

Report

Subject: : Council Tax 2007/2008
Report to : The Cabinet
Date : Wednesday 31 January 2007
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Cabinet Member for Resources: Councillor Culver

COUNCIL TAX 2007/2008

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the Cabinet with options in order that it may recommend the level of District Council Tax to Council for 2007/2008 at Band D so that the Council Tax for 2007/2008 can be set at the Council Meeting on 19th February 2007.

2. POLICY CONSIDERATIONS

- 2.1 The Council believes in the use of its resources to provide flexible and responsive services, which offer value for money, and excellent customer service. In setting this budget, the Council has undertaken extensive consultation to allow the community the opportunity to influence spending plans. A separate report relating to budget consultation appears elsewhere on the agenda.
- 2.2 The Council is required by law to set a balanced budget having considered its estimates of expenditure and income, and for its call on the collection fund to be sufficient to meet its budget needs. This must be before 11 March 2007 and a meeting of the Council has been arranged for 19th February 2007.

3. LOCAL GOVERNMENT SETTLEMENT 2007/2008

- 3.1 For the first time the government announced a two year provisional grant settlement for 2006/2007 and 2007/2008. 2007/2008 is the second year of this initial two year settlement. Three year settlements will be introduced in line with the Governments spending review from 2008/2009.



Awarded in:
Housing Services
Waste and Recycling Services



3.2 The main features of the final 2007/2008 Settlement are shown in the table below:

2007/2008 FINAL SETTLEMENT

SETTLEMENT DETAILS	Final 2006/2007 £m	Final 2007/2008 £m	Increase £m
TOTAL GRANT	7.399	7.738	0.339

3.3 As in previous years the Government has provided adjusted grant figures for prior years. The notional increase for 2007/2008 is 5.1%.

4. MAJOR PRECEPTING AUTHORITIES

4.1 Salisbury District Council is a "billing authority". This means that the District Council calculates the amounts to be raised through the Council Tax, taking into account the precepts of the major precepting authorities i.e. Wiltshire County Council, Wiltshire Police Authority and Wiltshire Fire Authority. The billing authority collects the Council Tax on their behalf. Details will be known as follows:

(i) Wiltshire County Council

The Precept will be announced on 13th February 2007 and will be reported to the Council on 19th February 2007.

(ii) Wiltshire Police Authority

The Precept will be announced on 7th February 2007 and will be reported to the Council on 19th February 2007.

(iii) Wiltshire and Swindon Fire Authority

The Precept will be announced on 8th February 2007 and will be reported to the Council on 19th February 2007.

5. CALCULATION OF THE COUNCIL TAX

5.1 There are two measures of the taxable capacity of the Authority. The first, the council tax base used for grant distribution purposes, is based on the valuation list provided by the Valuation Officer, adjusted for discounts and exemptions.

5.2 The second measure is the council tax base for tax setting purposes. This is a calculation made by the Council, which, instead of representing the taxable capacity at a single point in time, is an estimate of the actual taxable capacity for the year. As well as taking into account estimated exemptions and discounts, this tax base also takes into account anticipated property revaluations, increases and decreases in property numbers, disabled (reduction) relief and non-collection.

5.3 The council tax base for tax-setting purposes was determined by the Council on 11th December 2006. A figure of 45,098.39 Band D Equivalentents was approved (45,032.20 in 2006/2007).

5.4 The Council has then to fix its own council tax. This is the amount that it wishes to collect from the local taxpayer for its own purposes. Net expenditure less Revenue Support Grant, NNDR redistribution and Collection Fund surplus/deficit are calculated. This figure is then divided by the tax base (45,098.39) to calculate the basic amount of Council Tax per annum at Band D.

- 5.5 To the figure calculated as the District's basic amount of Council Tax is added the Council Tax amounts in respect of the Wiltshire County Council, the Wiltshire Police Authority Precepts and the Wiltshire and Swindon Fire Authority and, for each part of the District Council area, basic amounts of Council Tax for Special Items i.e. Parish Precepts and Special Expenses.
- 5.6 The Council is required to set amounts of Council Tax for each category of dwelling. The rates for Bands A – H are then calculated by multiplying the total basic amount of Council Tax by the relevant proportions.

6. COLLECTION FUND SURPLUS/DEFICIT

- 6.1 The Collection Fund is a fund operated by the Council, into which all council tax, community charge and business rates are paid. Payments out of the fund are the demands from the Council and Preceptors and contributions to the national non-domestic rating pool.
- 6.2 The estimated balance of £5,624 surplus on the Council Tax Collection Fund at 31 March 2007 was made by the Head of Financial Services under Council authorised powers, on 15 January 2007. Of this amount, £655 falls on the District Council Tax and the remaining deficit is divided between Wiltshire County Council, Wiltshire Police Authority and Wiltshire and Swindon Fire Authority in proportion to their demands on the Collection Fund.
- 6.3 The Community Charge Collection Fund surplus or deficit has to be determined by law on or before 15 February of each year. It is estimated that this will be £500 surplus at 31 March 2007. This surplus accrues solely to Salisbury District Council's General Fund.
- 6.4 The total amount of Community charge still outstanding in the collection fund in £370,863.63. No movement has occurred on this account since before 2003/2004. A provision for bad debt of this amount has already been made and it is recommended that the amount is formally written out of the accounts. This does not preclude further recoveries of Community Charge to take place.

