

Agenda Item 17

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Report

Subject: : Council Tax 2008/2009
Report to : The Cabinet
Date : Wednesday 30 January 2008
Report of : Head of Financial Services
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Cabinet Member for Resources: Councillor Roberts

COUNCIL TAX 2008/2009

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 2008/2009 at Band D so that the Council Tax for 2008/2009 can be set at the Council Meeting on 18 February 2008.

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.

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 2008 and a meeting of the Council has been arranged for 18 February 2008.

3. LOCAL GOVERNMENT SETTLEMENT 2008/2009:

3.1 Government announced a three year provisional grant settlement in line with the Governments spending review from 2008/2009.

3.2 The main features of the provisional 2008/2009 Settlement are shown in the table below:

2007/2008 FINAL SETTLEMENT

SETTLEMENT DETAILS	Final 2007/2008 £m	Provisional 2008/2009 £m	Increase £m
TOTAL GRANT	7.738	7.878	0.140



CUSTOMER SERVICE EXCELLENCE

Awarded in:
Housing Services
Waste and Recycling Services



- 3.3 As in previous years the Government has provided adjusted grant figures for prior years. The notional increase for 2008/2009 is £78,000 or 1.0%.

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 12 February 2008 and will be reported to the Council on 18 February 2008.

(ii) Wiltshire Police Authority

The Precept will be announced on 7 February 2008 and will be reported to the Council on 18 February 2008.

(iii) Wiltshire and Swindon Fire Authority

The Precept will be announced on 8 February 2008 and will be reported to the Council on 18 February 2008.

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 10 December 2007. A figure of 45,513.60 Band D Equivalents was approved (45,098.390 in 2007/2008).
- 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 (45,513.60) 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 and the Wiltshire and Swindon Fire Authority Precepts 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 £1,057 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, £124 falls on the District Council Tax and the remaining surplus is divided between Wiltshire County Council, Wiltshire Police Authority and Wiltshire and Swindon Fire Authority in proportion to their demands on the Collection Fund.

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 15,002.97 for 2008/2009 (14,996.07 in 2007/2008) by the Council at its meeting on 10th December 2007.

8.4 The Committee met on 22 January 2008, 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 18 February 2008, 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.

10. IMPLICATIONS:

10.1	Legal	Council tax is required to be calculated in accordance with sections 32-36 inclusive Local Government Finance Act 1992 and associated regulations. The Government holds reserve council tax capping powers which it may exercise should council tax levels be set at a level beyond the maximum as advised by the Government.
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 2008/2009

% INCREASE	0%	4%	4.25%	4.5%	4.75%	5%
MONETARY INCREASE PER ANNUM	0.00	£4.91	£5.22	£5.52	£5.83	£6.14
MONETARY INCREASE PER WEEK	0.00	£0.09	£0.10	£0.11	£0.11	£0.12
	£	£	£	£	£	£
BAND D COUNCIL TAX	122.80	127.71	128.02	128.32	128.63	128.94
<u>RESOURCES</u>						
	£	£	£	£	£	£
LOCAL FUNDING	(5,589,070)	(5,812,542)	(5,826,606)	(5,840,305)	(5,854,414)	(5,868,524)
COLLECTION FUND SURPLUS	(124)	(124)	(124)	(124)	(124)	(124)
EXTERNAL FUNDING	(7,878,649)	(7,878,649)	(7,878,649)	(7,878,649)	(7,878,649)	(7,878,649)
TOTAL RESOURCES	(13,467,843)	(13,691,315)	(13,705,379)	(13,719,078)	(13,733,187)	(13,747,297)
<u>BUDGET REQUIREMENT</u>						
Standstill Position	13,308,040	13,308,040	13,308,040	13,308,040	13,308,040	13,308,040
Recurring Growth	905,000	905,000	905,000	905,000	905,000	905,000
Unavoidable costs	875,000	875,000	875,000	875,000	875,000	875,000
Increased Income	(632,390)	(282,390)	(282,390)	(282,390)	(282,390)	(282,390)
Savings	(462,840)	(812,840)	(812,840)	(812,840)	(812,840)	(812,840)
Non Recurring Revenue Growth	609,000	609,000	609,000	609,000	609,000	609,000
Non Recurring Revenue Savings	(580,000)	(580,000)	(580,000)	(580,000)	(580,000)	(580,000)
TOTAL BUDGET REQUIREMENT	14,021,810	14,021,810	14,021,810	14,021,810	14,021,810	14,021,810
Total Contribution from Reserves	553,967	330,495	316,431	302,732	288,623	274,513
(TOTAL RESOURCES + TOTAL BUDGET REQUIREMENT)						
Made up of:						
Recurring Contribution from Reserves	524,967	301,495	287,431	273,732	259,623	245,513
Non Recurring returned to Reserves	29,000	29,000	29,000	29,000	29,000	29,000
	553,967	330,495	316,431	302,732	288,623	274,513
Council Tax base	45,513.60					
£1 increase raises	£45,514					
1% raises	£55,891					