

SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Council Tax Setting Panel
DATE	27th February, 2014
REPORT TITLE	Council Tax 2014/15
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 2014/15.

Financial implications:

This report shows how the Council Tax is prepared and set for 2014/15.

RECOMMENDATIONS:

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

1. That it be noted that on 18th December 2013 the Chief Executive and Strategic Directors, under delegated authority from full Council, approved the Council Tax Base for the year 2014/15
 - (a) for the whole Council area as 36,250.26 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 2014/15 (excluding Parish precepts) is calculated at £5,271,513 (**Appendix B**).
3. That the following amounts are calculated by the Council for the year 2014/15 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 and the Localism Act 2011 (**Appendix B**):
 - (a) £46,707,565 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) £39,839,857 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) £6,867,708 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) £189.45 being the amount at 3(c) above (Item R), all divided by the Council tax base(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) £1,596,195 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) £145.42 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the Council tax base (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	759.06	885.57	1,012.08	1,138.59	1,391.61	1,644.63	1,897.65	2,277.18
Police & Crime Commissioner's tax requirements	110.77	129.24	147.70	166.16	203.08	240.01	276.93	332.32
Devon & Somerset Fire & Rescue Authority's tax requirements	51.26	59.80	68.35	76.89	93.98	111.06	128.15	153.78

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 2014/15 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 2014/15 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 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 2014/15 are detailed in **Appendix C** and total £1,596,195. The increase in the average Band D Council Tax for Town and Parish Councils is 1.0% and results in an average Band D Council Tax figure of £44.03 for 2014/15.

(ii) **Devon County Council**

Devon County Council met on 20th February 2014 and set their precept at £41,274,183.53 adjusted by a Collection Fund contribution of £363,000. This results in a Band D Council Tax of £1,138.59.

(iii) **Devon and Cornwall Police and Crime Commissioner**

The Police and Crime Panel met on 7th February 2014 and set their precept at £6,023,343.20, adjusted by a Collection Fund contribution of £53,000. This results in a Band D Council Tax of £166.16.

(iv) **Devon and Somerset Fire and Rescue Authority**

Devon & Somerset Fire & Rescue Service met on 24th February 2014 and set their precept at £2,787,282, adjusted by a Collection Fund contribution of £24,000. This results in a Band D Council Tax of £76.89.

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 2014/15 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 2014/15, according to the current principles, the basic amount of council tax will not be excessive if it is less than 2%. In the case of South Hams District Council the increase of 1.9% 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 2014/15.
- 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 2013/14	Band D 2014/15	£ Increase	% Increase	Date Approved
South Hams District Council	£142.71	£145.42	£2.71	1.9%	13 Feb 2014
Devon County Council	£1,116.36	£1,138.59	£22.23	1.9913%	20 Feb 2014
Devon & Cornwall Police & Crime Commissioner	£162.92	£166.16	£3.24	1.99%	7 Feb 2014
Devon & Somerset Fire & Rescue	£75.39	£76.89	£1.50	1.99%	24 Feb 2014
Average Parishes/Towns	£43.59	£44.03	£0.44	1.0%	
TOTAL	£1,540.97	£1,571.09	£30.12*		

* This represents an increase of 1.95% for an average Band D property

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 18 Dec 13 - Declaration of Council Tax Base Council 13 Feb 2014 – Budget Proposals 2014/15
Appendices attached:	Appendix A - Parish and Town Council Tax Bases 2014/15 Appendix B - Calculations relating to recommendations Appendix C - Parish and Town Council Precepts 2014/15 Appendix D – County, Police and Crime Commissioner, Fire Authority, District and Parish/Town Requirements 2014/15

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 th March 2014 by which time the council tax must be set.	Head of Finance and Audit

Direction of travel symbols ↓ ↑ ↔