

COUNCIL TAX 2016/17 - To Consider the following Motion in pursuance of Minute CA.56:-

- (1) it be noted that on 15 January Council calculated the Council Tax Base 2016/17:-
  - (a) for the whole Council area as £35,088.46 [Item T in the formula in Section 31B 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 Annex of the report;
- (2) the Council has calculated the Council Tax requirement for the Council's own purposes for 2016/17 (excluding Parish precepts) as £3,315,157.70;
- (3) the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:-
  - (a) **District/Parish Gross Expenditure**  
£46,616,234.95 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
  - (b) **District/Parish Gross Income (including Government Grants, use of Reserves and Collection Fund Surpluses etc)**  
£41,970,322.30 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act
  - (c) **District/Parish Net Expenditure**  
£4,645,916.65 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 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 of the Act)
  - (d) **Basic Amount of Tax (including average Parish Precepts)**  
£132.4057 being the amount at 3(c) above (Item R) all divided by Item T (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) **Parish Precepts**  
£1,330,754.95 being the aggregate of all special items (Parish Precepts) referred to in Section 34(1) of the Act (as per Annex A)
  - (f) **Basic Amount of Tax (Unparished Areas)**  
£94.48 being the amount at 3(d) above less the result given by dividing the amount at 4(e) above by Item T (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
- (4) **Major Precepting Authorities**  
That it be noted that the North Yorkshire County Council, the North Yorkshire Fire and Rescue Authority and the Crime Commissioner North Yorkshire 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 below and at Annex A(1);

(5) **Council Tax Bands for All Councils**

Figures for North Yorkshire County Council, North Yorkshire Fire and Rescue Authority and Crime Commissioner North Yorkshire are set out below.

The Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings:

Hambleton District Council

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
62.99	73.48	83.98	94.48	115.48	136.47	157.47	188.96

North Yorkshire County Council – excluding Adult Social Care

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
747.91	872.56	997.21	1,121.86	1,371.16	1,620.46	1,869.77	2,243.72

North Yorkshire County Council – Adult Social Care

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
14.66	17.11	19.55	22.00	26.89	31.78	36.66	44.00

North Yorkshire Fire and Rescue Authority

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
43.92	51.24	58.56	65.88	80.52	95.16	109.80	131.76

Police and Crime Commissioner North Yorkshire

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
144.67	168.78	192.89	217.00	265.22	313.44	361.67	434.00

(6) **Excessive Council Tax**

the Council determines that the Council's basic amount of Council Tax for 2016/17 (at 3(f) above) is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992;

- (7) the appropriate amount is taken from the Council Taxpayers Reserve to support the decision at (3) above; and
- (8) the policy on Balances and Reserves at Annex C of the report is approved.

**COUNCIL TAX 2016/17****1.0 INTRODUCTION AND BACKGROUND:**

- 1.1 This paper considers the level of Council Tax for 2016/17 in the light of the Revenue Budget for 2016/17 and Financial Strategy, as well as the Government's Formula Grant settlement and proposals for an increase in Council Tax of £5 on a Band D equivalent property.

**2.0 REVENUE ESTIMATE AND FINANCIAL STRATEGY:**

- 2.1 The approved revenue estimate for 2016/17 is a net total of £7,811,370, which is an increase of £893,000 on the 2015/16 budget at £6,918,280. This is as a result of a re-profiling of when interest will be earned on the loan to Broadacres Housing Association and reduced waste and recycling prices in the market
- 2.2 The Financial Strategy demonstrated that the budget of £7,811,370 was affordable and would allow the Council to set a balanced budget.
- 2.3 The affordability of this budget was estimated on assumptions made in the Financial Strategy around the level of grant funding for 2016/17; this affordability has been confirmed in the level of grant support allocated to the Council as part of the Local Government Finance Settlement announced on 17 December 2015.

**3.0 FORMULA GRANT SETTLEMENT AND COUNCIL TAX:**

- 3.1 The Chancellor's Autumn Statement on 25 November 2015 announced the continuation of grant reductions for Local Government over the next 4 year period 2016/17 to 2019/20. It is estimated that the Council will lose £2,481,075 or 21.5% of its grant funding from Central Government excluding New Homes Bonus Grant over the 4 year period 2016/17 to 2019/20. These cuts are in addition to the grant funding already lost in the previous Parliament of £2,708,525 or 46.6%.
- 3.2 The Local Government Finance Settlement for 2016/17 was announced on 17 December 2015 and finalised on 8 February 2016. The detail of the settlement for Hambleton is set out below, but in summary the Council is guaranteed to receive £3,556,266 of funding in 2016/17 from a combination of new Revenue Support Grant, Localisation of Council Tax Benefit Grant, rural funding and retained Business Rates. This is a £42,734 or 1.2% increase on the amount received in 2015/16 due to the increase in rural funding.

