

CABINET – 15th February, 2012

EXECUTIVE SUMMARY SHEET- PART 1

Title of Report:

Item 7(ii) – Appendix D – Revenue Budget and Proposed Council Tax 2012/2013

Author(s):

Executive Director of Commercial and Corporate Services

Purpose of Report:

To advise Cabinet of the final General Summary for the Revenue Estimates and the proposed Contingencies and Provisions for Strategic Priorities for 2012/2013 set out at Annex 1.

To enable recommendations to be made to Council with respect to Council Tax levels for 2012/2013, subject to the approval of the Revenue Budget 2012/2013. The Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as confirmed by Council on 25th January 2012. There are a number of resolutions required to be made to determine the Council Tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.

To detail the required statutory requirements that in summary mean that Cabinet is recommending to Council a proposal to set a Council Tax Requirement (previously the Net Budget Requirement) that will mean a freeze to the Council Tax for 2012/2013.

The Localism Act 2011 made some changes to the Local Government Finance Act 1992, the main changes are:

- a) the council, as a billing authority, is required to calculate a council tax requirement for the year;
- b) to resolve that the Council, in accordance with new government regulations, is not required to hold a referendum on its proposed Council Tax level for 2012/2013 as its relevant basic amount of council tax for 2012/2013 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act for 2012/2013.

Description of Decision:

Cabinet is requested to recommend to Council the Council Tax levels for 2012/2013 in accordance with the amended statutory requirements. The recommendations are:

- a) To note the Council Tax base applicable to the Council and to the Parish of Hetton Town Council.
- b) To recommend the estimated amount of the Council's aggregate gross revenue expenditure.
- c) To recommend the estimated amount of the Council's aggregate gross revenue income.
- d) To recommend the estimated amount of the Council's council tax requirement.
- e) To note the precept notified by Hetton Town Council.
- f) To note the Council Tax bands applicable to the Council and to the Parish of Hetton Town Council based on the above financial information.
- g) To note the provisional precept of the Tyne and Wear Fire and Rescue Authority.
- h) To note the provisional precept of the Northumbria Police Authority.
- i) To recommend the draft total Council Tax levels for 2012/2013 applicable to the Council and to the Parish of Hetton Town Council including all relevant precepts.

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

To comply with all legal requirements and the changes to the Local Government Act 1992 as required by the Localism Act 2011, in order to determine the Council Tax Requirement and the applicable basic Council Tax for 2012/2013.

Alternative options to be considered and recommended to be rejected:

There are no alternative options recommended for approval.

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the Forward Plan? Yes

Scrutiny Review Committee:

Management

Cabinet - 15th February 2012

Proposed Council Tax 2012/2013

Report of the Executive Director of Commercial and Corporate Services

1. Purpose of Report

- 1.1 To advise Cabinet of the final General Summary for the Revenue Estimates and the proposed Contingencies and Provisions for Strategic Priorities for 2012/2013 set out at Annex 1.
- 1.2 To enable recommendations to be made to Council with respect to Council Tax levels for 2012/2013, subject to the approval of the Revenue Budget 2012/2013. The Council Tax is calculated using the tax bases for the areas of the City Council and Hetton Town Council as confirmed by Council on 25th January 2012. There are a number of resolutions required to be made to determine the Council Tax including precepts from the Major Precepting Authorities and the Parish of Hetton Town Council.
- 1.3 To detail the required statutory requirements that in summary mean that Cabinet is recommending to Council a proposal to set a Council Tax Requirement (previously the Net Budget Requirement) that will mean a freeze to the Council Tax for 2012/2013.
- 1.4 The Localism Act 2011 made some changes to the Local Government Finance Act 1992, the main changes are:
 - a) the council, as a billing authority, is required to calculate a council tax requirement for the year not its net budget requirement;
 - b) to resolve that the Council, in accordance with new government regulations, is not required to hold a referendum on its proposed Council Tax level for 2012/2013 as its relevant basic amount of council tax for 2012/2013 is not excessive in accordance with the principles determined under Section 52ZC(1) of the Act for 2012/2013.

2. Description of Decision

It is recommended that Cabinet recommend to Council:

That it be noted that at its meeting on 25th January 2012 the Council approved the following amounts for the year 2012/2013 in accordance with the amended regulations made under Section 31B(3) of the Local Government Finance Act 1992 (the 'Act'):

- a) £81,202 being the amount calculated by the Council, in accordance with the above regulation of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as it's Council Tax Base for the year (Item T).
- b) £ 4,130 being the amount calculated by the Council, in accordance with the Regulations, as the amount of it's Council Tax Base for the year for dwellings in the area of the Parish of Hetton Town Council.

