

**PAPER NO 17**

**REPORT TO THE COUNCIL MEETING OF 23 FEBRUARY 2015**

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**Meeting:** Council  
**Date:** 23 February 2015  
**Subject:** Council Tax 2015/16  
**Report of:** Kirsty Cowell, Finance Services Manager  
**Portfolio Holder:** Councillor Phil King  
**Status:** Decision  
**Relevant Ward(s):** All

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**1 Purpose of the 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 £5,404,278.**
- 2.2 **The District Council Band D Council Tax be set at £168.03, the same level as 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.**

\* Subject to the meeting of Leicestershire County Council being held on the 18 of February

\*\*Subject to formal notification following the meeting held on 29 January

### **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 2015/16 financial year.

### **4 Impact on Communities**

As Harborough District Council is being recommended by the Executive not to increase its Council Tax level from the current year, this minimises the impact on local council tax payers. However all the major preceptors have increased their Council Tax levels by 1.99%.

### **5 Key Facts**

#### **5.1 Introduction**

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 Localism Act 2011 has made significant changes to the Local Government Act 1992, and now requires the billing authority to calculate a Council Tax Requirement for the year, not its budget requirement as previously. This change has come about as a result of the repeal of the Secretary of State's power to cap an authority's budget requirement, and the introduction of referendums in relation to Council Tax increases.

Under previous legislation the Council's budget requirement equated to the sum the authority required from Council Tax, Revenue Support Grant, redistributed non-domestic rates (NNDR) and certain other income sources (such as contributions from reserves) in order to finance its annual budget.

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 2015/16 (the formula grant) has been determined at £2.974m. This sum is made up of re-distributed National Non-Domestic Rates of £1.607m and Revenue Support Grant of £1.367.

### 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 2015, the Council's Collection Fund Account in respect of Council Tax will be in surplus in the sum of £452,985 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 £61,675 against its precept requirements for 2015/16. 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 2015, 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 15 December 2014 determined the Council Tax Base for the District for 2015/16 at 31,163.0. The individual tax bases for each Parish in the District were also determined at the same meeting.

### 5.6 **Council Tax Freeze Grant**

The Government has again announced its commitment to encourage authorities to freeze Council Tax at 2014/15 levels. In order to compensate authorities who do not increase their Council Tax, an additional Council Tax freeze grant will be paid that is equivalent to a 1% increase Council Tax for 2015/16. This equates to £57,064 and it is being recommended that the Council accepts this offer.

### 5.7 **Referendum Principles**

The Government announced on 3 February 2015 that any local authority wishing to raise their relevant basic amount of Council Tax by more than 2% would need to arrange for a referendum to give the local electorate the opportunity to approve or veto the increase.

## 5.8 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.

	2014/15		2015/16	
	£	£	£	£
General Fund Budget Requirement		10,474,536		11,924,194
Less: Central Govt Support				
NNDR	1,576,877		1,607,009	
RSG	1,849,601	3,426,478	1,367,419	2,974,428
Council Tax Freeze Grant		57,284		57,064
Business Rates Retention		0		1,244,592
Challenge New Burdens		16,402		0
New Homes Bonus Grant		1,638,635		2,182,157
		5,335,737		5,465,953
Add(Less): Collection Fund Deficit/(Surplus)				
- Community Charge	0			0
- Council Tax	(34,174)	(34,174)		(61,675)
Council Tax Requirement – Demand Upon Collection Fund		5,301,563		5,404,278

## 5.9 Council Tax Precept Requirements

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

	2014/15 £	2015/16 £	% Change
Leicestershire County Council Leicester, Leicestershire & Rutland Combined Fire Authority	33,539,418	34,869,594	3.97
Police & Crime Commissioner	1,869,501	1,943,645	3.97
Harborough District Council (including Special Expenses element)	5,568,342	5,789,182	3.97
Parish Councils (Aggregate)	5,301,563	5,404,278	1.94
	1,156,925	1,230,302	6.34
	<b>47,435,749</b>	<b>49,237,001</b>	<b>3.80</b>

## 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:

	2014/15 £	2015/16 £	% Change
Leicestershire County Council Leicester, Leicestershire & Rutland Combined Fire Authority	1,063.00	1,084.15	1.99
Police & Crime Commissioner	59.25	60.43	1.99
Harborough District Council (inc Special Expenses)	176.48	180.00	1.99
	168.03	168.03	0.00

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 £89.95 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 £168.03, which is the same as the current year. This is the amount which will be used to confirm the entitlement to freeze grant.

The average Parish Band D Council Tax equates to £38.25 and gives an overall Band D average charge of £1,530.86 compared to the current year Band D average charge of £1,503.42.

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 Setting the Council Tax

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

## 5.12 **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 2015/16.

## 6 **Legal Issues**

6.1 Billing Authorities, such as Harborough District Council, are required under legislation to set Council Tax by the 11<sup>th</sup> 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 None.

## 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 Expenditure Report for 2015/16 financial year  
15.2 Council Tax Setting 2015/16 File in Finance Services

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**Previous report(s):**

**Information Issued Under Sensitive Issue Procedure:** Not Applicable

**Ward Members Notified:** Not Applicable

**Appendices:**

- A. Draft Resolution
- B. Special Expenses