

Meeting: Council

Date: 23rd February 2017

Wards Affected: All Wards in Torbay

Report Title: Report 1 Council Tax 2017/18 – (Mayoral Budget Proposal 3.99% Torbay Element)

Is the decision a key decision? Yes

When does the decision need to be implemented? The Council has a statutory obligation to set a Council Tax Requirement and a Council Tax for the Torbay area, including the demands of the precepting bodies, for 2017/18 before 11th March in the preceding financial year.

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1. Purpose and Introduction

1.1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2017/18. This report sets out the Council Tax 2017/18 on the basis that the Council resolved to increase the Council Tax for Torbay Council to 3.99% (refer to item 15).

2. Proposed Decision

2.1 That the Council is recommended to note:

2.2 That in December 2016 the Council calculated the Council Tax Base for 2017/18:-

a) For the whole Council area as 44,049.22, [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and

b) For dwellings in the Brixham Town Council area as 5,900.83 to which a Parish precept relates.

2.3 That the Police and Crime Commissioner for Devon and Cornwall and the Devon and Somerset Fire and Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table in paragraph 2.6 below.

That the Council is recommended to approve:

- 2.4 The Council Tax requirement for the Council's own purposes for 2017/18 (excluding Brixham Town Council) of £60,075,000.
- 2.5 That the following amounts be calculated for the year 2017/18 in accordance with Chapter Three of the Act:
- a) £272,398,972 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 the precept issued to it by Brixham Town Council.
- b) (£212,070,000) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c) £60,328,972 being the amount by which the aggregate at 2.5(a) above exceeds the aggregate at 2.5(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).
- d) £1,369.58 being the amount at 2.5(c) above (Item R), all divided by Item T (2.2(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 (including Parish precepts).
- e) £253,972 being the aggregate amount of all special items (Brixham Town Council) referred to in Section 34(1) of the Act
- f) £1,363.82 being the amount at 2.5(d) above less the result given by dividing the amount at 2.5(e) above by Item T (2.2(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.
- 2.6 That the Council, in accordance with Chapter Three of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2017/18 for each part of its area and for each of the categories of dwellings.

	Valuation Band							
	A	B	C	D	E	F	G	H
Ratio of each band to Band D	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
<i>Council – excluding Adult Social care</i>	874.91	1,020.73	1,166.55	1,312.37	1,604.01	1,895.65	2,187.28	2,624.74
<i>Council – Adult Social Care “precept” since 2016/17</i>	34.30	40.02	45.73	51.45	62.88	74.32	85.75	102.90
Torbay Council	909.21	1,060.75	1,212.28	1,363.82	1,666.89	1,969.97	2,273.03	2,727.64

Police and Crime Commissioner	117.52	137.11	156.69	176.28	215.45	254.63	293.80	352.56
Devon and Somerset Fire and Rescue Authority	54.38	63.44	72.51	81.57	99.70	117.82	135.95	163.14
Aggregate of Council Tax Requirements ex. Town Council	1,081.11	1,261.30	1,441.48	1,621.67	1,982.04	2,342.42	2,702.78	3,243.34
Brixham Town Council	28.69	33.48	38.26	43.04	52.60	62.17	71.73	86.08
Aggregate of Council Tax Requirements including Brixham Town Council	1,109.80	1,294.78	1,479.74	1,664.71	2,034.64	2,404.59	2,774.51	3,329.42

2.7 That the Council's basic amount of Council Tax for 2017/18 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. (see paragraph 5.9)

3. Reason for Decision

3.1 The Council has a statutory obligation to set a Council Tax Requirement and a Council Tax for the Torbay area, including the demands of the precepting bodies, for 2017/18 before 11th March in the preceding financial year. By approving proposed decisions the Council will meet that requirement.

4 Summary

4.1 Members should note that due to the complexity of setting the council tax level in accordance with statute it is not possible to simplify this report.

4.2 The Council is required, in accordance with the Local Government Finance Act 1992, as amended by the Localism Act 2011, to set an amount of Council Tax for each of the eight Valuation Bands for the coming financial year before 11th March. This is a matter of calculation only but in accordance with Section 67 of the Act has to be set by the Council.

4.3 The Council approved the statutory Tax Base for Torbay at its meeting in December 2016 as 44,049.22 for the year 2017/18, and approved the 2017/18 Tax Base for Brixham Town Council as 5,900.83. When the "Council Tax Requirements" of the Police and Crime Commissioner for Devon and Cornwall, the Devon and Somerset Fire and Rescue Authority and Torbay Council (including Brixham Town Council) are

determined, it remains only to make the statutory “basic tax” calculations in accordance with the Local Government Finance Act 1992, as amended by the Localism Act 2011, and “set” the tax for the eight Valuation Bands A to H ranging from 6/9ths to 18/9ths of the basic amount – “Band D”.

4.4 The precept levels of other precepting bodies have been received. These are detailed below:

4.5 Brixham Town Council

Brixham Town Council met on 16th February 2017 and set their precept at £253,972. This results in a Band D Council Tax for 2017/18 of £43.04, (£40.24 2016/17), which is an increase of 6.96%.

