

ITEM NO. 12

REPORT TO THE COUNCIL MEETING OF 25 February 2019

Meeting: Council
Date: 25 February 2019
Subject: Council Tax 2019/20
Report of: Carolyn Bland, Finance Services Manager
Portfolio Holder: Councillor J Hallam
Status: Decision
Relevant Ward(s): All

1 Purpose Report

- 1.1 To determine the District Council's precept upon the Collection Fund.
- 1.2 To determine the level of Council Tax in respect of the District Council, the Leicestershire County Council, the Police & Crime Commissioner, the Combined Fire Authority and the various Parish / Town Councils within the District.

2 Recommendations:

- 2.1 **The Council's precept demand upon the Collection Fund (the Council Tax Requirement) be set at £5,905,909.**
- 2.2 **The District Council Band D Council Tax be set at £167.97, a £Nil increase on the current financial year, all other bands being determined in accordance with the relevant Sections of the Local Government Finance Act 1992, as amended.**
- 2.3 **The precept demands and level of Band D Council Tax of the Leicestershire County Council, the Police & Crime Commissioner, the Combined Fire Authority and the various Parish Councils within the District be determined as set out in this report. All other bands being determined in accordance with the relevant Sections of the Local Government Finance Act 1992, as amended.**

3 Summary of Reasons for the Recommendations

- 3.1 The Council is statutorily required to determine its own Council Tax Requirement and, taking into account precepts determined by the other precepting authorities, to determine the Council Tax for the 2019/20 financial year.

4 Impact on Communities

- 4.1 Harborough District Council is being recommended by the Executive to increase its Council Tax level (including Special Expenses) by £Nil, 0% from the current year. The Police & Crime Commissioner has increased by £24, 12.05%. The Fire Authority have increased their Council Tax levels by 2.98%. Leicestershire County Council has increased their Council Tax by 2.99% plus a further 1% of Council Tax in respect of an Adult Social Care precept, giving a total increase of 3.99%. Special Expenses are levied for specific communities and Parish Councils set their own precepts.

5 Key Facts

- 5.1 The final stage in the budget process is to determine this authority's precept demand upon the Collection Fund. The Council is also required to determine the level of Council Tax, based upon the precept demands of the Leicestershire County Council, the Police & Crime Commissioner, the Leicester, Leicestershire and Rutland Combined Fire Authority, the Parish Councils and the District itself.

In formulating its decisions regarding the District demand the Council's attention is drawn to the following issues:

- The overall General Fund Net Revenue Budget
- The level of balances
- The level of central government funding
- The proposed level of Council Tax for District services

5.2 Council Tax Requirement

The Council Tax Requirement is simply the amount that the Council requires from Council Tax alone in order to finance its budget for the year, and is used to calculate the Council's basic amount of Council Tax.

5.3 Level of Central Government Support

The Government's financial contribution towards this authority's General Fund revenue expenditure for 2019/20 (the formula grant) has been determined at £2.343m. This sum is made up of re-distributed National Non-Domestic Rates of £2.343m.

5.4 The Collection Fund

District Councils who have responsibility for the collection of Council Tax are required to carry out a calculation each year to ascertain the estimated outturn of the Collection Fund (Council Tax) Account. The Regulations governing the management of the account require any projected surpluses or deficits on the account to be apportioned between the District Council, the County Council and the Police and Crime Commissioner and Fire Authorities in proportion to their precept requirements.

It is estimated that, as at the 31 March 2019, the Council's Collection Fund Account in respect of Council Tax will be in surplus in the sum of £381,461 after adjustments to maintain the bad debt provision at an appropriate level. This surplus has been apportioned pro-rata as required by the Regulations and means the Council will have a credit of £47,547 against its precept requirements for 2019/20.

The Council is also required to estimate each year the surplus or deficit on the Community Charge element of the Collection Fund. The outturn, at the 31 March 2019, is estimated to be nil. It should be noted that any surpluses can only be used to reduce the precept and therefore the Council Tax requirement. The Regulations prevent these monies being used to directly fund expenditure.

5.5 Council Tax Base

The Council at its meeting on the 12 December 2016 determined the Council Tax Base for the District for 2017/18 and subsequent years would be delegated to the s.151 officer of the Council.

On the 11 December 2018 the s.151 officer determined the tax base for 2019/20 at 35,161.40 along with the individual tax bases for each Parish in the District.

5.6 Referendum Principles

The Government announced on 5 February 2019 referendum Principles. For Harborough District Council this means if we wished to raise the relevant basic amount of Council Tax by equal to or more than 3% and more than £5.00 above the 2018/19 level, we would need to arrange for a referendum to give the local electorate the opportunity to approve or veto the increase.

In the principles it lays out different limits for different types of authority

- The Police & Crime Commissioner will need a referendum if more than £24.00 above 2018/19 level.
- The Fire Authority will need a referendum if the relevant basic amount of Council Tax increases by equal to or more than 3%.
- Leicestershire County Council have an allowance to increase Council Tax up to or equal to 2% in respect of a social care precept on top of

the 3% core principle, on condition that their use of the precept does not exceed 6% during the three year period to 2019-20.

5.7 Precept Requirement for Council Tax Purposes

The Council Tax Requirement, as prescribed by Regulation, is determined by deducting the total of external support, by way of Revenue Support and re-distributed National Non-Domestic Rates and any apportioned surplus on the Collection Fund from the Council's General Fund net revenue budget.