7. CALCULATION OF THE DISTRICT COUNCIL BUDGET REQUIREMENT AND TAX FOR DISTRICT COUNCIL SERVICES

- 7.1 The schedule attached at Appendix A shows the estimated resources available at different levels of Band D equivalent Council Tax.

8. CITY AREA LEVY

- 8.1 The City Area Committee is financed by the City Special levy, which is levied upon the residents of Salisbury City in a similar way as the Parish Precepts.
- 8.2 The City Area Committee has three Reserve Accounts. In addition to a general revenue reserve, there is a cemetery reserve and an earmarked capital reserve to finance the City capital programme.
- 8.3 The Council Tax Base was fixed for the City at 14,996.07 for 2007/2008 (14,942.47 in 2006/2007) by the Council at its meeting on 11th December 2006.
- 8.4 The Committee met on 23rd January 2007, after this Cabinet item was printed. It will recommend a levy at that meeting.

9. FORMAL TAX RESOLUTIONS AND RECOMMENDATIONS

- 9.1 The Cabinet is required to recommend to the Council on 19th February 2007, the Council Tax Band D charges for the District Council and Salisbury City.
- 9.2 This recommendation, together with information from Wiltshire County Council, Wiltshire Police Authority, Wiltshire and Swindon Fire Authority and relevant Parish Councils, will

enable the formal Council Tax resolution (draft to be circulated) to be finalised to show the Council Tax rates for Bands A – H for each part of the District Council Area.

9.3 The outstanding amount of Community Charge be formally written out of the accounts.

10. IMPLICATIONS

10.1	Legal	None
10.2	Financial	As set out in the report
10.3	Staffing	None
10.4	Environmental	None
10.5	Council's Core Value	The Council's budget is a financial expression of the Council's aims and objectives underpinned by the Council's core values.
10.6	Human Rights	The human rights relating to this issue have been considered and any potential interference is considered proportionate to the legitimate end to be achieved.

ILLUSTRATIVE LEVELS OF COUNCIL TAX
EFFECT ON FINANCIAL RESOURCES 2007/2008

% INCREASE	0%	2.5%	5%	7.5%	10%
MONETARY INCREASE PER ANNUM	0.00	£2.92	£5.84	£8.77	£11.69
MONETARY INCREASE PER WEEK	0.00	£0.06	£0.11	£0.17	£0.22
	£	£	£	£	£
BAND D COUNCIL TAX	116.96	119.88	122.80	125.73	128.65
<u>RESOURCES</u>					
	£	£	£	£	£
LOCAL FUNDING	(5,274,708)	(5,406,395)	(5,538,082)	(5,670,221)	(5,801,908)
COLLECTION FUND SURPLUS	(655)	(655)	(655)	(655)	(655)
EXTERNAL FUNDING	(7,738,116)	(7,738,116)	(7,738,116)	(7,738,116)	(7,738,116)
TOTAL RESOURCES	(13,013,479)	(13,145,166)	(13,276,853)	(13,408,992)	(13,540,679)
<u>BUDGET REQUIREMENT</u>					
Standstill Position	12,791,100	12,791,100	12,791,100	12,791,100	12,791,100
Portfolio Growth Bids	372,000	372,000	372,000	372,000	372,000
Unavoidable costs	1,027,000	1,027,000	1,027,000	1,027,000	1,027,000
Increased Income	(180,060)	(180,060)	(180,060)	(180,060)	(180,060)
Efficiency Savings	(702,000)	(702,000)	(702,000)	(702,000)	(702,000)
Non Recurring Revenue Growth	319,000	319,000	319,000	319,000	319,000
Non Recurring Revenue Savings	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
TOTAL BUDGET REQUIREMENT	13,377,040	13,377,040	13,377,040	13,377,040	13,377,040
Total Contribution (to)/ from Reserves (TOTAL RESOURCES + TOTAL BUDGET REQUIREMENT)	363,561	231,874	100,187	(31,952)	(163,639)
Made up of:					
Recurring Contribution (to)/ from Reserves	294,561	162,874	31,187	(100,952)	(232,639)
Non Recurring returned to Reserves	69,000	69,000	69,000	69,000	69,000
	363,561	231,874	100,187	(31,952)	(163,639)
Council Tax base	45,098.39				
£1 increase raises	£45,098				
1% raises	£52,314				