ringmer has been reintroduced into the 2017/2018 General Fund budget, having been excluded in 2016/2017 in expectation of those sites being devolved. This leads to a 7.3% increase in the total Band D charge for Special Expenses.

3.2 The summary of the budget proposal on which the Council Tax Requirement is based is presented at Appendix A. Cabinet have recommended that the Deputy Chief Executive is authorised to make the necessary adjustments to maintain the General Expenses element of the council tax requirement at £178.74. At the time of drafting this report, the final 2017/2018 Local Government Finance Settlement has not been published, with parliamentary approval scheduled for 22 February.

3.3 In recommending the budget proposal, Cabinet considered the medium term budget outlook. The budget proposal requires no use of the General Fund uncommitted reserve to finance recurring expenditure. It includes a savings target of £400,000 to be met from the Joint Transformation Programme of which £100,000 is projected to be allocated to the Housing Revenue Account budgets. The total savings target for 2017/2018 to 2020/2021 is £2.3m.

3.4 The budget proposal comprises net General Fund expenditure in 2017/2018 amounting to £12,442,300. This is to be financed from:

	£	%	*Comparative 2016/17 %*
Government Grants	2,129,200	17.1	*24.0*
Retained Business Rates	2,957,500	23.8	*23.2*
Council Tax surplus returned to taxpayers	266,400	2.1	*1.3*
Council Tax Requirement	7,089,200	57.0	*51.5*
Total	**12,442,300**	**100.0**	**100.0**

3.5 The Council Tax Requirement equates to an average annual Band D Council Tax of £195.05 for 2017/2018. The elements are:

	£	Band D Council Tax 2017/18 £	Band D Council Tax 2016/17 £	Change £	Change %
General Expenses	6,496,260	178.74	175.41	3.33	1.9
Special Expenses	592,940	16.31	15.20	1.11	7.3
Total	**7,089,200**	**195.05**	**190.61**	**4.44**	**2.3**

3.6 Section 65 of the Local Government Finance Act 1992 requires the Council to consult with representatives of Non-Domestic Ratepayers before setting the Council Tax for the year. Accordingly, the Leader of the Council has sent a briefing note explaining the Council's overall revenue and capital spending plans and the proposed Council Tax to representatives of the local business community and invited comments. The budget proposal has been brought together using feedback from:

- Service managers and Union representatives at the Council
- Scrutiny Committee consideration of the emerging budget in January 2017
- Town and Parish Councils
- Voluntary Sector partner organisations
- Tenants of Lewes District (TOLD) organisation

4 General Fund Reserves

4.1 The Council retains reserves to support revenue and capital expenditure. The total value of General Fund Reserves at 1 April 2017 is projected to be £9.358m. £1.850m is contributed to reserves in 2017/2018. £3.638m is allocated for use in the year. The total value of General Fund Reserves at 31 March 2018 reduces to £7.570m.

4.2 A statement showing each of the Council's reserves, along with total contributions and use, through to March 2018 is attached at Appendix B.

5 Special Expenses

5.1 The Council introduced a system of 'Special Expenses' in respect of the cost of General Fund Open Spaces, with effect from 1 April 2014. As a result, the cost of each Open Space is charged, through the Council Tax, only to the residents of the Town/Parish area in which that Open Space is located.

5.2 In total, £592,940 is to be charged as Special Expenses, allocated across six local areas within the District as shown below.

Part of the District	(a) Total cost 17/18 £	(b) Taxbase 17/18	(c)=(a)/(b) Special Expense 17/18 Band D £	(d) Special Expense 16/17 Band D £
Lewes	345,430	6,124.6	56.40	49.22
Newhaven	98,890	3,619.8	27.32	27.52
Telscombe	51,890	2,491.5	20.83	20.88
Seaford	54,060	9,483.8	5.70	5.82
Peacehaven	37,510	4,686.6	8.00	8.65
Chailey	1,050	1,298.0	0.81	0.84
Ringmer	4,110	1,872.9	2.19	-
TOTAL SPECIAL EXPENSES	**592,940**	**36,345.6**		**15.20**

5.3 The cost of Open Spaces which will be charged as Special Expenses is derived from the 2017/2018 budget, including the cost of the grounds maintenance contract, site specific items (eg water supplies), provisions for direct costs (eg repairs to fences and tree planting) and management costs.

5.4 The aggregate of Special Expenses has increased by £48,920 between 2016/2017 and 2017/2018 of which £60,000 is attributable to sites previously expected to be devolved being brought back into the budget, offset by £11,080 in cost reductions.

6 The Council Tax Resolution

6.1 The schedule of Town and Parish precepts for 2017/2018 is shown at Appendix C. A summary of all preceptors' requirements is shown at Appendix D.

6.2 The draft determinations to be made in accordance with the Local Government Finance Act 1992 are shown at Appendix E. This information forms the basis of the Council Tax Draft Resolution shown at Appendix F. In the event that the final Local Government Finance Settlement results in an increase or decrease in the grants that are currently expected to be received in 2017/2018, a compensating change will be made to the use of reserves, leaving total income as shown at item 9 Appendix E and the Council Tax Requirement at item 10 unchanged.

6.3 The Localism Act 2011 introduced a requirement for a local authority to determine whether its basic amount of council tax for a financial year is excessive, in which case a local referendum would be needed. The Secretary of State has confirmed that in the case of district councils, increases of less than 2% or up to and including £5 (whichever is the higher) can be made without triggering a referendum.

6.4 The ‘excessiveness’ calculation is made by reference to the District Council’s proposed council tax requirement which includes its own Special Expenses, but excludes Town and Parish Council precepts. As noted in paragraph 3.5, this basic amount of tax for 2017/2018 at £195.05 is £4.44 higher than the 2016/2017 amount and is not, therefore, excessive.

Financial Appraisal

7 This is covered in the paragraphs above and the ‘General Fund Revenue Budget’ report to Cabinet dated 8 February 2017.

Legal Implications

8 These are as shown in the ‘General Fund Revenue Budget’ report to Cabinet. In addition, the Local Government Finance Act 1992 requires the Council, by 11 March 2017 to make a series of calculations in respect of its budget and council tax amounts for 2017/2018. These are set out in Appendix F.

Risk Management Implications

9 This is as shown in the ‘General Fund Revenue Budget’ report to Cabinet.

Equality Screening

10 This is as shown in the ‘General Fund Revenue Budget’ report to Cabinet.

Background Papers

General Fund Revenue Budget 2017/2018 – Cabinet Report 8 February 2017
https://lewes.cmis.uk.com/cmis5/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/505/Meeting/663/Committee/190/Default.aspx

Appendices

Appendix A : 2017/2018 General Fund Budget Summary
Appendix B : Statement of Council Reserves projection to March 2018
Appendix C : Schedule of Town and Parish Council Precepts
Appendix D : Summary of all Preceptors’ Requirements
Appendix E : Local Government Finance Act Determinations
Appendix F : Council Tax Draft Resolution