

MEETING:	Council
MEETING DATE:	4 March 2016
TITLE OF REPORT:	Council tax setting
REPORT BY:	Director of resources

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 2016/17, including precepts from West Mercia Police, Hereford and Worcester Fire Authority and parishes.

Recommendation(s)

THAT:

- (a) the net budget requirement for 2016/17, excluding parishes, be approved as £147,979,357:**
- (b) the council tax requirement for the council's own purposes for 2016/17 (excluding parishes) be approved as £88,595,357:**
- (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 2016/17 is:**
 - 1) for the whole council area is calculated as 66,873.00 band D**

equivalent properties;

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

(e) the following amounts be approved for the year 2016/17 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, Regulation 6 (as amended by the Localism Act 2011) :

- | | | |
|-------|--------------|---|
| (i) | £331,493,602 | 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) | £239,396,466 | 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) | £92,097,136 | 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) | £1,377.19 | 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) | £3,501,779 | being the aggregate amount of all special items (parish precepts) referred to in section 34(1) of the act; |
| (vi) | £1,324.83 | 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 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 2016/17 was approved by Council on 5 February 2016 as £1,324.83, an increase of 3.9% (inclusive of the 2% adult care precept) over 2015/16.
- 5 The parish precepts for 2016/17 total £3,501,779 amounting to an average band D council tax charge of £52.36 (an average increase of 12.7% over 2015/16) are detailed in appendix 1.
- 6 The precepts for West Mercia Police, an increase of 1.99%, and Hereford and Worcester Fire and Rescue Authority, an increase of 1.96%, 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	327,991,823	3,501,779	331,493,602
LESS estimated income	(180,012,466)	Not applicable	(180,012,466)
Net budget requirement	147,979,357	3,501,779	151,481,136
LESS revenue support grant	(17,470,000)	Not applicable	(17,470,000)

Further information on the subject of this report is available from Josie Rushgrove, head of corporate finance on Tel (01432) 261867

LESS retained business rates	(23,358,000)	Not applicable	(23,358,000)
LESS rates top-up	(6,870,000)	Not applicable	(6,870,000)
LESS reserve funding	(1,419,000)	Not applicable	(1,419,000)
LESS rural sparsity delivery grant	(5,069,000)	Not applicable	(5,069,000)
LESS new homes bonus	(4,626,000)	Not applicable	(4,626,000)
LESS transitional grant	(572,000)	Not applicable	(572,000)
Council tax requirement	88,595,357	3,501,779	92,097,136
Divided by council tax base (band D equivalent)	66,873.00	66,873.00	66,873.00
Council tax at band D	£1,324.83	£52.36	£1,377.19

- 8 The net budget requirement has changed from the previously reported total of £143,529k to £147,979k as a result of the final settlement providing an additional £3,810k in rural sparsity delivery grant, £572k in a new transitional grant and £68k in new homes bonus. As approved at the 5 February 2016 Council meeting this additional funding will be added to general reserves. The council tax requirement remains unchanged from the budget presented.

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 2016/17 is £1,324.83, which is an increase of £49.73 (3.9%) over 2015/16.
- 11 As part of the process we are required to include precepts from other bodies that will be included on council tax bills.
- 12 The parish precepts for 2016/17 total £3,501,779 amounting to an average band D council tax charge of £52.36. This represents an average increase of 12.7% over 2015/16, more detail can be found in appendix 1. The increase reflects the growing support from parishes taking on more responsibility for delivering services locally and the removal of the local council tax reduction scheme funding (as detailed in the report to cabinet on 3 December 2015). Appendix 1 details the parish precept requirement and the band D council tax charge for each parish. Appendix 2 details the charge by each property band inclusive of the Herefordshire Council charge.

- 13 Details of the 2016/17 West Mercia Police precept are contained in appendix 3 (£189.60 at band D).
- 14 Details of the 2016/17 Hereford and Worcester Fire Authority precept are contained in appendix 4 (£78.00 at band D).
- 15 Appendix 5 details the impact of all precepts on the council tax bill.
- 16 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 require that a named vote is taken when setting the council tax.

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. The proposed increase could result in increasing individuals financial difficulties, this is mitigated by providing options and support including the council tax reduction scheme and hardship policy.

Equality Duty

- 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.
- 19 There may be an increase in the level of non-payment and requests for debt advice as a result of the increases proposed this is mitigated through assistance in meeting payments and the hardship scheme.

Financial implications

- 20 These are set out in the report.

Legal implications

- 21 S 30 of the Local Government Act 1992 places a duty on this council, as a billing authority, to set an amount of council tax for the different categories of dwellings, according to the band in which the dwelling falls before 11 March.
- 22 A notice of the amount set must be published in at least one newspaper circulating in the authority's area within 21 days of the decision.

Risk management

- 23 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

- 24 The council consulted with the public on the proposed budget for 2016/17. The Council tax charge is determined by the budget requirement as agreed by Council on 5 February following review of the outcome of the budget consultation. The Council has undertaken no consultation on the precepts of other authorities, 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 and fire precepts.

Appendix 3 – West Mercia Police precept requirement for each valuation band.

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

Appendix 5 – Council tax for each valuation band by parish, including the police and fire precepts.

Background papers

- None identified.