

Agenda Item No: **Report No:**

Report Title: **Setting the Council Tax**

Report To: **Council** **Date:** **26 February 2014**

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 2014/2015.

Officers Recommendation(s):

- 1 That Council approves the Lewes District Council General Fund Council Tax Requirement of £5,967,150 for 2014/2015 and the resultant band D tax of £172.11 as set out in Appendices A and F.
 - 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 2014/2015, 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.
- 2 At its meeting on 4 December 2013, the Council agreed to implement a system of 'Special Expenses' in respect of the cost of General Fund Open Spaces, with effect from 1 April 2014.

Information

3 General Fund Summary for 2014/2015

- 3.1 At its meeting on 13 February 2014 Cabinet considered the amount of the General Fund Council Tax Requirement for 2014/2015. The Council Tax Requirement is used to determine the amount of the [Page 1 of 5](#) council tax for the year.

- 3.2** Cabinet has recommended that the Council Tax is frozen in 2014/2015, an option which will allow the Council to receive a special grant from the Government of £76,100, which is the equivalent of the income which would be generated from a 1% council tax increase (Appendix A line 19h).
- 3.3** The summary of the budget proposal on which the Council Tax freeze is based is presented at Appendix A. Key elements are:
- Line 10b: Remaining budget savings with a value of £511,000 to be delivered in 2014/2015
 - Line 12b: grant with a total value of £278,300 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 Council Tax Reduction Scheme.
 - Line 15: £500,000 to support service priorities.
 - Lines 15a and 15b: a net contribution of £1,430,330 to General Fund Reserves to be made in 2014/2015.
 - Line 17: the Council's net income from Business Rates Retention is projected to be £2,444,930. Under this system, the Council's share of Business Rates to be collected in the District is estimated to be £10,092,860. A Tariff of £7,200,500 will be paid to the Government. The Council's Business Rates Baseline Funding target is £1,997,500 and the Council will retain 50% of the Business Rates collected in addition to this target, with the balance paid as a levy of £447,430 to the Government.
 - Line 19a: £2,325,800 to be received as Revenue Support Grant from the Government. (It should be noted that the amount shown has increased by £600, from that indicated in the statement reported to Cabinet, to reflect the final Local Government Finance Settlement.)
 - Line 19c: £1,169,100 to be received as New Homes Bonus from the Government
 - Line 20b: the Council's share of the estimated Collection Fund surplus at 31 March 2014 is £64,990, which is to be returned to council taxpayers in 2014/2015.
 - Line 22: £748,410 of the General Fund Working Balance to be used. (It should be noted that the amount shown has reduced by £600, from that indicated in the statement reported to Cabinet, to reflect the final Local Government Finance Settlement). The projected General Fund Working Balance at 31 March 2015 is £1,667,190.
- 3.4** The amount to be raised from Council Taxpayers in respect of General Fund services is £6,673,400 (line 20a). This equates to an annual Band D Council Tax of £192.48 for 2014/2015, which is unchanged from 2013/2014.
- 3.5** In recommending the budget proposal, Cabinet considered the medium term budget outlook. The budget outlook requires a savings target of £2. 362m for 2015/2016 to 2019/2020. The delivery of the savings target will deliver a sustainable recurring base budget, with no call on the working balance and no reliance on Revenue Support Grant from the Government.

- 3.6** A consultation meeting was held with representatives of Non-Domestic Ratepayers through the Council's Business Board on 17 February 2014, in accordance with Section 65 of the Local Government Finance Act 1992. Details were provided of the Council's revenue and capital spending plans for 2014/2015 and the Special Expenses Policy was also explained and illustrated. The qualifying criteria for a Council Tax Freeze Grant were also explained together with the referenda principles. There was unanimous support for the proposed council tax freeze.

4 Schedule of General Fund Reserves

- 4.1** In addition to the General Fund Working Balance, the Council retains reserves to support revenue and capital expenditure. The total value of General Fund Reserves at 1 April 2014 is projected to be £6.602m. A net revenue contribution of £1.430m will be made in 2014/2015, and £2.128m will be used to support the capital programme (including an additional contribution of £0.8m in respect of the University Technical College agreed by Cabinet at its meeting). The total value of Reserves at 31 March 2015 will be £5.904m.
- 4.2** A statement showing each of the Councils reserves and how they are to be used through to March 2015 is attached at Appendix B.

