

MEETING:	Council
MEETING DATE:	6 March 2015
TITLE OF REPORT:	Council Tax Setting
REPORT BY:	Chief Financial Officer

Classification

Open

Key Decision

This is not an executive decision.

Wards Affected

County-wide

Purpose

To approve the council tax amounts for each category of dwelling in Herefordshire for 2015/16, including precepts from West Mercia Police, Hereford and Worcester Fire Authority and parishes.

Recommendation(s)

THAT:

- (a) the net budget requirement for 2015/16, excluding parishes, be approved as £141,773,000;**
- (b) the council tax requirement for the council's own purposes for 2015/16 (excluding parishes) be approved as £83,963,000;**
- (c) the precepting authority details incorporated in appendices 1 to 5, relating to parishes, West Mercia Police and Hereford and Worcester Fire Authority be approved in accordance with sections 30(2), 34(3), 36(1) and section 40 of the Local Government Finance Act 1992 (as amended);**
- (d) it be noted that the tax base used for setting the budget requirement for 2015/16:**
 - 1) for the whole council area is calculated as 65,848 band D**

equivalent properties;

2) is allocated to band D equivalent dwellings per precept area as shown in appendix 1; and

(e) the following amounts be approved for the year 2015/16 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, Regulation 6 (as amended by the Localism Act 2011) :

- | | | |
|-------|--------------|---|
| (i) | £335,050,945 | being the estimated aggregate expenditure of the council in accordance with section 31A (2) of the act, including all precepts issued to it by parish councils; |
| (ii) | £248,028,469 | being the estimated aggregate income of the council for the items set out in section 31A (3) of the act (including revenue support grant); |
| (iii) | £87,022,476 | being the amount by which the aggregate at (b)(i) above exceeds the aggregate at (b)(ii) calculated by the council in accordance with section 31A(4) of the act, as its council tax requirement for the year (including parish precepts); |
| (iv) | £1,321.56 | being the amount at b(iii) above divided by the amount of the council tax base calculated by the council, in accordance with section 31B of the act, as the basic amount of its council tax for the year (including parish precepts); |
| (v) | £3,059,321 | being the aggregate amount of all special items (parish precepts) referred to in section 34(1) of the act; |
| (vi) | £1,275.10 | being the amount at (iv) above less the result given by dividing the amount at (v) above by the amount of the council tax base calculated by the council, in accordance with section 34(2) of the act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no parish precept relates (Herefordshire Council band D council tax, excluding parishes) |

Alternative Options

- 1 There are no alternative options; the council is required to set a council tax each year.

Reasons for Recommendations

- 2 Local government legislation requires the council to set a council tax each financial year. It also requires that certain categories of income and expenditure and other financial information are provided in accordance with the Local Government Finance Act 1992 (as amended by the Localism Act 2011).

Key Considerations

Summary

- 3 A resolution has to be passed each year by billing authorities in order to be able to collect their council tax. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) sets out the specific amounts to be calculated and approved. The report enables the council to meet its legislative duty, determines the council tax requirement for the authority and sets the council tax for each category of dwelling.
- 4 Herefordshire Council's band D council tax for 2015/16 was approved by Council on 6 February 2015 as £1,275.10, an increase of 1.9% from 2014/15.
- 5 The parish precepts for 2015/16 total £3,059,321 amounting to an average band D council tax charge of £46.46 (an average increase of 6.3% over 2014/15) are detailed in appendix 1.
- 6 The precepts for the West Mercia Police and Hereford and Worcester Fire Authority are shown in appendices 3 and 4.

Council tax calculations

- 7 The calculation of council tax involves several stages and the Local Government Finance Act 1992 requires figures to be calculated including and excluding parish precepts. The following table demonstrates this requirement is met:

	Herefordshire Council £	Parish Precepts £	Herefordshire incl. parishes (average) £
Estimated Gross Expenditure	331,991,624	3,059,321	335,050,945
LESS Estimated Income	(190,218,624)	Not applicable	(190,218,624)
Net Budget requirement	141,773,000	3,059,321	144,832,321
Less Revenue Support Grant	(26,461,000)	Not applicable	(26,461,000)
Less Retained business rates	(21,599,000)	Not applicable	(21,599,000)
Less Rates Top-up	(6,814,000)	Not applicable	(6,814,000)
Less Reserve funding	(1,685,000)	Not applicable	(1,685,000)
Less Collection Fund Surplus	(1,251,000)	Not applicable	(1,251,000)
Council Tax requirement	83,963,000	3,059,321	87,022,321
Divided by council tax base (Band D equivalent)	65,848	65,848	65,848
Council tax at Band D	£1,275.10	£46.46	£1,321.56

- 8 The net budget requirement approved by council on 6 February 2015 was £141,773k, this reflects agreed amendments funded from reserves.