3. It is also recommended that Cabinet recommend to Council:

That the following amounts be now calculated by the Council for the year 2012/2013 in accordance with Sections 31 to 36 of the Local Government and Finance Act 1992:

- a) £729,371,824 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) £633,015,356 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
- c) £96,356,468 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 31A(4) of the Act)
- d) £1,186.6268 being the amount at 3 (c) above (Item R) all divided by Item T (2 (a) above), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- e) £54,144 being the precept notified by Hetton Town Council as a special item under Section 34 (1) of the Act.
- f) £1,185.9600 being the amount at 3 (d) above less the result given by dividing the amount at 3 (e) above by the Item T (2 (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.
- g) £1,199.0699 being the amount given by adding to the amount at 3 (f) above the amount 3 (e) divided by the amount at 2 (b) above, calculated by the Council in accordance with Section 34 (3) of the Act as the basic amounts of its Council Tax for the year for dwellings in the area of the Parish of Hetton Town Council.

Parts of the Council's Area

(h) Valuation Bands	Hetton Town Council	All other parts of the Council's Area
A	£ 799.38	£ 790.64
B	£ 932.61	£ 922.41
C	£ 1,065.84	£ 1,054.19
D	£ 1,199.07	£ 1,185.96
E	£ 1,465.53	£ 1,449.51
F	£ 1,731.99	£ 1,713.05
G	£ 1,998.45	£ 1,976.60
H	£ 2,398.14	£ 2,371.92

being the amounts given by multiplying the amounts at 3 (f) and 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.

4. It is also recommended that Cabinet recommend to Council:

That it be noted that for the year 2012/2013, Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority have supplied their best estimate of their proposed precepts, which have still to be approved by their respective Authorities. Consequently, the following amounts for both the Tyne and Wear Fire and Rescue Authority and the Northumbria Police Authority represent the provisional precepts for 2012/2013, which may be issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings as follows:

Precepting Authority

Valuation Bands	Northumbria Police Authority	Tyne & Wear Fire and Rescue Authority
A	£ 55.79	£ 48.77
B	£ 65.08	£ 56.90
C	£ 74.38	£ 65.03
D	£ 83.68	£ 73.16
E	£102.28	£ 89.42
F	£120.87	£105.68
G	£139.47	£121.93
H	£167.36	£146.32

5. It is also recommended that Cabinet recommend to Council:

That having calculated the aggregate in each case of the amounts at 3 (i) and 4 above but not having received confirmation of the precept in paragraph 4, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, estimate the following amounts as the amounts of Council Tax for the year 2012/2013 for each of the categories of dwellings shown below at this point in time. The exact levels will only become known once formal notification of the precepts from the Tyne and Wear Fire and Rescue Authority and Northumbria Police Authority are received.

Parts of the Council's Area

Valuation Bands	Hetton Town Council	All other parts of the Council's Area
A	£ 903.94	£ 895.20
B	£ 1,054.59	£ 1,044.39
C	£ 1,205.25	£ 1,193.60
D	£ 1,355.91	£ 1,342.80
E	£ 1,657.23	£ 1,641.21
F	£ 1,958.54	£ 1,939.60
G	£ 2,259.85	£ 2,238.00
H	£ 2,711.82	£ 2,685.60

6. It is also recommended that Cabinet recommend to Council:

That they note that the proposed Council Tax Freeze for 2012/13 means that the Council does not need to hold a referendum on its proposed council tax. New regulations introduced by the government (Section 52ZC of the Local Government Finance Act 1992) requires all billing authorities (councils and precept authorities (i.e. Fire and Police authorities)) to hold a referendum on their proposed level of basic Council tax each year from 2012/13 if they exceed government guidelines set out annually.

For 2012/13 the guideline increase for the council was 3.5%.

As the council is proposing a council tax freeze for 2012/13 then the above regulations have no impact for 2012/13.

7. Suggested Reason for Decision

To comply with all legal requirements and the changes to the Local Government Act 1992 as required by the Localism Act 2011, in order to determine the Council Tax Requirement and the applicable basic Council Tax for 2012/2013.

8. Alternative options to be considered and recommended to be rejected

There are no alternative options recommended for approval.

Background Papers

Local Government Finance Settlement 2012/2013 (Final).

Calculation of Council Tax Base Report (Cabinet – 11th January 2012 and Council – 25th January 2012).

Revenue Budget 2012/2013 and Capital Programme 2012/2013 to 2014/2015.

Best estimate available of the Precept from Tyne and Wear Fire and Rescue Authority.

Best estimate available of the Precept from Northumbria Police Authority.

Notification of Hetton Town Council Precept for 2012/2103

Localism Act 2011

Local Government Finance Act 1992 - amendments