

additional papers 1



Executive Committee

Monday 24th February
2014
7.00 pm

Council Chamber
Town Hall
Redditch



www.redditchbc.gov.uk

Executive

Committee

24th February 2014

7.00 pm

Council Chamber, Town Hall

5. Medium Term Financial Plan 2014/15 - 2016/17

(Pages 1 - 10)

Exec Director (Finance and
Corporate Resources)

To enable Members to consider the revenue budget for 2014/15 and set the council tax.

Appendices are attached setting out the Council tax resolution as referred to at recommendation no.6 in the report. **Councillors, please bring these documents with you to the Executive and Council meetings.**

All Wards

Executive Committee

Part A

20th February 2012

SETTING THE COUNCIL TAX FOR 2014/15

1. Background

Sections 31A to 36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011 provide for the calculation of a billing authority's Council Tax in accordance with specified formulae.

2. Key Issues

2.1 Council Tax Requirement

The Borough Council's recommended Council Tax Requirement for its own purposes is £5.264 million.

2.2 Feckenham Parish Council Precept

In calculating its Council Tax Requirement a billing authority has to take account of the amount of any precept issued to it for the year concerned by a local precepting authority. Feckenham Parish Council has notified the Borough Council that its precept for 2014/15 will be £8,300.

2.3 Local Government Finance Bill and Business Rates Retention Scheme

From 2013/14 the Council will retain 50% of the business rates they collect locally; 50% will be paid over to the government and will be returned to local authorities as Revenue Support Grant, after any reductions in the total amount are made to enable the government to achieve its public expenditure targets. A system of top-ups and tariffs has been established to allow locally retained business rates to be redistributed from high business rate yield authorities to low yield authorities. Local authorities will be able to retain a proportion of business rate growth or conversely will experience a fall in resources if the business rate base declines.

2.4 Collection Fund Surplus

Under Sections 97(3) and 97(4) of the Local Government Finance Act 1988 any estimated surplus or deficit on the collection fund at the 31st of March 2014 is to be taken into account by the billing authority in calculating its Council Tax for the year beginning the 1st of April 2014. It is estimated that there will be a £264,826 surplus at the 31st of March.

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Part A

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2.4 Collection Fund Tax Base

With the introduction of the Council Tax Support Scheme, the base has been calculated and adjusted by the estimated amount of Council Tax Support discounts awardable.

The Council Tax support is estimated using data as at 30th November 2013. The Council will receive a grant for the financial year for an estimated 90% of Council Tax Support payable; this will be set and not varied with changes in the number of discounts awarded under the Council Tax Support

The Executive meeting on the 15th of January 2014 set the Council Tax Base for 2014/15 at 24,656.96 Band D equivalent properties for the whole of the Borough. The calculation is reproduced later in this appendix.

2.6 Calculation of the Borough Council Element of the Council Tax for 2014/15

This is prescribed by formulae contained in Sections 31B and 34 of the Act. The results of applying the formulae to the above data are detailed later in this appendix.

The average Council Tax for Redditch (excluding local precepts) will be £213.49 as detailed in the Appendix subject to any further decisions taken by the Committee. When compared to the 2013/14 tax there is a 1.9% increase.

The Council Tax Requirement has increased by 5.6%, whereas the external funding provided by the Government has decreased by 11.8% when compared to the actual Formula Grant for 2013/14.

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Part A

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Redditch Borough Council Tax Base 2014/15

	Number of dwellings Band D equivalent	Changes in base (discounts etc)	1% Non- collection	Tax base
Redditch Borough Council total	30,849.44	-5,943.42	-249.06	24,656.96
Parish of Feckenham	403.67	-35.21	-3.68	364.78
Rest of the Borough	30,445.77	-5,908.21	-245.38	24,292.18

Calculation of the Council Tax 2014/15

**Stage 1 - Calculation of tax for Band D assuming no parish area
(Section 31(B)(1) Local Government Act 1992)**

Formula: $\frac{R}{T}$

Where: R = Council Tax Requirement
T = Council Tax base

$$\frac{\pounds 5,264,113}{24,656.96} = \pounds 213.4940 \text{ (Basic Amount of Tax)}$$

