

To: Council

Date: 11 February 2003

Agenda Item No: 7

Title: District Council Requirement and Council Tax 2003/04

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Summary

- 1 The report sets out the statutory information and recommendations necessary to determine the District Council Budget Requirement and the 2003/04 Council Tax (although see 3 below).
- 2 The Estimates recommended by the Special Resources Committee for acceptance and approval form the basis of determination of the Council Tax. Their recommendations quantify the District Council's Budget Requirement for 2003/04. This report deals only with the formal process of determining the Council Tax for 2003/04.
- 3 Owing to Essex County Council's decision to defer considering their budget and precept until 18 February i.e. a week after this meeting, it will not be possible for members at this meeting to approve the recommendations that aggregate the County Council and Essex Police Authority precepts and therefore confirm the overall Council Tax for collection purposes. Hence this report's recommendations are restricted to those relating to this Council's and the parishes' budgets and tax levels only. The Extraordinary meeting of the Resources Committee on 5 February have recommended to this Council an appropriate way forward that has previously been considered under this agenda item.

COUNCIL TAX CALCULATIONS

Calculation of Budget Requirements

- 4 In essence the budget requirement for a financial year is the budgeted net revenue expenditure after allowing for contributions to and drawings on balances. It is the amount to be met from RSG, redistributed NNDR and Council Tax income.
- 5 A budget requirement may include 'special items' chargeable only in that part of the area to which they relate. Special items (amounts in respect of Parish/Town Council precepts) are analogous to the items which gave rise to different amounts of Council Tax for different parts of the district.

- 6 In calculating the Council's budget requirement, regulations allow the Council to anticipate, in accordance with prescribed rules, the issue of a precept by a local Precepting Authority where that authority has not at the time issued a precept for the year but did issue a precept for the previous year.
- 7 The budget requirement will exclude any amounts payable or receivable in respect of amounts estimated to be surpluses or deficits on the Collection Fund for the previous year.

Surplus on the Collection Fund

- 8 The 2002/03 calculation for Council Tax has been completed and there is a surplus of £20,103. The formal Community Charge calculation has also been completed and there is no balance this year.

Calculation of the Billing Authority's Tax

- 9 Sections 32 to 36 of the 1992 Act require each Billing Authority to calculate its own amount of tax for each category of dwellings in its area, reflecting its budget requirement. For this purpose, dwellings in a category are all the dwellings listed in the same valuation band in a part of the Authority's area to which all the same special items (ie local precepts) relate.
- 10 Section 32 of the 1992 Act requires the Council to calculate its budget requirement before 11 March in the preceding financial year.
- 11 The Council's budget requirement will include amounts in respect of Parish/Town Council precepts.
- 12 Sections 33 to 36 of the 1992 Act provide for the calculation of the Council's tax, in accordance with specified formulae. These formulae take into account the Budget Requirement, Revenue Support Grant, redistributed NNDR, a proportion of any estimated Collection Fund surplus/deficit for the preceding year and the Council Tax base.

Demand on the Collection Fund

- 13 Section 97 of the Local Government Finance Act 1988 requires the Council to calculate its own demand on the Collection Fund. The calculation is to be made by reference to the basic amount of the tax and to the Council Tax base.
- 14 The key aspects of the operation of the Collection fund under Council Tax are:-
 - (a) Revenue Support Grant, redistributed Non-Domestic Rates and any additional grant are payable to all receiving Authorities (District, County Councils and Police Authorities) and are paid into the General Fund and not the Collection fund;

- (b) precepts of Parish/Town Councils are met from the General Fund and not the Collection Fund; and
- (c) any surplus or deficit relating to Council Tax is not to remain in the Collection Fund but is to be shared between the District and County Councils and the Police Authority. Each Authority's share is relative to the size of its precept and is to be taken into account in the calculation of the Council Tax for the year following the year for which the surplus/deficit has been estimated. However, any Community Charge difference is to benefit or be borne solely by the District Council and likewise has to be taken into account in the calculation of the District Council Tax. These calculations have to be made on 15 January for Council Tax and by 15 February for Community Charge. It is estimated that at the 31 March 2003, there will be a surplus on the Collection Fund of £138,918 to be shared as follows:

Essex County Council	£107,865
Essex Police Authority	10,950
Uttlesford District Council	20,103

