

Agenda Item No:

Report No:

Report Title: Setting the Council Tax

Report To: Council

Date: 27 February 2013

Leader of the Council: Councillor James Page

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 2013/2014.

Officers Recommendation(s):

- 1 That Council approves the Lewes District Council General Fund Council Tax Requirement of £6,628,241 for 2013/2014 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 G.
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Reasons for Recommendations

- 1 In setting the Council Tax for 2013/2014, 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 2013/2014

- 2.1 At its meeting on 13 February 2013 Cabinet considered the amount of the General Fund Council Tax Requirement for 2013/2014. 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 2013/2014, an option which will allow the Council to receive a special grant from the Government of £75,460, which is the equivalent of the income which would be generated from a 1% council tax increase (Appendix A line 17).

2.3 The summary of the budget proposal on which the Council Tax freeze is based is presented at Appendix A. Key elements are:

- Line 14: Remaining budget Savings with a value of £350,000 to be delivered in 2013/2014
- Line 16: grant with a total value of £337,900 to be paid to Town and Parish Councils to mitigate the impact on their local council tax amounts of the reduction in the Taxbase arising from the introduction of the Council Tax Reduction Scheme.
- Lines 21 and 23: a net contribution of £1,284,100 to General Fund Reserves to be made in 2013/2014.
- Line 24: £500,000 to support the Capital Programme and service priorities.
- Line 25: £483,841 of the General Fund Working Balance to be used
- Lines 29 to 35: the introduction by the Government of Business Rates Retention. Under this system, the Council's share of Business Rates to be collected in the District is estimated to be £9,322,243 (line 29 plus line 32). A Tariff of £7,062,915 (line 30) will be paid to the Government. The Council will retain 50% of the Business Rates collected in addition to its target, with the balance paid as a levy of £150,000 (line 33) to the Government
- Line 36: £2,945,151 to be received as Revenue Support Grant from the Government
- Line 37: £877,750 to be received as New Homes bonus from the Government
- Line 38: the Council's share of the estimated Collection Fund surplus at 31 March 2013 is £64,759, which is to be returned to council taxpayers in 2013/2014.

2.4 The Lewes District Council Tax Requirement to be raised from Council Taxpayers is £6,628,241 (line 39 column 3). This equates to an annual Band D Council Tax of £192.48 for 2013/2014, which is unchanged from 2012/2013.

2.5 In recommending the budget proposal, Cabinet considered the medium term budget outlook shown at Appendix B (now updated for minor changes in Government grant, following the Final Settlement debated in Parliament on 13 February 2013. These were reported orally at Cabinet). The budget outlook will result in a balanced budget by 31 March 2017 with no projected use of the General Fund Working Balance in 2017/2018. The overall savings target is £1.349m in total for the next two years through to March 2015 (Appendix B lines 15 to 18). A further savings requirement of £1.3m is forecast through to March 2018. On that basis, savings equating to 33% of net budgeted expenditure as at April 2011, will have been required over the period 2011/2012 to 2017/2018.

3 Schedule of General Fund Reserves

3.1 At its meeting Cabinet reviewed in detail the contributions to and use of each General Fund reserve. It agreed to make transfers between various reserves, having considered comments made by the Scrutiny Committee. The Scrutiny Committee had received a detailed analysis of all reserves in January 2013 to supplement its review of the draft budget.

3.2 Cabinet has recommended to Council that it should :

- establish a Strategic Priority Fund, the purpose of which is to support existing and developing projects that have the potential to develop permanent ongoing income or expenditure reductions for the Council.
- rename the Service Priority and Change Management Reserve as the Change Management and Spending Power Reserve. The purpose of this reserve will be to fund the costs of change management and to provide spending power for the Strategic Priority Fund and the Council's general needs.

3.3 A statement showing each of the Councils reserves, including those referred to in paragraph 3.2, and how they are to be used through to March 2014 is attached at Appendix C.

4 The Council Tax Resolution

4.1 The final schedule of Town and Parish precepts is shown at Appendix D. The 2013/2014 precept for each Town and Parish Council represents its budget requirement for the year, net of the Taxbase reduction grant to be paid by this Council referred to above. A summary of all preceptors' requirements is shown at Appendix E.

4.2 The determinations to be made in accordance with the Local Government Finance Act 1992 are shown at Appendix F. This information forms the basis of the Council Tax Draft Resolution shown at Appendix G.

4.3 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 the 2013/2014 referendum trigger point for the majority of district councils, including this Council, is to be a 2% increase in Council Tax

4.4 Lewes District Council's proposed basic amount of tax recommended for 2013/2014 is frozen at the 2012/2013 level and is therefore not excessive.

Financial Appraisal

5 This is covered in the paragraphs above and the 'General Fund Revenue Estimates' report to Cabinet dated 13 February 2013.

Legal Implications

6 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 2013 to make a series of calculations in respect of its budget and council tax amounts for 2013/2014. These are set out in Appendix G.

Sustainability Implications

7 I have not completed the Sustainability Implications questionnaire as this Report is exempt from the requirement because it is a strategic budget report.

Risk Management Implications

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

Equality Screening

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

Background Papers

General Fund Revenue Budget 2013/2014 – Cabinet Report 13 February 2013

<http://cmis.lewes.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=575>

Localisation of Council Tax Support: Council Tax Support Scheme; and Discounts and Exemptions – Council Report 10 January 2013

<http://cmis.lewes.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=565>

Department for Communities and Local Government 'The Referendums Relating to Council Tax Increases (Principles) Report (England) 2013/2014

<http://www.local.communities.gov.uk/finance/1314/principles.pdf>

Appendices

Appendix A : General Fund Summary Revenue Account 2013/2014

Appendix B : Medium Term Budget Projection

Appendix C : Statement of Council Reserves and how they are used through to March 2014.

Appendix D : Schedule of Town and Parish Council Precepts

Appendix E : Summary of all preceptors' requirements

Appendix F : Local Government Finance Act Determinations

Appendix G : Council Tax Draft Resolution