4.6 Police and Crime Commissioner (PCC) for Devon & Cornwall

The Police and Crime Commissioner for Devon and Cornwall met on 17th February 2017 and set a precept at £7,764,997. This results in a Band D Council Tax for 2017/18 of £176.28, (£172.84 2016/17), an increase of 1.99%.

4.7 Devon and Somerset Fire and Rescue Authority

Devon and Somerset Fire and Rescue Authority met on 17th February 2017 and set their precept at £3,593,095. This results in a Band D Council Tax for 2017/18 of £81.57, (£79.98 2016/17), an increase of 1.99%.

4.8 If the formal Council Tax Resolutions within 2.6 above are approved, the total basic amount “Band D” of Council Tax will be as follows:

	2016/17 £	2017/18 £	2017/18 % Change
Torbay Council	1,311.49	1,363.82	3.99%
Police and Crime Commissioner	172.84	176.28	1.99%
Devon and Somerset Fire and Rescue Authority	79.98	81.57	1.99%
Sub-Total	1,564.31	1,621.67	3.67%
Brixham Town Council (only payable by Brixham residents)	40.24	43.04	6.96%
Total	1,604.55	1,664.71	3.75%

5 Supporting Information

5.1 The Mayor presented the 2017/18 revenue budget proposal to Council on 2nd February which was adjourned to the 9th February 2017. A number of objections were raised at this meeting, therefore the decision was deferred until the 23th February. The proposed 2017/18 net revenue budget is £109.6m

- 5.2 This is net expenditure before the Council's general income and funding, which includes a 49% share of business rates retention, NNDR top up grant, revenue support grant, other general grants and any collection fund surplus or deficit.
- 5.3 This results in a Council Tax requirement for the Torbay Council element of £60.075m. Including the Brixham Town Council precept the Council Tax requirement is £60.329m.
- 5.4 DCLG have confirmed that local authorities with adult social care responsibilities 'will be given 3% additional Council Tax flexibility, on top of their existing referendum threshold, for the rest of the Parliament on the understanding that they use all additional revenue for adult social care services'. The 2017/18 revenue budget proposals include the additional 2% precept to be spent on adult social care. This will result in a Band D precept of £26.23 and provide £1.2m to be spent on adult social care which is within the figures in para 5.3 above. The cumulative impact on council tax since the introduction of the additional precept in 2016/17 is identified separately on the face of the Council tax bills.
- 5.5 Expenditure at that level (as para 5.3) for Torbay Council will result in a Band D Council Tax for 2017/18 of £1,363.82, a 3.99% increase in the Torbay Council element of the Council tax.
- 5.6 Under section 52ZB(1) of the Local Government Finance Act 1992 ("the 1992 Act") as inserted by Schedule 5 to the Localism Act 2011, each billing authority and precepting authority must determine whether its relevant basic amount of council tax for a financial year ("the year under consideration") is excessive. If an authority's relevant basic amount of council tax is excessive a referendum must be held in relation to that amount.
- 5.7 The question whether an authority's relevant basic amount of council tax for a financial year ("the year under consideration") is excessive must be decided in accordance with a set of principles determined by the Secretary of State for the year
- 5.8 The 'Referendums Relating to Council Tax Increases (Principles) Report 2017/18 ' states:-
- 5.9 *For 2017-18, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(a) is excessive if the authority's relevant basic amount of council tax for 2017-18 is 5% (comprising 3% for expenditure on adult social care and 2% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2016-17.*
- 5.9 For Torbay Council if the formal Council Tax Resolutions within 2.5 above are approved the change in the "relevant basic amount" (i.e. the Band D Council tax) is 3.99%, which is not excessive.
- 5.10 The gross expenditure and income figures included at 2.5 (a) and 2.5 (b) are linked to the budget digest information presented to Council in February, which are prior to any adjustments to comply with CIPFA and central government reporting requirements

6. Possibilities and Options

- 6.1 Statutory requirement, there are no alternative options.

7. Fair Decision Making

7.1 Statutory requirement, there are no alternative options.

8. Consultation

8.1 There has been extensive consultation on the budget proposals with all Members and through the Overview and Scrutiny Board meetings held in 2016 and in January 2017 and consultation with stakeholders and residents through a series of Community Partnership meetings and Council staff.

9. Risks

9.1 The Council must set the Council Tax before 11th March each year. The Collection of Council Tax income is essential to ensure the services provided by the Council and the other precepting bodies are adequately funded.

9.2 If the Council fails to set a Council Tax before 11th March, it will be in breach of its statutory obligation and subject to legal challenge.

Additional Information

Spending Review – Council Tax referendum principles

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/593194/Council_tax_referendum_principles.pdf

Council Taxbase 2017/18 - Report to Council 8 December 2016

<http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=6616&Ver=4>

2017/18 Revenue Budget Proposals – Report to Council 2 February 2017

<http://www.torbay.gov.uk/DemocraticServices/mgIssueHistoryHome.aspx?IId=24886>