



Meeting: Council

Date: 28th February 2013

Wards Affected: All Wards in Torbay

Report Title: Council Tax 2013/14

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1. **Purpose**

1.1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2013/14.

2. **Proposed Decisions**

That the Council is recommended to note:

2.1 That on 6th December 2012 the Council calculated the Council Tax Base for 2013/14:-

a) For the whole Council area as 41,586.58, [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 5,597.39 to which a Parish precept relates.

2.2 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 2.5 below.

That the Council is recommended to approve:

2.3 The Council Tax requirement for the Council's own purposes for 2013/14 (excluding Brixham Town Council) of £52,447,747.

2.4 That the following amounts be calculated for the year 2013/14 in accordance with Chapter Three of the Act:

a) £291,512,044 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) £238,909,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

c) £52,603,044 being the amount by which the aggregate at 2.4(a) above exceeds the aggregate at 2.4(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) £1264.90 being the amount at 2.4(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) £155,297 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 2.4(d) above less the result given by dividing the amount at 2.4(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.

2.5 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 2013/14 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
Police and Crime Commissioner	108.61	126.72	144.82	162.92	199.12	235.33	271.53	325.84
Devon and Somerset Fire and Rescue Authority	50.26	58.64	67.01	75.39	92.14	108.90	125.65	150.78
Aggregate of Council Tax Requirements excluding Brixham Town Council	999.65	1,166.27	1,332.87	1,499.48	1,832.69	2,165.92	2,499.13	2,998.96

Brixham Town Council	18.49	21.57	24.66	27.74	33.91	40.07	46.23	55.48
Aggregate of Council Tax Requirements including Brixham Town Council	1,018.14	1,187.84	1,357.53	<u>1,527.22</u>	1,866.60	2,205.99	2,545.36	3,054.44

2.6 That the Council's basic amount of Council Tax for 2013/14 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992. (see paragraph 5.3)

3. Action Needed

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 2013/14 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 There have been a number of legislative changes that have impacted on the Council's and precepting bodies' precepts in 2013/14. The primary change in legislation is the Local Government Finance Act 2012 and its associated "regulations" and "consequential amendments". These changes include the introduction of a Council Tax Support Scheme to replace Council Tax Benefit and the part localisation of NNDR income to Councils under the business rate retention scheme. In addition the precept for the costs of the police service is now from the Police and Crime Commissioner for Devon and Cornwall.

4.4 The introduction of the Council Tax Support scheme impacts on the Council's Taxbase and subsequently the value of the precepts made. This results in the value of the precepts in 2012/13 and 2013/14 not being comparable, although the final Band D calculation is directly comparable. The introduction of the business rates retention scheme allows the Council to include a proportion of estimated NNDR income as part of its income.

4.5 The Council determined the statutory Tax Base at its meeting on 6th December 2012 as 41,586.58 for the year 2013/14. The Tax Base for Brixham Town Council was also calculated as 5,597.39. 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”.

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

4.7 Brixham Town Council

Brixham Town Council met on 17th January 2013 and set their precept at £155,297. The total 2013/14 budget for Brixham Town Council was set at £192,450 resulting in a precept of £155,297 and a contribution from Torbay Council of £37,153 to reflect the impact of the Council Tax Support Scheme. This results in a Band D Council Tax for 2013/14 of £27.74, (£28.97 12/13), a decrease of 4%.

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

The Police and Crime Panel and the Police and Crime Commissioner for Devon and Cornwall met on 8th February 2013 and set a precept at £6,775,286, adjusted by a Collection Fund contribution of £230,000 to result in an amount due from the Council as billing authority of £7,005,286. This results in a Band D Council Tax for 2013/14 of £162.92, (£159.73 12/13), an increase of 2.0%.

4.9 Devon and Somerset Fire and Rescue Authority

Devon and Somerset Fire and Rescue Authority met on 18th February 2013 and set their precept at £3,135,212, adjusted by a Collection Fund contribution of £107,000 to result in an amount due from the Council as billing authority of £3,242,212. This results in a Band D Council Tax for 2013/14 of £75.39, (£73.92 12/13), an increase of 1.99%.

4.10 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:

	2012/13 £	2013/14 £	2013/14 % Change
Torbay Council	1,261.17	1,261.17	0%
Police and Crime Commissioner	159.73	162.92	2%
Devon and Somerset Fire and Rescue Authority	73.92	75.39	1.99%
Sub-Total	1,494.82	1,499.48	0.3%
Brixham Town Council (only payable by Brixham residents)	28.97	27.74	(4.2%)
Total	1,523.79	1,527.22	0.2%

Supporting Information

5. Position

- 5.1 The Mayor presented the 2013/14 revenue budget proposal to Council on 6th February which was adjourned to the 13th February. The Council approved the budget on the 13th February and set a net budget for 2013/14 for the Torbay element at £126.766 million. 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.
- 5.2 This results in a Council Tax requirement for the Torbay Council element of £52.448 million. Including the Brixham Town Council precept the Council Tax requirement is £52.603 million.
- 5.3 Expenditure at that level for Torbay Council will result in a Band D Council Tax for 2013/14 of £1,261.17, a 0% increase.
- 5.4 Under section 52ZB 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.
- 5.5 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.
- 5.6 For 2013/14 the DCLG have notified the Council of the following:-
'The Secretary of State announced to the House of Commons on 19 December the council tax referendum principles he proposes to set. He has proposed that a two per cent referendum principle will apply for all principal local authorities, PCCs and Fire and Rescue Authorities. This means that if an authority or PCC wishes to raise their relevant basic amount of council tax in 2013-14 by more than two per cent, they will have to arrange for a referendum to give the local electorate the opportunity to approve or veto the increase. The result of a referendum will be binding.'
- There are some exceptions to this principle but they do not apply to Torbay Council.
- 5.7 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%.
- 5.8 Central Government has again changed the grant funding streams for Councils in 2013/14 including moving grants from the Council's net budget requirement to the Formula Grant which impacts on any year on year comparison.
- 5.9 The gross expenditure and income figures included at 2.4 (a) and 2.4 (b) are based on the budget digest information presented to Council in February, adjusted for any inter service allocations and for Academy schools funding recoupment.

6. **Possibilities and Options**

6.1 Statutory requirement, there are no alternative options.

7. **Preferred Solution/Option**

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 January 2013 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.