

Ward: All
Portfolio: Finance
Meeting Date: 12 February 2018

Report Author(s): Cllr Parham / Corporate Finance

SUBJECT: Council Tax Setting 2018/19 – Update

Report Sign off	Seen by:	Name	Date
	Chief Executive	Stuart Brown	3 February 2018
	Legal	Donna Nolan	3 February 2018
	Finance	Duncan Moss	3 February 2018
	Group Manager	Paul Deal	3 February 2018
	Portfolio Holder	Cllr Parham	3 February 2018
	Ward Member(s)	ALL	N/A
Summary:	<p>Subject to the discussions at the Cabinet meeting on 12 February, this report presents a recommendation for the resolution required to set the Council Tax for the financial year 2018/19. The recommendation is based on a flat £5 (five pounds) increase on Council Tax for the 2018/19 year. This represents an increase of 3.41%.</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>The precepts included within this report are those <u>proposed</u> to the respective Preceptors Full Council meetings for approval. Should they alter, the figures included within paragraph 3.1.4 and the appendices will need to be revised and a meeting of the Council Tax Setting Committee will need to be called.</p>		
Recommendation:	<p>To approve the formal tax resolutions for 2018/19, subject to the approval by each Precepting Authority of their own Precepts as included within this report.</p>		
Direct and/or indirect impact on service delivery to our customers and communities	<p>Council Tax income underpins the council's finances and therefore resources the services provided.</p>		

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 £5 on its Council Tax for 2018/19, equating to a band D charge of £151.61.
- 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 £72,800 for 2018/19.
- 1.3 This report therefore presents a recommendation from the Cabinet for the resolution required to set the Council Tax for the financial year 2018/19. The recommendation is based on 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 18th December 2017, 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 18th December 2017 the Council approved the 2018/19 Council Tax Base:

- (a) for the whole Council area as **39,599.15** [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 2018/19 (excluding Parish precepts and special expenses) is £6,003,600 with an additional £72,800 requirement for the Somerset Rivers Authority.

3.1.3 That the following amounts be calculated for the year 2018/19 in accordance with Sections 31 and 34 to 36 of the Act:

- (a) **£60,917,761** 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) **(£51,143,320)** 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) **£9,774,441** 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) **£246.83** 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) **£3,697,949** 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) **£153.45** 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 2018/19 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*	794.77	927.24	1,059.70	1,192.16	1,457.08	1,722.01	1,986.93	2,384.32
PCC for Avon & Somerset	129.21	150.74	172.28	193.81	236.88	279.95	323.02	387.62
Devon & Somerset Fire and Rescue Authority	56.01	65.34	74.68	84.01	102.68	121.35	140.02	168.02

* 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 2018/19 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 2018-19' Full Council 18th December 2017**
- **Agenda Item – Medium Term Resource Strategy 2018/19 to 2022/23 and Detailed 2018/19 Financial Plan**
- **Corporate Plan**
- **Agenda Item – Treasury Management Strategy**