

The Cabinet

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REPORT

Cllr Mrs Warrander, Portfolio Holder for Resources

COUNCIL TAX 2005/2006

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to present the Cabinet with options in order that they may recommend the level of District Council Tax to Council for 2005/2006 at Band D so that the full Council Tax for 2005/2006 can be set at the Council Meeting on 16th February 2005.

2. POLICY CONSIDERATIONS

- 2.1 The Council believes in the use of its resources to provide flexible and responsive services, which offer best value, and excellent customer service. In setting this budget, the Council has undertaken public consultation to allow the community the opportunity to influence spending plans.
- 2.2 The Council is required by law to set its 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 and a meeting of the Council has been arranged for 16th February 2005.

3. LOCAL GOVERNMENT SETTLEMENT 2005/2006

- 3.1 In 2003/2004 the Government introduced the Formula Spending Share (FSS). For 2005/2006 the FSS has provisionally been set at £14.8m. The purpose of the FSS is to provide a basis for allocating Revenue Support Grant.
- 3.2 The Government states the following about FSS
- “Formula Spending totals are resource totals set in the spending reviews and which the Government then allocates to each service in each authority.
 - But they are not what the Government thinks needs to be spent on those services – only local Councils can decide that, in consultation with their taxpayers.”
- 3.3 The main features of the 2005/2006 Settlement are shown in the table below:

2005/2006 PROVISIONAL SETTLEMENT

SETTLEMENT DETAILS	Actual 2004/2005 £m	Provisional 2005/2006 £m	VARIATION £m	CHANGE
<u>GRANT RECEIVED:</u> Revenue Support Grant	3.254	3.316	0.062	1.9%
Business Rate Income (NNDR)	3.134	3.346	0.212	6.8%
TOTAL GRANT	6.388	6.662	0.274	4.3%

- 3.4 The figures in the above table are based on the actual cash received through grant. As in previous years the Government has produced adjustment grant figures. For 2004/2005 this was £6.419m giving rise to a notional increase of 3.8% in 2005/2006.
- 3.5 Members should note that the figures for 2005/2006 are currently based on the Government's provisional settlement.

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 not be known until 9th February 2005 and will be reported to the Council on 16th February 2005.

(ii) Wiltshire Police Authority

The Precept will not be known until 11th February 2005 and will be reported to the Council on 16th February 2005.

(iii) Wiltshire and Swindon Fire Authority

The Precept will not be known until 10th February 2005 and will be reported to the Council on 16th February 2005.

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 6th December 2004. A figure of 44,967.37 Band D Equivalents was approved (44,258.13 in 2004/2005).
- 5.4 The Council has then to fix its own Tax Levy. This is the amount that it wishes to collect from the local taxpayer for its own purposes and takes into account its own net expenditure (excluding Special Items i.e. Parish Precepts and Special Expenses), Revenue Support Grant, Business Rate Income (NNDR) and Collection Fund surplus/deficit, if any. This figure is then divided by the tax base (44,967.37) to calculate the basic amount of Council Tax per annum at Band D for District purposes.
- 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 like a trust 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 £220,940 surplus on the Council Tax Collection Fund at 31 March 2005 was made, by law, by the Head of Financial Services under Council authorised powers, on 14 January 2005. Of this amount, £25,650 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.
- 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 2005. This surplus accrues solely to Salisbury District Council's General 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 COUNCIL TAX

- 8.1 The City Area Committee is financed by the City Precept, which is levied upon the residents of Salisbury City in the same way as the Parish Precepts.
- 8.2 The City Area Committee has two of its own Reserve Accounts. One was set up after the sale of allotment land and the other Reserve Account was set up following the Committee's meeting on 31st January, 2001 to earmark resources for a new cemetery. City Area reserves are used to finance capital and special items of expenditure together with any deficit from the allotments. Interest earned on the invested Reserve balance is added to the account each year and at the end of the financial year, any underspends results in income being added back to the Reserve account. Any overspend would reduce the balance.

- 8.3 Members should note that if the reserves were to be fully utilised, any further proposed expenditure would have to be funded through the City Precept. Officers recommend that a prudent minimum level of reserves is £40,000.
- 8.4 The Council Tax Base was fixed for the City at 14,975.93 for 2005/2006 (14,810.21 2004/2005) by the Council at its meeting on 6th December 2004.
- 8.5 The Committee is meeting on 25th January 2005, after this Cabinet item is printed. They will recommend a Council Tax at that meeting.

9. FORMAL TAX RESOLUTIONS AND RECOMMENDATIONS

- 9.1 The Cabinet is required to recommend to the Council on 16th February 2005, 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 Areas.

10. IMPLICATIONS

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| 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 2005/2006

% INCREASE	0%	1%	2.5%	3.75%	5%	6%	7.5%	9%	10%
MONETARY (DECREASE)/INCREASE PER ANNUM	0.00	£1.06	£2.66	£3.99	£5.31	£6.38	£7.97	£9.57	£10.63
MONETARY (DECREASE)/INCREASE PER WEEK	0.00	£0.02	£0.05	£0.08	£0.10	£0.12	£0.15	£0.18	£0.20
	£	£	£	£	£	£	£	£	£
BAND D COUNCIL TAX	106.29	107.35	108.95	110.28	111.60	112.67	114.26	115.86	116.92

RESOURCES

	£	£	£	£	£	£	£	£	£
LOCAL FUNDING	4,779,578	4,827,373	4,899,067	4,958,812	5,018,556	5,066,469	5,138,046	5,209,739	5,257,535
COLLECTION FUND SURPLUSES/(DEFICITS)	25,662	25,662	25,662	25,662	25,662	25,662	25,662	25,662	25,662
EXTERNAL FUNDING (provisional)	6,662,100	6,662,100	6,662,100	6,662,100	6,662,100	6,662,100	6,662,100	6,662,100	6,662,100

TOTAL RESOURCES	11,467,340	11,515,135	11,586,829	11,646,574	11,706,318	11,754,231	11,825,808	11,897,501	11,945,297
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<u>BUDGET REQUIREMENT (STANDSTILL)</u>	11,015,860	11,015,860	11,015,860	11,015,860	11,015,860	11,015,860	11,015,860	11,015,860	11,015,860
Portfolio Growth Bids	1,299,000	1,299,000	1,299,000	1,299,000	1,299,000	1,299,000	1,299,000	1,299,000	1,299,000
Increased Income	(269,000)	(269,000)	(269,000)	(269,000)	(269,000)	(269,000)	(269,000)	(269,000)	(269,000)
Potential Savings/ New Income	(379,500)	(379,500)	(379,500)	(379,500)	(379,500)	(379,500)	(379,500)	(379,500)	(379,500)
Non Recurring Revenue Growth bf from 2004/2005	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
Non Recurring Revenue Growth 2005/2006	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000

BUDGET REQUIREMENT 2004/2005	11,901,360	11,901,360	11,901,360	11,901,360	11,901,360	11,901,360	11,901,360	11,901,360	11,901,360
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Surplus/(Deficit)	(434,020)	(386,225)	(314,531)	(254,786)	(195,042)	(147,129)	(75,552)	(3,859)	43,937
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Council Tax base 44967.33
£1 increase raises £44967
1% raises £47795