

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

12 February 2013

Supplementary Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance

Part 1- Public

Matters for Recommendation to Council

1 SETTING THE COUNCIL TAX 2013/14

This report takes Cabinet through the process of setting the level of Council Tax for the financial year 2013/14 and seeks Cabinet's recommendations.

1.1 Introduction

1.1.1 The legislative framework for the setting of Council Tax is Chapter III of the Local Government Finance Act 1992. Section 30 requires that for each financial year and for each category of dwelling in its area, a billing authority shall set an amount of Council Tax.

1.1.2 The amount set will be the aggregate of the amount set by the billing authority under Sections 31A and 36 of the Act and the amounts set by major precepting authorities under Sections 42A, 42B and 45 to 47 of the Act.

1.2 Amounts of Council Tax to be set by the Billing Authority

1.2.1 The process is that, having determined the billing authority's tax requirement, this sum is initially divided by the tax base to determine the overall level of tax, inclusive of Parish Precepts for the billing authority. The tax base for 2013/14, which was reported to the Finance & Property Advisory Board on 9 January, is set out at **[Annex 1]** for information.

1.2.2 The resultant figure represents an average charge within the Borough for both Borough and Parish Council requirements. As part of the statutory process, this average is recorded on the Council's council tax resolution, which we refer to later. As Cabinet is aware, however, the average charge does not apply to any of the areas within the Borough other than by coincidence. In order to calculate the levels of tax for each of the areas within the Borough, it is necessary to determine the basic level of Council Tax that will apply to the whole of the Borough, and then calculate the additional charges relating to particular areas (i.e. parishes). This process determines the tax for Band D properties in each of those areas.

- 1.2.3 The tax for the full range of Band A to H properties is then established by using the ratios for each of the Bands as they relate to Band D. The relevant statutory ratios are as follows:

Table 1 - Band Ratio Relative to Band D

Band	Ratio to Band D
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

- 1.2.4 The level of tax set by the major precepting authorities, Kent County Council, Kent Police Authority and the Kent & Medway Fire & Rescue Authority, is then added to establish the overall tax for each band in each part of the area.

1.3 Kent County Council / Kent Police / Kent & Medway Fire and Rescue Precept

- 1.3.1 At the time of writing, only one of the major precepting authorities has met to determine its respective precept for 2013/14.
- 1.3.2 The Kent Police Authority's precept and level of Council Tax was agreed at a meeting held on 5 February.
- 1.3.3 Kent County Council's Cabinet meeting took place on 23 January, at which a recommendation concerning its precept was made. The County Council's full Council meeting to confirm the precept is to be held on 14 February.
- 1.3.4 The Kent & Medway Fire and Rescue Authority's precept and level of Council Tax is due to be agreed on 13 February.

1.4 Draft Resolution

- 1.4.1 Attached at **[Annex 2]** is a draft resolution which seeks to identify for Cabinet the processes which have to be undertaken to arrive at the levels of Council Tax

applicable to each part of the Borough. The parts in bold type seek to explain each calculation.

- 1.4.2 Members will be aware that it is usual for us to prepare, at this point, a draft resolution incorporating the anticipated council tax figures for the borough council and the parishes. However, this year, given the debate that needs to take place regarding the merits (or otherwise) of a freeze in council tax as opposed to an increase, we have agreed that it would not be appropriate to replicate this.
- 1.4.3 Instead, the resolution itself incorporating the Borough Council's budget and Parish Council precept information and council tax levels for all major precepting authorities will be presented to the meeting of the Council on 14 February 2013.

1.5 Legal Implications

- 1.5.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 1.5.2 The Localism Act introduced a requirement for council tax referendums to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State and approved by the House of Commons.

1.6 Financial and Value for Money Considerations

- 1.6.1 As set out above.

1.7 Risk Assessment

- 1.7.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external advice on assumptions obtained where appropriate.
- 1.7.2 Under the provisions of the Localism Act, any increase in the relevant basic amount of council tax above the principles, however small, will require a referendum to be held which is a risk in itself.

1.8 Equality Impact Assessment

- 1.8.1 See 'Screening for equality impacts' table at end of report

1.9 Recommendations

1.9.1 Cabinet is asked to **note** the resolution, and **make recommendations** to full Council as appropriate.

Background papers:

contact: Sharon Shelton

Nil

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Chief Executive

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Director of Finance and Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	Council tax is payable by all those liable to pay council tax under legislation. A local council tax support scheme exists to assist those on low incomes.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	As above.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		See responses above.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.