

Ward: All
Portfolio: Finance
Meeting Date: 20 February 2017

Report Author(s): Cllr Parham / Corporate Finance

SUBJECT: Council Tax Setting 2017/18 – Update

	Seen by:	Name	Date
Report Sign off	Legal	Donna Nolan	Via CMT
	Finance	Duncan Moss	Via CMT
	Chief Executive Officer	Stuart Brown	23 January 2017
	Corporate Manager	Paul Deal	Via CMT
Summary:	<p>This report presents a recommendation from the Council for the resolution required to set the Council Tax for the financial year 2017/18. The recommendation is based on a 1.99% increase on Council Tax for the 2017/18 year.</p> <p>This increase has not been applied to the Special Expenses Rate which has been capped at previous levels.</p> <p>In addition the Council will continue to raise a demand to fund the Somerset Rivers Authority (SRA) equivalent to 1.25% of the 2015/16 Council Tax Charge. This is detailed in the Medium Term Resource Strategy paper on this agenda.</p> <p>Information included in this report on final Somerset County Council and Devon and Somerset Fire Rescue Authority precepting figures are indicative. The final financial figures will not have a significant impact on the figures presented in this report.</p>		
Recommendation:	<p>That Full Council approve the following:</p> <p>(a) the Council Tax resolutions referred to at paragraphs 3.1.1 to 3.1.3 inclusive; and</p> <p>(b) Delegate authority to the Leader and the Section 151 Officer to finalise the Medium Term Resource Strategy as necessary following the Final Local Government Financial Settlement.</p>		
Direct and/or indirect impact on service delivery to	<p>Council Tax income underpins the council's finances and therefore resources the services provided.</p>		

our customers and communities	
Legal Implications:	Legal requirement to set a Council Tax.
Financial Implications:	Setting of the Council Tax is a major source of funding for the Authority, the County Council, PCC for Avon and Somerset, Fire Authority and parish, town and city councils.
Equalities Implications:	Equalities impact assessments have formed part of the budget setting process in each authority. There are no direct equalities implications as a result of this report.
Risk Assessment:	Failure to set a Council Tax will result in the Council acting against statute and could lead to legal challenge. Failure to agree a Tax in a timely manner could lead to the Council losing out on Council Tax income and the cashflows associated with this.

INTRODUCTION

- 1.1 Subject to approval following a recommendation from Cabinet and Full Council on the Medium Term Financial Plan and Resource Strategy, Mendip District Council is proposing an increase of 1.99% on its Council Tax for 2017/18, equating to a band D charge of £146.61.
- 1.2 In addition, Mendip District Council is proposing continuing the additional Council Tax Precept equivalent to 1.25% of the 2015/16 Council Tax Charge for the Shadow Somerset Rivers Authority only. This equates to a Band D value of £1.84 resulting in a Council Tax Requirement of £72,350 for 2017/18.
- 1.3 This report therefore presents a recommendation from the Cabinet for the resolution required to set the Council Tax for the financial year 2017/18. The recommendation is based the Council's own rate of tax, plus the amounts in respect of precepts received from the County Council, Police Authority, Fire Authority and parish, town and city councils, and the Somerset Rivers Authority.

BACKGROUND INFORMATION

- 2.1 The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992. It now requires the billing authority to calculate a Council Tax Requirement for the year rather than a budget requirement as in previous years.
- 2.2 The amount of Council Tax set is based on the Tax Base which the Full Council has calculated at its meeting on 12th December 2016, the Council's own Council Tax Requirement, precepts of parish, town and city councils, special expenses and the amounts notified by the major precepting authorities (i.e. Somerset County Council, the PCC for Avon & Somerset (formerly the Somerset Police Authority) and the Devon & Somerset Fire and Rescue Authority).
- 2.3 Special Expenses – In 19 Parishes the Council levies a special expenses rate that is included as part of the Council's charge. These charges have also been capped at previous levels. In some parishes the charge has decreased as they have taken over the running of facilities formerly covered by this charge. The Special Expenses are summarised per parish in the attached **Appendix 1a**.

RECOMMENDATIONS

3.1 The Council is recommended to resolve as follows:

- 3.1.1 That it be noted that on 12th December 2016 the Council calculated the Council Tax Base 2017/18:
 - (a) for the whole Council area as 39,322.79 [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached **Appendix 1b**.

- 3.1.2 That the calculated Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish precepts and special expenses) is £5,765,100 with an additional £72,350 requirement for the Somerset Rivers Authority.
- 3.1.3 That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 and 34 to 36 of the Act:
- (a) **£61,981,105** 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 all precepts issued to it by Parish Councils and the Somerset Rivers Authority.
 - (b) **(£52,707,752)** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act, (income, including government grants, benefits subsidy and adjustments for surpluses on the Collection Fund);
 - (c) **£9,273,353** being the amount by which the aggregate at 3.1.3(a) above exceeds the aggregate at 3.1.3(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(1) of the Act). (Expenditure less income.)
 - (d) **£235.83** being the amount at 3.1.3(c) above (Item R), all divided by Item T (3.1.1(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, the Somerset Rivers Authority and the special expenses rate shown in Appendix 1a).
 - (e) **£3,435,888** being the aggregate amount of all special items (Parish precepts and Special Expenses Rate) referred to in Section 34(1) of the Act (as per the attached Special Expenses Rate Appendix 1b).
 - (f) **£148.45** being the amount at 3.1.3(d) above less the result given by dividing the amount at 3.1.3(e) above by Item T (3.1.1(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 special items relates: (the District Council & Somerset Rivers Authority element of the tax for Band D dwellings);
 - (g) The amounts set out in **Appendix 2** for each part of the Council's area being the amounts given by adding to the amount at 3(f) above the amounts of the special items relating to dwellings in those parts of the Council's area mentioned in Appendix 1 divided in each case by the amount at 3.1.1(b) above, calculated by the Council in accordance with Section 34 of the Act, as the basic amounts of its Council Tax for the year

for dwellings in those parts of its area to which one or more special items relate.

- (h) The amounts set out in **Appendix 3** for each part of the Council's area being the amounts given by multiplying the amounts at 3.1.3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands

3.1.4 That it be noted that for the year 2017/18 the Somerset County Council, the PCC for Avon and Somerset and the Devon and Somerset Fire Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings below:-

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Somerset County Council *	749.85	874.84	999.81	1,124.79	1,374.74	1,624.70	1,874.65	2,249.58
PCC for Avon & Somerset	121.21	141.41	161.61	181.81	222.21	262.61	303.02	363.62
Devon & Somerset Fire and Rescue Authority	54.38	63.44	72.51	81.57	99.70	117.82	135.95	163.14

* Includes allowance for Adult Social Care and Somerset Rivers Authority

3.2 That, having calculated the aggregate in each case of the amounts at 3.1.3(h) and 3.1.4 above, the Council, in accordance with section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown in Appendix 3 as the amounts of Council Tax for the year 2017/18 for each of the categories of dwellings in each of the Parishes.

3.3 To note the final MTRS position having taken into account the Parish Precepts and the Special Expenses Rate.

RELATIONSHIP TO CORPORATE OBJECTIVES

4.1 The setting of the Council Tax is a statutory process which the Council is required to undertake and which forms part of its overall financial strategy.

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Background Papers

- **Local Government Finance Settlement**
- **Report 'Council Tax Base 2017-18' Full Council 12th December 2016**
- **Agenda Item – Medium Term Resource Strategy 2017/18 to 2021/22 and Detailed 2017/18 Financial Plan**
- **Corporate Plan**
- **Agenda Item – Treasury Management Strategy**