Council Tax amounts

- 9 Appendices 1 to 5 to this report contain the individual council tax amounts for each category of dwelling as required by the Local Government Finance Act 1992 and associated regulations.
- 10 Herefordshire Council's band D council tax for 2015/16 is £1,275.10, which is an increase of £23.78 (1.9%) from 2014/15.

- 11 The parish precepts for 2015/16 total £3,059,321 amounting to an average band D council tax charge of £46.46. This represents an average increase of 6.3% over 2014/15, with towns increasing by an average of 5% and rural parishes increasing by an average of 11%; more detail can be found in Appendix 1. The increase reflects parishes taking on more responsibility for delivering services locally, including the implementation of the lengths-man highway maintenance scheme. This is where the effective coordination of activities at a local level enable parish and town councils, the council and its provider Balfour Beatty to maximise value for money through an integrated approach to service delivery that is tailored to meet the needs in each locality. 92 councils have expressed an interest in participating in this scheme with 57 of these contributing to the match funding element of the scheme.
- 12 Council in December 2014 approved the continuation of passing on government grant funding to parishes of £289k to offset the reduction in the council tax base arising out of the council tax reduction scheme. The figures shown in the report are net of this grant funding, being the amount to be collected through council tax. Appendix 1 details the parish precept requirement and the band D council tax charge for each parish.
- 13 As part of the process the council is required to include precepts from other bodies that will be included on council tax bills.
- 14 Details of the West Mercia Police precept are contained in Appendix 3 (£185.90 at band D).
- 15 Details of the Hereford & Worcester Fire Authority precept are contained in Appendix 4 (£76.50 at band D).
- 16 Appendix 5 details the impact of all precepts on the council tax bill.

Community Impact

- 17 The council tax is levied to enable the council to resource service delivery in accordance with the corporate plan priorities established by Council.

Equality and Human Rights

- 18 Equality impact assessments were undertaken as part of the budget process. A detailed cumulative equality impact assessment was published demonstrating that the council has paid “due regard” that in making its decisions we have considered the general equality duty as required under the Equality Act 2010.

Financial Implications

- 19 These are set out in the report.

Legal Implications

- 20 The recommendations in this report satisfy the requirements of the Local Government Finance Act 1992 (as amended by the Localism Act 2011).

- 21 Local government legislation requires an authority's chief finance officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions.
- 22 The council must set a council tax each year based on a balanced budget. In addition sections 25 to 29 of part 2 of the Local Government Act 2003 (as amended) impose duties on local authorities designed to ensure they make prudent allowance for risk and uncertainties in their budgets and that they regularly monitor their finances during the course of the year.
- 23 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 require that a named vote is taken when setting the council tax.

Risk Management

- 24 Local authorities must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:
- making prudent allowance in the estimates for services; and
 - ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

Consultees

- 25 The budget proposals were considered by both Overview and Scrutiny Committees on 24 November 2014, whose views informed Cabinet's decision on 22 January 2015. The Medium Term Financial Strategy was approved by Council on 6 February 2015.
- 26 The council has consulted with the public on the proposed budget for 2015/16. No consultation on precepts has been undertaken, these are matters of fact determined by precepting authorities.

Appendices

Appendix 1 - Herefordshire Council requirement by parish, including Band D equivalent.

Appendix 2 - Council Tax for each valuation band, by parish, without the Police & Fire precepts.

Appendix 3 – Police Authority precept requirement for each valuation band.

Appendix 4 – Fire Authority precept requirement for each valuation band.

Appendix 5 – Council Tax for each valuation band by parish, including the Police & Fire precepts.

Background Papers

- None identified.