5 Special Expenses

- 5.1** The Council has agreed to implement a system of 'Special Expenses' in respect of the cost of General Fund Open Spaces, with effect from 1 April 2014.
- 5.2** The introduction of Special Expenses means that the cost of each Open Space will be charged, through the Council Tax, only to the residents of the Town/Parish area in which that Open Space is located. Under the current arrangements, the costs of all Open Spaces are charged equally through the Council Tax to all residents of Lewes District.
- 5.3** The Special Expenses to be charged in each Town/Parish area of the District in 2014/2015 are shown in Appendix C. A listing of all the sites included within the Special Expenses calculation is also shown.
- 5.4** In total, £706,250 is to be charged as Special Expenses. This has the effect of reducing Lewes District Council's basic amount of Band D Council Tax applicable across the District by £20.37, from £192.48 to £172.11. This is a reduction of 10.6%. In those areas of the District where a Special Expense applies, the Band D Council Tax amount will range from £0.92 to £66.42.
- 5.5** The cost of Open Spaces which will be charged as Special Expenses is derived from the 2014/2015 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. Adjustments will be made in future years to account for any differences between actual and budgeted costs.

6 The Council Tax Resolution

- 6.1** The schedule of Town and Parish precepts for 2014/2015 is shown at Appendix D. At the time of writing this report, Lewes Town Council had yet to meet to determine its precept. The precept for each Town and Parish Council represents its budget requirement for the year, net of the Taxbase reduction grant. A summary of all preceptors' requirements is shown at Appendix E.

- 6.2** The draft 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.
- 6.3** Council's attention is drawn to the fact that Appendices A, B, D, E, F and G accompanying this report are drafts which can be finalised when:
- Lewes Town Council's precept has been received, and
 - Council has approved next year's Budget and Council Tax Requirement.
- 6.4** An updated set of Appendices will be provided at the Council meeting based upon the Council Tax Requirement and Budget Proposal recommended by Cabinet from its meeting on 13 February 2014. They will include Lewes Town Council's precept. Appendices D and E will then be complete. Appendix F and Appendix G will be updated to incorporate the total value of Town and Parish Council precepts and the council tax amounts for Lewes Town.
- 6.5** The updated Appendices A, B, F and G will only require further updating if Council approves any of the submitted amendments to the budget. Appendices F and G are an integral part of the Council Tax Resolution and they need to be updated to reflect amendments agreed at Council, before the resolution is passed.. The reason for this is shown in the table below.

Appendix	Lines/Paragraphs	Why a change would be necessary
F	1, 3 and 5	To reflect further approved use of expenditure.
F	8 and 9	To reflect further approved use of reserves.
G	3(a)	To reflect further approved use of expenditure.
G	3(b)	To reflect further approved use of reserves.

Note: The Council Tax Requirement will not alter as a result of any written amendments to Council being approved.

- 6.6** Changes to Appendices A and B are administrative and can be updated after the Council meeting, to incorporate its decisions.
- 6.7** 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 2014/2015 referendum trigger point is to be a 2% increase in Council Tax, or higher.
- 6.8** The 'excessiveness' calculation is made by reference to the District Council's proposed council tax requirement, excluding Town and Parish Council precepts. As noted in paragraph 3.4, this basic amount of tax for 2014/2015, £192.48, is frozen at the 2013/2014 level and is therefore not excessive.
- 6.9** The Council is entitled to a Council Tax Freeze grant because the basic amount of council tax, excluding Town and Parish Council precepts is frozen.

Financial Appraisal

- 7 This is covered in the paragraphs above and the 'General Fund Revenue Estimates' report to Cabinet dated 13 February 2014.

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 2014 to make a series of calculations in respect of its budget and council tax amounts for 2014/2015. These are set out in Appendix G.

Sustainability Implications

- 9 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

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

Equality Screening

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

Background Papers

General Fund Revenue Budget 2014/2015 – Cabinet Report 13 February 2014

<http://cmis.lewes.gov.uk/CmisWebPublic/Meeting.aspx?meetingID=665>

Department for Communities and Local Government 'The Referendums Relating to Council Tax Increases (Principles) Report (England) 2014/2015

<https://www.gov.uk/government/publications/council-tax-referendum-principles-report-2014-to-2015>

Appendices

Appendix A : General Fund Summary Revenue Account 2014/2015

Appendix B : Statement of Council Reserves and how they are used through to March 2015.

Appendix C : Special Expenses 2014/2015

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