



Public Agenda Item: **Yes**

Title: **Council Tax 2012/13**

Wards Affected: **All Wards in Torbay**

To: **Council**

On: **1 March 2012**

Key Decision: **Yes**

Change to Budget: **Yes**

Change to Policy Framework: **No**

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**1. What we are trying to achieve**

1.1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2012/13.

**2. Recommendation(s) for decision**

**That the Council is recommended to:**

**2.1 Note that on 8th December 2011 the Council calculated the Council Tax Base for 2012/13:-**

**a) for the whole Council area as 49,021.42 [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 6,664.97 to which a Parish precept relates.**

**2.2 Approve the Council Tax requirement for the Council's own purposes for 2012/13 (excluding Brixham Town Council) of £61,824,200.**

**2.3 Approve that the following amounts be calculated for the year 2012/13 in accordance with Sections 31 to 36 of the Act:**

**a) £317,770,300 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) (£255,753,000) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.**

**c) £62,017,300 being the amount by which the aggregate at 2.3(a) above exceeds the aggregate at 2.3(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).**

d) £1265.11 being the amount at 2.3(c) above (Item R), all divided by Item T (2.1(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 (including Parish precepts).

e) £193,100 being the aggregate amount of all special items (Brixham Town Council) referred to in Section 34(1) of the Act

f) £1,261.17 being the amount at 2.3(d) above less the result given by dividing the amount at 2(e) above by Item T (2.1(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.

2.4 Note that Devon & Cornwall Police Authority 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 below.

2.5 Approve that the Council, in accordance with Sections 30 to 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2012/13 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
	£	£	£	£	£	£	£	£
Torbay Council	840.78	980.91	1,121.04	<u>1,261.17</u>	1,541.43	1,821.69	2,101.95	2,522.34
Devon and Cornwall Police Authority	106.49	124.23	141.98	159.73	195.23	230.72	266.22	319.46
Devon and Somerset Fire and Rescue Authority	49.28	57.49	65.71	73.92	90.35	106.77	123.20	147.84
Aggregate of Council Tax Requirements excluding Brixham Town Council	996.55	1,162.63	1,328.73	1,494.82	1,827.01	2,159.18	2,491.37	2,989.64
Brixham Town Council	19.31	22.54	25.75	28.97	35.40	41.85	48.28	57.94
Aggregate of Council Tax Requirements including Brixham Town Council	1,015.86	1,185.17	1,354.48	1,523.79	1,862.41	2,201.03	2,539.65	3,047.58

2.6 Approve that the Council's basic amount of Council Tax for 2012/13 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. (see paragraph A2.3)

### **3. Key points and reasons for recommendations**

- 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 2012/13 before 11<sup>th</sup> March in the preceding financial year.

**For more detailed information on this proposal please refer to the supporting information.**

**Paul Looby  
Chief Finance Officer**

## Supporting information

### A1 Summary

- A1.1 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 11<sup>th</sup> March. This is a matter of calculation only but in accordance with Section 67 of the Act has to be set by the Council.
- A1.2 The Council determined the statutory Tax Base at its meeting on 8<sup>th</sup> December 2011 as 49,021.24 for the year 2012/13. The Tax Base for Brixham Town Council was also calculated as 6,664.97. When the “Council Tax requirements” of the Devon and Cornwall Police Authority, the Devon and Somerset Fire and Rescue Authority and Torbay 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”.
- A1.3 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.
- A1.4 The Localism Act 2011 has made 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 calculated.
- A1.5 The precept levels of other precepting bodies have been received. These are detailed below:
- A1.6 Brixham Town Council
- Brixham Town Council met on 15th December 2011 and set their precept at £193,074. The increase is 2.9% and results in a Band D Council Tax of £28.97 for 2012/13.
- A1.7 Devon & Cornwall Police Authority
- Devon & Cornwall Police Authority met on 17<sup>th</sup> February 2012 and set their precept at £7,830,191, adjusted by a Collection Fund contribution of £232,000 to result in an amount due from the Council as billing authority of £8,062,191. This results in a Band D Council Tax of £159.73, an increase of 2.0%.
- A1.8 Devon and Somerset Fire and Rescue Authority
- Devon and Somerset Fire and Rescue Authority met on 17th February 2012 and set their precept at £3,623,663, adjusted by a Collection Fund contribution of £106,000 to result in an amount due from the Council as billing authority of £3,729,663. This results in a Band D Council Tax of £73.92, an increase of 3.0%.
- A1.9 If the formal Council Tax Resolutions within 2.5 above are approved, the total basic amount “Band D” of Council Tax will be as follows:

	2011/12 £	2012/13 £	2012/13 % Change
Torbay Council	1,261.17	1,261.17	0.0
Devon and Cornwall Police Authority	156.60	159.73	2.0
Devon and Somerset Fire and Rescue Authority	71.77	73.92	3.0
<b>Sub-Total</b>	<b>1,489.54</b>	<b>1,494.82</b>	<b>0.4</b>
Brixham Town Council (only payable by Brixham residents)	28.15	28.97	2.9
<b>Total</b>	<b>1,517.69</b>	<b>1,523.79</b>	<b>0.4</b>

## A2. Background

- A2.1 The Mayor presented the 2012/13 budget proposal to Council on 1st February which was adjourned to the 8th February. The Council approved the budget on the 8<sup>th</sup> February and set a net budget for 2012/13 for the Torbay element at £123.655 million (before formula grant and collection fund surplus). Expenditure at that level will result in a Council Tax increase of 0% for the Torbay Council element of the overall bill.
- A2.2 The Council Tax requirement for the Torbay Council element is £61,824,200 which includes the funding from central government allocations for Formula Grant. Including the Brixham Town Council demand the Council Tax requirement is £62,017,300.
- A2.3 Under section 52ZB1 of the Local Government Finance Act 1992 (“the 1992 Act”) 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.
- A2.4 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.
- A2.5 For 2012/13 the DCLG in January issued “The Referendums Relating to Council Tax Increases (Principles) (England) Report 2012-13” which stated that the Principles for 2012/13 for authorities belonging to the category mentioned in paragraph 2(d) of the DCLG report (which applies to Torbay);
- “ For 2012-13, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(d) is excessive if the authority’s relevant basic amount of council tax for 2012-13 is more than 3.5% greater than its relevant basic amount of council tax for 2011-12.”*
- A2.6 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 0%.
- A2.7 Central Government has again changed the grant funding streams for Councils in 2012/13 including moving grants from the Council’s net budget requirement to the Formula Grant which impacts on any year on year comparison.

## A3. Risk assessment of preferred option

### Outline of significant key risks

- A3.1 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.

A3.2 If the Council fails to set a Council Tax before 11<sup>th</sup> March, it will be in breach of its statutory obligation and subject to legal challenge.

#### **A4. Other Options**

A4.1 There are no alternative options.

#### **A5. Summary of resource implications**

A5.1 The resources implications have been set out in the budget reports previously considered by Members.

#### **A6. What impact will there be on equalities, environmental sustainability and crime and disorder?**

A6.1 The approval of the Council's council tax will assist all council services in meeting their obligations with respect to equalities, environmental sustainability and crime and disorder.

#### **A7. Consultation and Customer Focus**

A7.1 There has been extensive consultation on the budget proposals with all Members and through the Overview and Scrutiny Board meetings held in January 2012 and consultation with stakeholders and residents through a series of Community Partnership meetings and Council staff.

#### **A8. Are there any implications for other Business Units?**

A8.1 All Business Units will be affected by the budget proposals and their ability to support the council's corporate objectives and the delivery of their individual Business Plan objectives.

#### **Documents available in Members' Room**

None