

Council Tax 2015-16

COUNCIL

Date: 25 February 2015

COUNCIL TAX 2015-2016 (Part 2)

Report of the Lead Executive Director

Policy Board Members: Councillor Grant Davey, Leader of the Council and Councillor Dave Ledger, Deputy Leader of the County Council

Purpose of Report

Each financial year, by virtue of the provisions of the Local Government Finance Act 1992, the Council is required to set a Council Tax for each Valuation Band in its area.

This report provides information in relation to the Council Tax increases and outlines the position that the Council wishes to take for the 2015-2016 financial year.

This paper requires the County Council to have approved Part 1 of this report - the paper on the Medium Term Financial Strategy 2015-2019 and Budget 2015-2017.

The Police and Crime Panel have recommended a precept of £8,632,868 to the Police and Crime Commissioner. The figures in this report are based on this figure.

The Local Government Finance Act 1992 and subsequent amendments require the County Council to set its Council Tax before 11 March 2015.

The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the County Council as 'billing authority' to calculate its 'council tax' requirement for the year.

In setting the Council Tax, the County Council is required to make certain calculations and to approve a number of resolutions in accordance with the Act.

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 which came into force on 30 November 2012 contains the rules which require the Council to calculate the Council Tax Base. The Council Tax Base must be set between 1 December and 31 January in the preceding year to which it has effect.

At its meeting on 3 December 2014 the Council set the Council Tax Base as 97,734.27 for Band D equivalent properties (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")). This is based on a collection rate of 98.2%.

Recommendations

The County Council is requested to approve the statutory resolutions required to set the Council Tax for 2015-2016, as detailed below.

1. The County Council is recommended to resolve as follows:

- (a) Calculate the Council Tax Requirement for the Council's own purposes for 2015-2016 (excluding Parish precepts) is £139,527,936
- (b) That the following amounts be calculated for 2015-2016 in accordance with Sections 31 to 36 of the Act:
 - i) Being the aggregate amount of gross expenditure 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 Councils: £710,105,692
 - ii) Being the aggregate of the gross income which the Council estimates for the items set out in Section 31A(3) of the Act: £563,231,666
 - iii) Being the amount by which the aggregate at (b) i) above exceeds the aggregate at (b) ii) 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) (including Parish precepts): £146,874,026
 - iv) Being the amount at (b) iii) above (Item R), all divided by Item T, above, calculated by the Council, in accordance with Section 31B of the Act as the basic amount of its Council Tax at Band for the year (including Parish precepts): £1,502.79
 - v) Being the aggregate amount of all special items referred to in Section 34 (1) of the Act (total all Parish precepts): £7,353,083
 - vi) Being the amount at (b) iv) above less the result given by dividing the amount at (b) v) above by Item T, above, calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax at Band D for the year for dwellings in those parts of its area to which no Parish precept relates: £1,427.55
- (c) That the Council Tax for 2015-2016, excluding the Police Precept, will be increased by 1.99%, equating to a charge per Band D household of £1,427.55 (Band A - £951.70), excluding special expenses. Therefore, the County Council is not eligible for the Council Tax Freeze Grant.

As a result of this increase and the recommendation not to accept the Government's grant funding alternative, the Council Tax for Northumberland will be set at £1,427.55 (excluding special expenses) for 2015-2016. The relevant valuation bands are as follows:

Valuation Band	Northumberland County Council £ : p
A	951.70
B	1,110.32
C	1,268.93
D	1,427.55
E	1,744.78
F	2,062.02
G	2,379.25
H	2,855.10

- (d) Under Section 52ZB of the Local Government Finance Act 1992 that the Council's basic amount of Council Tax for 2015-2016 is not excessive in accordance with principles approved under Section 52ZC(1) of the Act.

(i.e. the proposed Council Tax increase for 2015-2016 means that the Council does not need to hold a referendum on its proposed council tax. The regulations set out in Section 52ZC of the Act requires all billing authorities (council and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council Tax each year if they exceed government guidelines which are set out annually. For 2015-2016 the guideline increase is 2.0%.

As the Council is proposing a Council Tax increase of 1.99% (including special expenses) for 2015-2016 then the above regulations have no impact for 2015-2016.

2. The County Council is recommended to approve:

- (a) That the matters listed in Appendix 1 to this report are identified as special expenses and that all other matters which might otherwise be considered to be special expenses under the prevailing legislation are deemed to be general expenses.
- (b) That the Council Tax Leaflet continues be made available via the Council's website rather than enclosed with Council Tax bills which reflects a relaxation of the rules and that due to timings the final document be delegated to and finalised by the Lead Executive Director.

3. It is recommended that the County Council notes:

- (a) The Northumberland Police Authority Precept of £8,632,868 which represents a 1.99% increase on last year. The Police and Crime Commissioner has agreed the recommended level of precept of £8,632,868 for 2015-2016; the resulting valuation bands will be as follows:

Valuation Band	Northumbria Police
	Authority
	£: p
A	58.89
B	68.70
C	78.52
D	88.33
E	107.96
F	127.59
G	147.22
H	176.66

- (b) The total amount of parish precepts requested is £7,346,090 as referred to in paragraph 6 and detailed in Appendix 2. This represents an increase of £314,871 when compared to 2014-2015.
- (c) The total amount of special expenses (Appendix 1) equating to £6,993 compared to £15,726 in 2014-2015. The reduction relates to six special expenses ceasing.

4. Key Issues

- (a) The Council currently derives £139.5 million of its annual income from Council Tax. The table below shows how the Council compared in 2014-2015, both regionally and nationally, in terms of the level of its Council Tax charges:

	Average for a Band D property 2014-2015	Average Council Tax across all properties 2014-2015
England	£1,468	£1,051
North East	£1,556	£886
Northumberland	£1,472	£1,037

(Note – figures above include Parish Precepts).

- (b) The Coalition Government encouraged councils to freeze Council Tax over the last four years and has done so again for 2015-2016. The Coalition Government has again announced that Council Tax Freeze Grant will be available for 2015-2016 which will continue and be rolled into the Revenue Support Grant. The Council has previously accepted the

Appendices:

Appendix 1	Details of Special Expenses
Appendix 2	Summary of Precepts by Parish
Appendix 3	Summary of Council Tax by Parish (excluding Northumbria Police Precept)
Appendix 4	Summary of Total Council Tax by Parish