

Agenda Item No: 12(iii) **Report No:** 32/16
Report Title: Setting the Council Tax
Report To: Council **Date:** 25 February 2016
Leader of the Council: Councillor Andy Smith
Ward(s) Affected: All
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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 2016/2017.

Officers Recommendation(s):

- 1 That Council approves an aggregate Council Tax requirement of £6,823,300 (a Council Tax increase of 0.5% for the aggregate Lewes District Council Council Tax Requirement), comprising
 - a. A General Expenses Council Tax requirement of £6,279,340 (a Council Tax increase of 1.9% for Lewes District Council's General Expenses).
 - b. A Special Expenses Council Tax Requirement of £543,960.
- 2 That Council approves the resultant Council Tax Band D tax rates as set out in Appendices E and F and the draft Council Tax resolution at Appendix G.

Reasons for Recommendations

- 1 In setting the Council Tax for 2016/2017, 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 2016/2017, 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 2016/2017

3.1 At its meeting on 8 February 2016 Cabinet considered the amount of the aggregate General Fund Council Tax Requirement for 2016/2017. 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.

(b) Special Expenses: the Council is committed to passing on budget reductions enabled by devolving responsibility for the upkeep of open spaces to Town and Parish Councils. Devolution of sites to Newhaven Town Council and Hamsey Parish Council lead to a reduction in the Special Expenses element of the council tax.

3.2 The summary of the budget proposal on which the Council Tax Requirement is based is presented at Appendix A. The Final 2016/2017 Local Government Finance Settlement was published after Cabinet met on 8 February. The Final Settlement included a new Transitional Grant for some local authorities, with this Council receiving £84,000. In order to maintain the General Expenses Council Tax Requirement at the same level as recommended by Cabinet, this additional income is offset in the budget proposal by the introduction of an allocation for Transitional expenditure.

3.3 In recommending the budget proposal, Cabinet considered the medium term budget outlook. The budget proposal requires no use of reserves to finance recurring expenditure. It utilises £58,900 of New Homes Bonus for services (out of £1.6m to be received in total) and includes a savings target of £400,000 to be met from the Joint Transformation Programme. The total savings target for 2016/2017 to 2019/2020 is £3.2m.

3.4 The budget proposal comprises net General Fund expenditure in 2016/2017 amounting to £13,236,400. This is to be financed from:

	£	%
Government Grants	3,170,700	24.0
Retained Business Rates	3,070,000	23.2
Council Tax surplus returned to taxpayers	172,400	1.3
Council Tax Requirement	6,823,300	51.5
Total	13,236,400	100.0

3.5 The Council Tax Requirement equates to an average annual Band D Council Tax of £190.61 for 2016/2017. The elements are:

	£	Band D Council Tax 2016/17 £	Band D Council Tax 2015/16 £	Change	Change %
General Expenses	6,279,340	175.41	172.11	3.30	1.9
Special Expenses	543,960	15.20	17.50	(2.30)	(15.1)
Total	6,823,300	190.61	189.61	1.00	0.5

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
- Residents Survey 2015
- Scrutiny Committee consideration of the emerging budget in January 2015
- 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 2016 is projected to be £8.140m. £2.157m is contributed to reserves in 2016/2017. £4.295m is allocated for use in the year. The total value of General Fund Reserves at 31 March 2017 reduces to £6.002m.

4.2 A statement showing each of the Councils reserves and how they are to be used through to March 2017 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 The Special Expenses to be charged in each Town/Parish area of the District in 2016/2017 are shown in Appendix C. In total, £543,960 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 16/17 £	(b) Taxbase 16/17	(c)=(a)/(b) Special Expense 16/17 Band D £	(d) Special Expense 15/16 Band D £
Lewes	298,720	6,069.2	49.22	53.52
Newhaven	98,630	3,583.3	27.52	44.91
Telscombe	51,430	2,463.5	20.88	21.34
Seaford	54,540	9,365.0	5.82	5.82
Peacehaven	39,570	4,574.0	8.65	8.94
Chailey	1,070	1,275.0	0.84	0.84
TOTAL SPECIAL EXPENSES	543,960	35,797.1	-15.20	-17.50

5.3 The cost of Open Spaces which will be charged as Special Expenses is derived from the 2016/2017 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. Cabinet has agreed that six sites will be devolved to Newhaven Town Council and one site to Hamsey Parish Council. As a result, the Council will no longer incur any expenditure on these sites in 2016/2017 and no Special Expenses will be chargeable in respect of them.

5.4 The aggregate of Special Expenses has reduced by £68,030 between 2015/2016 and 2016/2017 of which £53,240 is attributable to devolution.

6 The Council Tax Resolution

6.1 The schedule of Town and Parish precepts for 2016/2017 is shown at Appendix D. 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 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 2016/2017 referendum trigger point for a District Council is to be the higher of a 2% increase in Council Tax or £5.

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 2016/2017 at £190.61 is £1 higher than the 2015/2016 level and is not, therefore, excessive.

7 Future funding

7.1 As part of the Finance Settlement, the Government announced that authorities can elect for a 4 year grant settlement. In return for relative funding certainty the Council will have to publish a 4 year efficiency plan with authority for changes being limited to Full Council. Councils have until Friday 14 October 2016 to respond to the offer. At the time of writing this report, no further information details have been given.

Financial Appraisal

8 This is covered in the paragraphs above and the 'General Fund Revenue Estimates' report to Cabinet dated 8 February 2016.

Legal Implications

9 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 2016 to make a series of calculations in respect of its budget and council tax amounts for 2016/2017. These are set out in Appendix G.

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 2016/2017 – Cabinet Report 8 February 2016
<http://lewes.cmis.uk.com/cmis5/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/505/Meeting/630/Committee/190/Default.aspx>

Department for Communities and Local Government 'The Referendums Relating to Council Tax Increases (Principles) Report (England) 2016/2017
<https://www.gov.uk/government/publications/council-tax-in-2016-to-2017-updated>

Appendices

Appendix A : 2016/2017 General Fund Budget Summary
Appendix B : Statement of Council Reserves projection to March 2017
Appendix C : Special Expenses 2016/2017
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