

SOUTH HAMS DISTRICT COUNCIL

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| NAME OF COMMITTEE | Council Tax Setting Panel |
| DATE | 23rd February, 2012 |
| REPORT TITLE | Council Tax 2012/13 |
| 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 2012/13.

Financial implications:

This report shows how the Council Tax is prepared and set for 2012/13.

RECOMMENDATIONS:

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

1. That it be noted that on 14th December 2011 the Chief Executive and Strategic Directors, under delegated authority from full Council, approved the Council Tax Base for the year 2012/13
 - (a) for the whole Council area as 38,221.67 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the Act)]; and
 - (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached **Appendix A**.

2. That the Council Tax requirement for South Hams District Council's own purposes for 2012/13 (excluding Parish precepts) is calculated at £5,270,004 (**Appendix B**).
3. That the following amounts are calculated by the Council for the year 2012/13 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and the Localism Act 2011 (**Appendix B**):
 - (a) £50,991,078 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) £44,130,896 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) £6,860,182 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) £179.48 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) £1,590,218 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) £137.88 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 Authority 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 |
| Devon & Cornwall Police Authority's tax requirements | 106.49 | 124.23 | 141.98 | 159.73 | 195.23 | 230.72 | 266.22 | 319.46 |
| Devon & Somerset Fire & Rescue Authority's tax requirements | 49.28 | 57.49 | 65.71 | 73.92 | 90.35 | 106.77 | 123.20 | 147.84 |

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 2012/13 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 fire authorities)**.
6. That the Council has concluded that the basic amount of Council Tax for South Hams District Council for 2012/13 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. (see calculation at **Appendix B**).

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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 Authority and Devon and Somerset Fire and Rescue Authority. These are detailed below:

(i) Town & Parish Councils

The Town & Parish Council Precepts for 2012/13 are detailed in Appendix C and total £1,590,218. The increase in the average Band D Council Tax for Town and Parish Councils is 3.1% and results in an average Band D Council Tax figure of £41.61 for 2012/13.

(ii) Devon County Council

Devon County Council met on 16th February 2012 and set their precept at £42,669,143.52 adjusted by a Collection Fund contribution of £253,000. This results in a Band D Council Tax of £1,116.36

(iii) Devon and Cornwall Police Authority

Devon and Cornwall Police Authority met on 17th February 2012 and set their precept at £6,105,147.35, adjusted by a Collection Fund contribution of £36,000. This results in a Band D Council Tax of £159.73.

(iv) Devon and Somerset Fire and Rescue Authority

Devon & Somerset Fire & Rescue Service met on 17th February 2012 and set their precept at £2,825,346, adjusted by a Collection Fund contribution of £16,000. This results in a Band D Council Tax of £73.92.

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 2012/13 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 2012/13, according to the current principles the basic amount of council tax will not be excessive if it is less than 3.5%. 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 2012/13.

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 2011/12 | Band D 2012/13 | £ Increase | % Increase | Date Approved |
|--------------------------------|-----------------------|-----------------------|-------------------|-------------------|----------------------|
| South Hams District Council | £134.52 | £137.88 | £3.36 | 2.5% | 9 Feb 2012 |
| Devon County Council | £1,116.36 | £1,116.36 | Nil | Nil | 16 Feb 2012 |
| Devon & Cornwall Police | £156.60 | £159.73 | £3.13 | 2% | 17 Feb 2012 |
| Devon & Somerset Fire & Rescue | £71.77 | £73.92 | £2.15 | 3% | 17 Feb 2012 |
| Average Parishes/Towns | £40.35 | £41.61 | £1.26 | 3.1% | |
| TOTAL | £1,519.60 | £1,529.50 | £9.90 | 0.65% | |

4. RISK MANAGEMENT

4.1 The risk management implications are:

| Opportunities | Benefits |
|---|---|
| To explain the Council Tax setting process. | Members are given a breakdown on how an average Council Tax bill is made up between the various precepting bodies |

| Issues/Obstacles/Threats | Control measures/mitigation |
|--|---|
| The way in which the Council Tax Resolutions are made is set out very precisely and the Council must adhere to the various Acts and Regulations. | The Council must set the Council Tax by 11 March 2012. The timetable for the budget setting process takes this into account and allows sufficient time for the significant amount of work involved. |

5. OTHER CONSIDERATIONS

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|---|--|
| Corporate priorities engaged: | All |
| Statutory powers: | Local Government Finance Act 1992 Localism Act 2011 |
| 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 14 Dec 11 - Declaration of Council Tax Base Council 9 Feb 2012 – Budget Proposals 2012/13 |
| Appendices attached: | Appendix A - Parish and Town Council Tax Bases 2012/13 Appendix B - Calculations relating to recommendations Appendix C - Parish and Town Council Precepts 2012/13 Appendix D – County, Police Authority, Fire Authority, District and Parish/Town Requirements 2012/13 |