**Stage 2 - Calculation of tax for Band D for areas with no parish
precept (Section 34(2) Local Government Act 1992)**

Formula: $B - \frac{A}{T}$

Where: B = Basic Amount of Tax
A = Parish Precepts
T = Tax base

$$\pounds 213.4940 - \frac{\pounds 8,300}{24,656.96} = \pounds 213.1574$$

**Stage 3- Calculation of tax for Band D for areas with parish precept
(Section 34(3) Local Government Act 1992)**

Formula: $C + \frac{S}{TP}$

Where: C = Council Tax for areas without parish precept
S = Parish Precept
TP = Tax base for parish

$$\pounds 213.1574 + \frac{\pounds 8,300}{364.78} = \pounds 235.9108$$

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Stage 4 - Calculation of tax for valuation bands (Section 36 Local Government Act 1992)

Formula: $A \times \frac{N}{D}$

Where: A = Council Tax for Band D
N = Valuation Band proportion
D = Band D proportion

Band	Proportion	Redditch	Feckenham
A	6/9	£142.10	£157.27
B	7/9	£165.79	£183.49
C	8/9	£189.47	£209.70
D	1	£213.16	£235.91
E	11/9	£260.53	£288.34
F	13/9	£307.89	£340.76
G	15/9	£355.26	£393.18
H	18/9	£426.31	£471.82

Executive Committee

Part B

21st February 2011

THE COLLECTION FUND

1. Background

The Local Government Finance Act 1988 requires each billing authority to maintain a Collection Fund. Throughout the year payments and transfers relating to Council Tax and Non Domestic Rates are made into and out of the Collection Fund. The payments and transfers are those prescribed by the 1988 Act as amended by the 1992 Act and subsequent amendments) including income from Council Tax payers and Business Rate payers, Council Tax Benefits and payments to precepting authorities.

2. Key issues

2.1 Precepts

- a) Worcestershire County Council, the Police and Crime Commissioner for West Mercia and Hereford and Worcester Fire and Rescue Authority set their budgets for 2014/15 in February 2014.
- b) They are required to notify the Borough Council of their Council Tax requirements (Precepts). The precepts are calculated by apportioning their budget requirements between the district councils based on the number of Band D equivalent properties. These charges are included in the Council Tax bills issued during March.
- c) After taking account of Collection Fund balances Redditch taxpayers will pay £26.3million towards the County Council's budget requirement. The County Council's element of the Council Tax will be £1,059.22 for a Band D property, an increase of 1.94% on 2013/14.
- d) The Police and Crime Commissioner for West Mercia require £4.526 million from taxpayers in Redditch. The Police have set a Council Tax of £182.28 for a Band D property, an increase of 1.99% on 2013/14.
- e) The Hereford and Worcester Fire & Rescue Authority require £1.864 million from taxpayers in Redditch. The Fire & Rescue Authority have set a Council Tax of £75.06 for a Band D property, an increase of 1.93% on 2013/14.

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Part B

21st February 2011

Summary of demands on Collection Fund 2014/15	
Precept/demand	£'000
Worcestershire County Council	26,300
Redditch Borough Council	5,301
Police & Crime Commissioner for West Mercia	4,526
Hereford and Worcester Fire & Rescue Service	1,864
Total demand on Collection Fund	37,991

2.2 Collection Fund balance

a) The Council is required to calculate the estimated position on the Collection Fund at the 31st of March 2014. Any estimated surplus or deficit arising from Council Tax transactions must be apportioned between the County Council, Hereford and Worcester Fire and Rescue Authority, the Borough Council and the Police and Crime Commissioner for West Mercia.

b) It is estimated that the Collection Fund balance at 31st of March 2014 will be a surplus of £264,826.

