

BUDGET AND COUNCIL TAX SETTING 2016/17 - UPDATE

Council - 16 February 2016

Report of Chief Finance Officer

Status: For Decision

Key Decision: No

Executive Summary: Since the Budget and Council Tax Setting 2016/17 report was presented to Cabinet on 4 February 2016, the Government has published the Final Local Government Finance Settlement 2016/17.

In the final settlement there was a change to the Council Tax referendum limit for district councils. Previously the limit was 2%, now the limit is the higher of 2% or £5.

The original report and appendices were based on a Council Tax increase of 1.96% (£3.78) in 2016/17. This update report and appendices are based on a Council Tax increase of 2.57% (£4.95) in 2016/17.

Council are requested to EITHER approve the recommendations in this report for a 2.57% increase or the original report for a 1.96% increase.

Portfolio Holder Cllr. Searles

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Recommendation to Council:

- (a) The Summary of Council Expenditure and Council Tax for 2016/17 set out in Appendix E be approved.
 - (b) Approve the 10-year budget 2016/17 to 2025/26 which is the guiding framework for the detailed approval of future years' budgets set out in Appendix B to the report, including the growth and savings proposals set out in Appendix C-D to the original report, and that where possible any variations during and between years be met from the Budget Stabilisation Reserve: and
 - (c) The changes to reserves and provisions set out in Appendix H to the original report be approved.
 - (d) Members' views are sought on the issue of Council Tax Support funding for
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Town and Parish Councils and one of the following options be approved:

- i. No funding is passed to Town and Parish Councils for Council Tax Support in 2016/17;
- ii. An amount of funding is passed to Town and Parish Councils for Council Tax Support in 2016/17 equivalent to the amount passed on in 2013/14 less 78% (the Council's reduction in Revenue Support Grant);
- iii. A different amount is passed to Town and Parish Councils for Council Tax Support in 2016/17.

(e) Due to their length and complexity, the further recommendations have been produced as a separate document (Appendix L).

Introduction and Background

- 1 The Provisional Local Government Finance Settlement for 2016/17 was announced on 17 December 2015 together with indicative figures for 2017/18 to 2019/20. Details of this are included in the original Budget and Council Tax Setting 2016/17 report that was presented to Cabinet on 4 February 2016 and included in the Council agenda papers.
- 2 Following the Provisional Settlement there was a consultation period and then the Final Local Government Finance Settlement for 2016/17 was announced on 8 February 2016.

Settlement Changes

- 3 The Final Settlement included the following changes that affect this council:

Council Tax Referendum Limit

- 4 The referendum limit refers to the level of council tax increase before a referendum for residents is required.
- 5 In the Provisional Settlement the referendum limit for district councils was 2%. The Council Tax increase included in the original report was 1.96% (£3.78) resulting in the District's Council Tax being £196.95 for a Band D property in the year. It was £192.87 in 2015/16.
- 6 In the Final Settlement the referendum limit for district councils has been increased to the higher of 2% or £5. The Council Tax increase included in this report is 2.57% (£4.95) resulting in the District's Council Tax being £197.82 for a Band D property in the year. This Council Tax increase is reflected in the appendices to this report.

- 7 The reason why the amounts are slightly below the referendum limits is because it is recognised good practice that Band D Council Tax is divisible by 9 due to the way in which amounts for each band are calculated.

Tariff Adjustment

- 8 In the Provisional Settlement a 'tariff adjustment' was included for the first time which is in effect a negative Revenue Support Grant (RSG) which would have resulted in this council paying the Government £130,000 in 2017/18, £580,000 in 2018/19 and £1.083m in 2019/20.
- 9 The Final Settlement no longer includes 'tariff adjustments' in 2017/18 or 2018/19. £1.083m is still included in the indicative figures for 2019/20; however the Minister did indicate that the changes to the Business Rates Retention Scheme in 2019/20 would mean that the adjustment would not be relevant for that year anyway.
- 10 This change has no impact on the 10-year budget.

Transition Grant

- 11 A Transition Grant has been included in the Final Settlement that was not in the Provisional Settlement. At this point it is not clear how this grant was determined. The amounts for this council are £152,000 in 2016/17 and £123,000 in 2017/18.
- 12 Up until 2015/16 an amount was included in the RSG for Homelessness (£90,000 in 2015/16) but is no longer included in 2016/17. It is intended to use the Transition Grant to replace the Homelessness funding for two years before an alternative solution is required.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

As included in the original report

Equality Assessment

As included in the original report.

Community Impact and Outcomes

As included in the original report.

Conclusions

The change to the Council Tax Referendum limit for District Councils allows this council to increase Council Tax by 2.57% (£4.95). This would result in the District's Council Tax for a Band D property to be £197.82 in 2016/17.

The recommendations and appendices to this report reflect this Council Tax amount.

Appendices

Updated Appendix B - 10-year budget

Updated Appendix E - Summary of Council Expenditure and Council Tax

Updated Appendix L - Council tax setting recommendations

Updated Appendix M - Council tax rates across the district

Other appendices are included in the original report as they are not affected by a Council Tax change.

Background Papers:

As included in the original report.

Adrian Rowbotham
Chief Finance Officer