**Detailed Funding Settlement**

	<b>2016/17 £</b>
Business Rates target	27,113,852
Levy paid to Central Government	(13,556,926)
Local share of Business Rates	13,556,926
County Council/Fire share at 20%	(2,711,385)
Hambleton District Council share at 80%	10,845,541
Fixed tariff paid to Central Government	(8,934,984)
Hambleton District Council Retained Business Rates Target	1,910,557
Revenue Support Grant	1,020,748
<b>Total Funding Settlement</b>	<b>2,931,305</b>

- 3.3 The Business Rate Retention Funding Mechanism has with it inherent risk for Local Government. Principally, if the Business Rate target set for the Council is not met the reduction in Business Rates will reduce the local share, not the amounts paid to Central Government. Any loss of income will be met 80% by Hambleton District Council, 18% by North Yorkshire County Council and 2% by North Yorkshire Fire and Rescue Authority.
- 3.4 An aspect of the regulations in respect of the Business Rate Retention Scheme, Councils must set a Business Rates Base figure which is approved, this is used by Government to set the Business Rates Collection Target for the Council in the preceding year. The Business Rates Base figure for 2016/17 is £27,445,758; this is the latest estimate from the National Non-domestic Rates Return – NNDR1.
- 3.5 The 2016/17 budget has been set using the actual Business Rate target from the NNDR1 return rather than that presented in the funding settlement as this figure is a timelier and more accurate reflection of the amount the Council is likely to receive. Under the Business Rate Retention System, Business Rate appeals lodged by organisations in Hambleton have a direct impact on the Council, therefore for 2016/17 there is a collection fund deficit of £85,978 as a result of appeals.
- 3.6 Increases in Business Rate levels are set each year by Central Government and are based upon the RPI figure for September which stood at 2.3% (capped at 2%). The provisional rate poundage to be applied in 2016/17 has been announced as follows:-
- Non-Domestic Rate 49.7p
  - Small Business Rate 48.4p
- 3.7 Under Schedule 7 of the Local Government Finance Act 1988, the provisional multipliers will be confirmed after either the Local Government Finance Report 2016/17 has been approved by Parliament or by the end of March 2016.

#### **COUNCIL TAX:**

##### Council Tax Base

- 4.1 Each year the Council is required to formally set the Council Tax Base and advise the appropriate precepting bodies. This must be done by 31 January each year.
- 4.2 The Council Tax Base for 2016/17 is set at 35,088.46.

##### Council Tax Levels

- 4.3 If the assumptions made above are current then the 2016/17 Council Tax at Band D will be:-

<b>2015/16 £</b>		<b>2016/17 £</b>	<b>Assumption</b>
1,099.98	County Council (NYCC)	1,121.86	1.99% increase
-	NYCC – Adult Social Care	22.00	2.00% increase
212.77	Police Authority	217.00	1.99% increase
64.59	Fire Authority	65.88	1.99% increase
36.73	Parishes (average)	37.93	Parishes (average)
<u>89.48</u>	Hambleton	<u>94.48</u>	£5 increase
1,503.55		1,559.15	

## 5.0 **IMPACT ON RESERVES:**

5.1 The impact on the Council's Council Taxpayers Reserve from the revenue budget, funding settlement and Council Tax decision is set out in the table below:-

	£
Revenue Budget:	7,811,370
<b>Financed by:-</b>	
Formula Grant	1,020,748
New Homes Bonus Grant	1,832,136
Retained Business Rates (incl. S31 Grants)	2,367,200
Collection Fund Deficit	(77,188)
Council Tax	3,315,158
Non ring-fenced grants	624,961
Contribution to Reserves	<u>(1,271,645)</u>
<b>Balanced budget</b>	<b>0</b>

5.2 It is estimated that the Council will make a contribution to the Council Taxpayers reserve of £1,271,645 to balance the 2016/17 budget.

## 6.0 **RISK ASSESSMENT:**

6.1 There are no major risks associated with this report.

## 7.0 **LOCAL GOVERNMENT ACT 2003:**

7.1 Section 25 of the Local Government Act 2003 requires the Council's S151 Officer (Chief Financial Officer) to report to Members on the robustness of the budget and the adequacy of reserves held by the Council.

7.2 The approved Revenue Budget has now been prepared by the Council's budget holders and has been subjected to challenge by the Finance staff and Chief Officers. I therefore conclude the budgets included in this Council Tax setting process are robust and have been prepared in accordance with proper practices.

7.3 The reserves of the Council are set out in Annex 'C' to this report. I consider the level of reserves adequate to maintain the Council's current revenue expenditure and enable its longer term objectives as set out in the Financial Strategy. Annex 'C' sets out the policy on Reserves and Balances and supports my comments. The Annex also makes recommendations on the level of Balances and Reserves.