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Part C

20th February 2012

RECOMMENDATIONS

The Committee is asked to RECOMMEND that

- 1) it be noted that at its Executive Committee meeting on the 15th of January 2014 Council calculated the following amounts for the year 2014/15 in accordance with regulations made under Section 33 (5) of the Local Government Finance Act 1992:**

- a) 24,656.96**

Being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year (item T in the formula in Section 31B of the Local Government Finance Act 1992 as amended (the 'Act'));

- b) Feckenham Parish – 364.78**

being the amount calculated by the Council, in accordance with regulation 6 of the regulations, as the amount of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate (item TP in the formula in Section 34(3) of the Act);

- 2) the following amounts be now calculated by the Council for the year 2014/15 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:**

- a) £88,769,043**

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 the precept issued by Feckenham Parish Council.

(2014/15 Gross General Fund Expenditure)

- b) £83,504,930**

being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.

(2014/15 Gross General Fund Income)

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- c) **£5,264,113**
being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(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).

(2014/15 Council Tax Requirement)

- d) **£213.49**
being the amount at 2 (c) above (item R) divided by the amount at 1 (a) above (item T), calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of Council Tax for the year (including parish precept).

(The average amount Band D properties pay for Redditch Borough Council services)

- e) **£8,300**
being the aggregate amount of all special items (Parish precepts) referred to in Section 34 (1) of the Act;

(Feckenham Parish Precept)

- f) **£213.16**
being the amount at 2(d) above less the result given by dividing the amount at 2(e) above by the amount at 1(a) (item T) above, calculated by the Council, in accordance with Section 34 (2) of the Act, as the basic amount of Council Tax for dwellings in those parts of the area to which no special item relates.

(The amount Band D properties pay (except within the Parish of Feckenham) for Borough Council Services)

- g) **£235.91**
being the amount given by adding to the amount at 2(f) above, the amount of the special item relating to the Parish of Feckenham, divided by the amount in 1(b) above (item TP), calculated by the Council, in accordance with Section 34 (3) of the Act, as the basic amount of its Council Tax for the year for dwellings in the Parish of Feckenham;

(The amount Band D properties pay within the Parish of Feckenham for Borough Council Services including the Parish Precept)

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h)

Valuation Band	Proportion of Band D tax paid	Part of Council's area	
		Parish of Feckenham £	All other parts of the Councils area £
A	6/9	157.27	142.10
B	7/9	183.49	165.79
C	8/9	209.70	189.47
D	1	235.91	213.16
E	11/9	288.34	260.53
F	13/9	340.76	307.89
G	15/9	393.18	355.26
H	18/9	471.82	426.31

being the amounts given by multiplying the amounts at 2(f) and 2(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 dwelling listed in different valuation bands;

- 3) **it be noted that, for the year 2014/15, Worcestershire County Council, the Police & Crime Commissioner for West Mercia and Hereford and Worcester Fire and Rescue Service have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:**

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Valuation Band	Proportion of Band D tax paid	Precepting Authority		
		Worcestershire County Council	Police & Crime Commissioner for West Mercia	H & W Fire & Rescue Authority
		£	£	£
A	6/9	706.15	121.52	50.04
B	7/9	823.84	141.77	58.38
C	8/9	941.53	162.02	66.72
D	1	1,059.22	182.28	75.06
E	11/9	1,294.60	222.78	91.74
F	13/9	1,529.99	263.29	108.43
G	15/9	1,765.37	303.80	125.10
H	18/9	2,118.44	364.55	150.11

- 4) having calculated the aggregate in each case of the amounts at 2(h) and 3 above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown below:

Valuation Band	Proportion of Band D tax paid	Part of Council's area	
		Parish of Feckenham	All other parts of the Council's area
		£	£
A	6/9	1,034.98	1,019.81
B	7/9	1,207.48	1,189.78
C	8/9	1,379.97	1,359.74
D	1	1,552.47	1,529.72
E	11/9	1,897.46	1,869.65
F	13/9	2,242.47	2,209.60
G	15/9	2,587.45	2,549.53
H	18/9	3,104.92	3,059.41

- 5) the level of General Fund balances to be utilised in 2014/15 be zero;
- 6) the Council's relevant basic amount of Council Tax for 2014/15 is not excessive in accordance with the principles determined for the year by the Secretary of State under Section 52ZB Local Government Act 1992.
As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2014/15 is excessive and the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Act 1992.