

District Council Requirement and Council Tax 2007-08 Council

Committee: Council
Date: 15th February 2007
Title: District Council Requirement and Council
Tax 2007-08
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Agenda Item
9

Item for
decision

Summary

- 1 The report sets out the statutory information and recommendations necessary to determine the District Council Budget Requirement and the 2007-08 Council Tax (although see 3 below).
- 2 The estimates recommended by the Operations Committee on 8th February 2007 for acceptance and approval form the basis of determination of the Council Tax. Their recommendations quantify the District Council's Budget Requirement for 2007-08. This report deals only with the formal process of determining the Council Tax for 2007-08.
- 3 Essex Police Authority, Essex Fire Authority and Essex County Council meet on 12th, 14th and 13th February respectively to consider their budgets and precepts; the elements of this report and recommendations relating to these bodies are therefore provisional. Officers will table updated data and recommendations to this meeting if necessary.

Recommendations

Due to the technical nature of the recommendations they are laid out on page 5 onwards.

Background Papers

Budget Working Papers 2007/08 and Final Accounts 2005/06.

Impact

Communication/Consultation	The results of public consultation on the budget are included in the report attached to this agenda item
Community Safety	No specific implications
Equalities	No specific implications
Finance	The report deals with the Council's whole General Fund budget
Human Rights	No specific implications
Legal implications	The Council's budget reflects the Council's legal liability to spend
Ward-specific impacts	No specific implications
Workforce/Workplace	Staff/union consultation has taken place

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 reserves and balances. It is the amount to be met from Revenue Support Grant, redistributed National Non-Domestic Rates 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 the items that give 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.

Deficit on the Collection Fund

- 8 The 2006/07 calculation for Council Tax has been completed and there is an estimated deficit of £59,947. This has been reported to the Operations Committee with an explanation. 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 (i.e. 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, RSG, redistributed NNDR, a proportion of any

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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 and Fire Authorities. 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 2007, there will be a £59,947 deficit balance on the Collection Fund.

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 13th February 2007 when it is anticipated it will be resolved; and

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- (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 12th February 2007 when it is anticipated it will be resolved; and
 - (d) the amount of tax that the Essex Fire Authority has calculated for that category. This is to be considered at the Fire Authority meeting on 14th February 2007 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 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 recommendations will be made by the Operations 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, the Essex Police Authority and the Essex Fire Authority calculation.

Exemplification of calculation of budget requirement:

	£	£
Expenditure:		
Amounts under Section 32(2) net of special items	36,011,982	
Additions to Reserves	130,810	
Special Items (Parish precepts)	<u>1,666,933</u>	37,809,725
Income:		
Fees, Charges, Grants etc	27,351,591	
Drawings from Reserves	<u>670,903</u>	28,022,494
Aggregation of amounts under Section 32(3)		

Note:

Pursuant to Section 32(3) in making the above calculation, sums payable in respect of RSG and NNDR ignored.

Difference between the amount calculated under Section 32(2) and 32(3) i.e. the Section 32(4) calculation, being the budget requirement of Uttlesford District Council for the year.

9,787,231

Note

The Gross Income and Expenditure figures include any amendments to the budget proposed by the Operations Committee on 8th February 2007. These

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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 under the provisions of Section 84 of the Local Government Act 2003 the Council at its meeting on 16 December 2003 resolved that the Council Tax Base should in future be formally agreed by the the Council's S151 Officer. Accordingly the Council has calculated the following amounts for the year 2007-08 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992:-
 - (a) 31,455 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) (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 2007-08 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
 - (a) £37,809,725 being the aggregate of the amount which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act. This sum is, in effect, the Council's gross spending for the year ahead, including what it requires on behalf of parish and town councils, and what it is putting into reserves.
 - (b) £28,022,494 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act. This sum is, in effect the Council's income from all sources for the year ahead, including what it is drawing from reserves.
 - (c) £9,787,231 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. This is the Council's overall net budget requirement, including what it requires for parish and town councils and the net interaction with reserves.

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- (d) £3,987,608 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) £59,947 being the aggregate of £59,947 which the Council estimates as Council Tax deficit which 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) £186.28 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) £1,666,933 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- (h) £133.29 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.

Table 1 shows the parish precepts in cash terms, the tax base for each parish, the band D council tax for each parish, the district council's band D tax, and the combined tax at band D for both the district and parish councils.

- (j) It be noted that for the year 2007-08 the Essex County Council, Essex Police Authority and Essex Fire Authority have stated that the following amounts in precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings are as shown below:-

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	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Essex County Council	669.30	780.85	892.40	1,003.95	1227.05	1450.15	1673.25	2007.90
Essex Police Authority	77.64	90.58	103.52	116.46	142.34	168.22	194.10	232.92
Essex Fire Authority	39.96	46.62	53.28	59.94	73.26	86.58	99.90	119.88

(k) **Table 2** (Total Council Tax for each valuation band)
 That having calculated the aggregate of the relevant amounts in accordance with Section 30(2) of the Local Government Finance Act 1992, the Council hereby sets the following amounts as the amounts of Council Tax for the year 2007-08 for each of the categories of dwellings shown.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Incorrect setting of the budget requirement for the councils concerned	Low	Medium	Cross-checking of all requirements with figures provided