The table which follows sets out the final figures in respect of each of the above items including a comparison with the current year.

	2018/19			2019/20	
	£	£		£	£
General Fund					
Budget Requirement		11,258,413			12,299,619
Less: Central Gov't Support					
NNDR	1,703,158			2,343,120	
RSG	8,461	1,711,619		-	2,343,120
Council Tax Freeze Grant		-			-
Business Rates Retention		966,555			1,396,333
Challenge New Burdens		-			-
New Homes Bonus		2,460,275			2,472,409
Grant					
Non-specific Grants		134,301			134,301
		5,985,663			5,953,456
Add(Less): Collection Fund					
Deficit/(Surplus)					
- Community Charge		0			0
- Council Tax		(163,334)			(47,547)
Council Tax Requirement		5,822,329			5,905,909
Demand Upon Collection Fund					

Note 1: The NNDR figure for 2019/20 includes the NNDR baseline funding level of £1.742 million and £601K relating to assessment of provision for appeals

5.9 Council Tax Precept Requirements

The table below sets out the precept requirements for the various precepting authorities.

	2018/19	2019/20
	£	£
Leicestershire County Council		
Main Element	40,320,897	42,206,075
Adult Social Care Element	2,752,392	3,228,819
Total	43,073,289	45,434,894
Leicester, Leicestershire & Rutland		
Combined Fire Authority	2,243,094	2,343,156
Police & Crime Commissioner	6,906,076	7,849,086
Harborough District Council (including Special Expenses element)	5,822,329	5,905,909
Parish Councils (Aggregate)	1,613,825	1,744,475
	59,658,613	63,277,520

5.10 Determination of Council Tax

The next stage in the process is to ascertain the levels of Council Tax required to meet the demands of the Leicestershire County Council, the Police & Crime Commissioner, the Leicester, Leicestershire & Rutland Combined Fire Authority, the District Council and the individual Parish Councils. These are set out below together with a comparison against the current year.

Based on the precepts set out above the Band D Council Tax for the District, County, Fire Authority and the Police Authority will be as follows:

	2018/19	2019/20	% Change
	£	£	
Leicestershire County Council			
Main Element (Note 1)	1,163.20	1,200.35	2.99
Adult Social Care Element (Note 1)	79.4	91.83	1
Total	1,242.60	1,292.18	3.99
Leicester, Leicestershire & Rutland			
Combined Fire Authority	64.71	66.64	2.98
Police & Crime Commissioner	199.23	223.23	12.05
Harborough District Council (inc Special Expenses)	167.97	167.97	0.00

Note 1: per Government guidance each percentage is calculated as an increase to the 2018/19 total of £1,242.60

The calculation of all other Bands is determined by reference to the relationship to Band D.

Over and above this figure the actual Band D tax per charge payer will be subject to an additional charge, ranging from £0 to £109.82 in respect of the individual Parish Council precept requirements.

Within the total amount of the precept for Harborough District Council are special expenses items, details are shown at **Appendix B**. The Band D amount for Harborough District Council (including the special expenses items) is £167.97, which is £0.00 (Nil %) higher than the current year. The Council is required to set a Council Tax (including special expenses) for the whole District – this being the criteria for whether a referenda would be required. As special expenses are only charged in certain areas of the District and therefore has a distributional impact the Band D for the Council's General Expenses is minus 0.5% (excluding special expenses).

The average Parish Band D Council Tax equates to £49.61 and gives an overall Band D average charge of £1,799.63 compared to the current year Band D average charge of £1,721.06.

In accordance with Section 30-36 of the Local Government and Finance Act, 1992, I have determined the Council Tax payable for each band of property by Parish taking into account the individual precept requirement for each Parish Council. This information is set out in **Appendix A – Table B**.

5.11 Special Expenses

Special expenses have been calculated in accordance with the current policy and specified budgets outlined in **Appendix B**.

5.12 Setting the Council Tax

A draft formal resolution for the setting of Council Tax, together with supporting tables, is attached at **Appendix A**.

5.13 Conclusion

The Council is asked to consider the contents of this report and make recommendations regarding this Council's demand upon the Collection Fund and the setting of Council Tax for financial year 2019/20.

6 Legal Issues

6.1 Billing Authorities, such as Harborough District Council, are required under legislation to set Council Tax by the 11th of March for the following Council Tax year.

7 Resource Issues

7.1 None arising directly from this report.

8 Equality Implications

8.1 None arising directly from this report.

9 Impact on the Organisation

9.1 None arising directly from this report.

10 Community Safety Implications

10.1 None arising directly from this report.

11. Carbon Management Implications

11.1 None arising directly from this report.

12. Risk Management Implications

12.1 None arising directly from this report.

13 Consultation

13.1 The Authority undertook consultation on its General Fund and Capital Budget.

14 Options Considered

14.1 None, as it is a statutory requirement for the Council to determine Council Tax.

15 Background Papers

15.1 General Fund Net Revenue Report for 2019/20 financial year

15.2 Council Tax Setting 2019/20 File in Finance Services

Previous report(s): None

Information Issued Under Sensitive Issue Procedure: Not applicable

Ward Members Notified: Not Applicable

Appendices:

A. Draft Resolution

B. Special Expenses