Setting the Amounts of Council Tax

- 15 Section 30 of the 1992 Act requires the Council to set the amounts of Council Tax for each category of dwellings before the 11 March in the preceding financial year.
- 16 For a category of dwellings, the amount of Council Tax is the aggregate of:
 - (a) the amount of tax that the Council itself has calculated for that category;
 - (b) the amount of tax that the Essex County Council has calculated for that category. This is to be considered at the County Council meeting on 18 February 2003 when it is anticipated it will be resolved; and
 - (c) the amount of tax that the Essex Police Authority has calculated for that category. This is to be considered at the Police Authority meeting on 10 February 2003 when it is anticipated it will be resolved.
- 17 For the purpose of Section 30, dwellings in a category are thus all the dwellings in a valuation band in part of the Billing Authority's area to which relate the same precepts and special items (if any).
- 19 The calculation of the tax base and budget requirement is required to be made by the Council and cannot be delegated to a Committee. However, the Council Tax need not be set by the Council but may, if the Authority so directs, be set by a Committee in accordance with Section 67(3) of the 1992 Act.

- 20 This Council has resolved that recommendation will be made by the Resources Committee. The Council is requested to set the Council Tax using that recommended budget requirement (District and Parish). The amount of Council Tax to be set is that calculation plus the Essex County Council and the Essex Police Authority calculation.

Exemplification of calculation of budget requirement:

	£	£
Expenditure:		
Amounts under Section 32(2) net of special items	26,252,233	
Additions to Reserves	190,596	
Special Items (Parish precepts)	<u>1,209,325</u>	
		27,652,154
Income:		
Fees, Charges, Grants etc	18,829,040	
Drawings from Reserves	<u>610,763</u>	
Aggregation of amounts under Section 32(3)		19,439,803
Note:		
Pursuant to Section 32(3) in making the above calculation, sums payable in respect of RSG, NNDR and Central Support Protection Grant are ignored.		
Difference between the amount calculated under Section 32(2) and 32(3) ie the Section 32(4) calculation, being the budget requirement of Uttlesford District Council for the year.		
		<u>8,212,351</u>

Note

The Gross Income and Expenditure figures include all amendments to the budget proposed by the Resources Committee on 5 February 2003. These also feed through to Recommendation 2(a) and 2(b) and the Council Tax calculations below.

It is now RECOMMENDED that:-

- 1 It be noted that at its meeting on 17 December 2002, the Council calculated the following amounts for the year 2003/04 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:-
 - (a) 29,844.0 being the amount calculated by the Council in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year.

- (b) **Table 1** (Tax Base for each part of the Council's area) being the amounts calculated by the Council in accordance with regulation 6 of the Regulation, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
- 2 The following amounts be now calculated by the Council for the year 2003/04 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
- (a) £27,652,154 being the aggregate of the amount which the Council estimate for the items set out in Section 32(2)(a) to (e) of the Act.
- (b) £19,439,803 being the aggregate of the amounts which the Council estimate for the items set out in Section 32(3)(a) to (c) of the Act.
- (c) £8,212,351 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council in accordance with Section 32(4) of the Act as its budget requirement for the year.
- (d) £3,739,179 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates and Revenue Support Grant.
- (e) £20,103 being the aggregate of £20,103 which the Council estimates as Council Tax surplus will be transferred in the year from its Collection Fund to its General Fund in accordance with Section 97(3) of the Local Government Act 1988, and £Nil being the sum which the Council estimates as Community Charge surplus will be transferred from its Collection Fund to its General Fund pursuant to the Collection Fund (Community Charges) directions under Section 98(4) of the Local Government Act 1988 made on 15 February 2000.
- (f) £149.21 being the amount at 2(c) above, less the amount at 2(d) and 2(e) above, divided by 1(a) above, calculated by the Council in accordance with Section 33(1) of the Act as the basic amount of its Council Tax for the year.
- (g) £1,209,325 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

- (h) £108.69 being the amount at 2(f) above, less the result given by dividing the amount at 2(g) above by the amount at 1(a) above, 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 which dwellings in those parts of its area to which no special item relates.
- (i) **Table 2** (Band D charge for Parish and District combined), being the amounts given by adding to the amount at 2(g) above, the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the council in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in parts of its area to which one or more special items relate.