

SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Council Tax Setting Panel
DATE	26th February, 2013
REPORT TITLE	Council Tax 2013/14
REPORT OF	Head of Finance & Audit
WARDS AFFECTED	All

Summary of report:

This report is to enable the Council Tax Setting panel to calculate and approve the Council Tax requirement for 2013/14.

Financial implications:

This report shows how the Council Tax is prepared and set for 2013/14.

RECOMMENDATIONS:

That the Council Tax Setting Panel approves the formal council tax resolutions as detailed below:

1. That it be noted that on 9th January 2013 the Chief Executive and Strategic Directors, under delegated authority from full Council, approved the Council Tax Base for the year 2013/14
 - (a) for the whole Council area as 35,434.09 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012; and
 - (b) for dwellings in those parts of its area to which a Parish precept relates in accordance with regulation 6 of the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012 (**Appendix A**).

2. That the Council Tax requirement for South Hams District Council's own purposes for 2013/14 (excluding Parish precepts) is calculated at £5,056,799 (**Appendix B**).
3. That the following amounts are calculated by the Council for the year 2013/14 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and the Localism Act 2011 (**Appendix B**):
 - (a) £46,047,939 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish/Town Councils (**Gross expenditure including parish precepts**).
 - (b) £39,446,736 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act (**Total income including formula grant and council tax surplus**).
 - (c) £6,601,203 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act) (**Council tax requirement including parish precepts**).
 - (d) £186.30 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (**Average band D council tax for South Hams District Council and parishes**).
 - (e) £1,544,404 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached **Appendix C – parish precepts**).

- (f) £142.71 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (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 dwellings in those parts of its area to which no Parish precept relates (**Band D council tax for South Hams District Council only**).

4. That it be noted the County Council, the Police and Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings as shown below:

Precepting authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Devon County Council's tax requirements	744.24	868.28	992.32	1,116.36	1,364.44	1,612.52	1,860.60	2,232.72
Police & Crime Commissioner's tax requirements	108.61	126.72	144.82	162.92	199.12	235.33	271.53	325.84
Devon & Somerset Fire & Rescue Authority's tax requirements	50.26	58.64	67.01	75.39	92.14	108.90	125.65	150.78

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the amounts of Council Tax for the year 2013/14 for each of the categories of dwellings shown at **Appendix D (total of all valuation band council taxes for South Hams District Council including parishes, county, police and crime commissioner and fire authority)**.
6. That the Council has concluded that the basic amount of Council Tax for South Hams District Council for 2013/14 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. (see calculation at **Appendix B**).

Officer contact:

Michael Tithecott, Acting Head of Finance & Audit
michael.tithecott@swdevon.gov.uk

1. BACKGROUND

1.1 The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a council tax requirement for the year, not a budget requirement as previously. South Hams District Council is a billing authority.

1.2 Precepts have been notified to us from the Parish and Town Councils, Devon County Council, Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Authority. These are detailed below:

(i) Town & Parish Council

The Town & Parish Council Precepts for 2013/14 are detailed in Appendix C and total £1,544,404. The increase in the average Band D Council Tax for Town and Parish Councils is 4.8% and results in an average Band D Council Tax figure of £43.59 for 2013/14.

(ii) Devon County Council

Devon County Council met on 21st February 2013 and set their precept at £39,557,200.71 adjusted by a Collection Fund contribution of £190,000. This results in a Band D Council Tax of £1,116.36

(iii) Devon and Cornwall Police and Crime Commissioner

The Police and Crime Panel met on 8th February 2013 and set their precept at £5,772,921.94, adjusted by a Collection Fund contribution of £27,000. This results in a Band D Council Tax of £162.92.

(iv) Devon and Somerset Fire and Rescue Authority

Devon & Somerset Fire & Rescue Service met on 18th February 2013 and set their precept at £2,671,376, adjusted by a Collection Fund contribution of £13,000. This results in a Band D Council Tax of £75.39.

2. LEGAL IMPLICATIONS

2.1 The Council Tax Setting Panel is required by law to approve the Council Tax taking into account the requirements of our precepting bodies.

2.2 The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992 and now requires the billing authority to calculate a council tax requirement for the year, not its budget requirement as previously.

2.3 As billing authority, the Council must determine whether the Council's basic amount of Council Tax for 2013/14 is excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. These principles are set by the Secretary of State each year. Where the amount of council tax for a financial year is "excessive" within the meaning of the principles, it will place the authority under a duty to hold a referendum. For the financial year 2013/14, according to the current principles, the basic amount of council tax will not be excessive if it is less than 2%. However an exception has been made for shire districts whose council tax was in the lower quartile of their category of authority in 2012/13. This is the case for South Hams District Council and means that a referendum need only be held if the Authority were to increase its Band D Council Tax for 2013/14 by more than 2% **and** increase the Band D council tax by more than £5. Within those terms, the proposed increase in the billing authority's council tax is not excessive and will not trigger a referendum.

3. FINANCIAL IMPLICATIONS

3.1 The Council Tax Setting panel is required to calculate and approve the Council Tax requirement for 2013/14.

3.2 The table below shows how an average Band D council bill is made up for South Hams District Council:

Precepting Authority	Band D 2012/13	Band D 2013/14	£ Increase	% Increase	Date Approved
South Hams District Council	£137.88	£142.71	£4.83	3.5%	14 Feb 2013
Devon County Council	£1,116.36	£1,116.36	Nil	Nil	21 Feb 2013
Devon & Cornwall Police & Crime Commissioner	£159.73	£162.92	£3.19	2%	8 Feb 2013
Devon & Somerset Fire & Rescue	£73.92	£75.39	£1.47	1.9%	18 Feb 2013
Average Parishes/Towns	£41.61	£43.59	£1.98	4.8%	
TOTAL	£1,529.50	£1,540.97	£11.47	0.75%	

4. RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

5. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Statutory powers:	Local Government Finance Act 1992 Localism Act 2011 Local Authorities (Calculation of Council tax Base) (England) Regulations 2012
Considerations of equality and human rights:	None directly related to this report
Biodiversity considerations:	None directly related to this report
Sustainability considerations:	None directly related to this report
Crime and disorder implications:	None directly related to this report
Background papers:	SMT 9 Jan 13 - Declaration of Council Tax Base Council 14 Feb 2013 – Budget Proposals 2013/14
Appendices attached:	Appendix A - Parish and Town Council Tax Bases 2013/14 Appendix B - Calculations relating to recommendations Appendix C - Parish and Town Council Precepts 2013/14 Appendix D – County, Police and Crime Commissioner, Fire Authority, District and Parish/Town Requirements 2013/14

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Council Tax Requirement	The council tax requirement is the amount of council tax the Council needs to raise to balance the approved budget. Failure to calculate the council tax requirement correctly would result in a budget surplus or deficit.	5	1	5	↔	The budget process is laid down in the Council's constitution. Executive and Council meetings are timetabled to meet the Statutory deadlines for setting the Council Tax.	Head of Finance and Audit
2	Council Tax Setting	The Council has a statutory requirement to approve the formal council tax resolutions. The Authority could face a legal challenge if legislation is not fully complied with and the Council Tax is calculated incorrectly.	5	1	5	↔	The appropriate legislation is reviewed to ensure that the Council meets its Statutory deadline of 11 March 2013 by which time the council tax must be set.	Head of Finance and Audit

Direction of travel symbols ↓ ↑ ↔