

Agenda Item No: **Report No:**

Report Title: **Setting the Council Tax**

Report To: **Council** **Date:** **20 February 2012**

Leader of the Council: **Councillor Tony Nicholson**

Ward(s) Affected: **All**

Report By: **Director of Finance**

Contact Officer(s)-

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Purpose of Report:

To explain to Council the process for determining the level of General Fund Council Tax Requirement and Council Tax for 2012/2013.

Officers Recommendation(s):

- 1 That Council approves the Lewes District Council General Fund Council Tax Requirement of £7,443,275 for 2012/2013 and the resultant band D tax of £192.48 as set out in Appendices A and E.
 - 2 That Council approves the draft Council Tax resolution at Appendix F.
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Reasons for Recommendations

- 1 In setting the Council Tax for 2012/2013, the Council needs to determine the level of the General Fund Council Tax Requirement for the year. The Localism Act 2011 has introduced a requirement for local authorities to determine whether their basic amount of council tax for a year is excessive.

Information

2 General Fund Summary for 2012/2013

- 2.1 At its meeting on 8 February 2012 Cabinet considered the amount of the General Fund Council Tax Requirement for 2012/2013. The Council Tax Requirement is used to determine the amount of the Band D council tax for the year.
- 2.2 Cabinet has recommended that the Council Tax is frozen in 2012/2013, an option which will allow the Council to receive a special grant from the Government of £186,086, which is the equivalent of the income which would be generated from a 2.5% council tax increase (Appendix A line 16 column 4).

- 2.3** The summary of the budget proposal on which the Council Tax freeze is based is presented at Appendix A. This summary has been updated following the Cabinet meeting to incorporate Cabinet's decision to increase the core grant to Lewes and Seaford Citizens Advice Bureau by £12,500, funded from the General Fund Working Balance. It requires budget savings of £336,270 (line 13 column 4) to be delivered in 2012/2013 and £480,453 (line 23 column 4) to be used from the General Fund Working Balance.
- 2.4** There is a Collection Fund surplus of £60,327 to be returned to taxpayers (line 28 column 4). After deducting the formula grant received from the Government, which comprises a core element of £3,767,088 (line 25 column 4) as well as the second year allocation of the 2011/2012 Council Tax Freeze Grant (line 15 column 4), the Lewes District Council Tax Requirement to be raised from Council Taxpayers is £7,443,275 (line 30 column 4). This equates to an annual Band D Council Tax of £192.48 for 2012/2013, which is unchanged from 2011/2012.
- 2.5** In recommending the budget proposal, Cabinet considered the medium term budget outlook shown at Appendix B. The budget outlook will result in a balanced budget by 31 March 2015 without using the General Fund Working Balance. The overall savings target is now £1.560m from April 2012 through to March 2015 (Appendix B lines 8 to 12, 19 and 20). The savings target remains heavily front loaded. The budget outlook models annual tax increases of 2.5% (the national GDP deflator) from 2013/2014, following the freeze in 2012/2013.

3 The Council Tax Resolution

- 3.1** The final schedule of Town and Parish precepts is shown at Appendix C. A summary of all preceptors' requirements is shown at Appendix D. At the time of printing this report the Sussex Police Authority precept is provisional, to be decided at the Authority's meeting on 16 February 2012.
- 3.2** The 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.
- 3.3** The Localism Act 2011 has introduced a new 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. Schedule 5 of the Localism Act 2011 has inserted a new chapter 4ZA into part 1 of the Local Government Finance Act 1992. Section 52ZB sets out the steps needed to determine the level of tax which would be 'excessive'. These steps are in effect to compare the level of increase in council tax with principles set out by the Secretary of State. The Secretary of State has indicated that, for 2012/2013, an increase above 3.5% in a district council's council tax would be excessive.
- 3.4** Lewes District Council's basic amount of tax recommended for 2012/2013 is frozen at the 2011/2012 levels; is well within the Secretary of State's guidelines and is therefore not excessive.

Financial Appraisal

- 4** This is covered in the paragraphs above and the 'General Fund Revenue Estimates' report to Cabinet dated 8 February 2012.

Environmental Implications

- 5 I have completed the Environmental Implications questionnaire and this Report is exempt from the requirement because it is a budget report.

Risk Management Implications

- 6 This is as shown in the 'General Fund Revenue Estimates' report to Cabinet.

Equality Impact Assessment

- 7 This is as shown in the 'General Fund Revenue Budget' report to Cabinet.

Background Papers

General Fund Revenue Budget 2012/2013 – Cabinet Report 8 February 2012.

Setting the Taxbase 2012/2013 – Cabinet Report 5 January 2012.

Council Tax Referendums 2012-13 Information Note issued by the Department of Communities and Local Government in January 2012.

<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxreferendums/>

Appendices

Appendix A : General Fund Summary Revenue Account 2012/2013

Appendix B : Medium Term Budget Projection

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