

## **Budget Council**

23 February 2017

Report of the Deputy Chief Executive/ Director of Customer and Corporate Services  
(Portfolio of the Leader and Deputy Leader of the Council)

### **Council Tax Resolution 2017/18**

#### **Summary**

- 1 This report asks Members to approve the rate of council tax for 2017/18. Although the legal requirement is that the Council must have set a balanced budget and the council tax charge by 11 March it is important that council tax rates are approved at this meeting to allow sufficient time to produce and post council tax bills and meet all statutory deadlines.
- 2 This report sets out the resolution based on the assumption that the budget proposals recommended by Executive on 9 February 2017 are approved.
- 3 Members are reminded that the individual council tax bill is comprised of four elements - the amount levied for City of York Council, the amount precepted by the North Yorkshire Police and Crime Commissioner, the amount precepted by the North Yorkshire Fire and Rescue Authority and, for properties in a parished area of the city, the amount precepted by the individual Town or Parish Council.
- 4 The Localism Act 2011 made significant changes to the Local Government Finance Act 1992, and now requires the billing authority to calculate a council tax requirement for the year, not its budget requirement as previously. This is to help the council determine if it has set an excessive council tax increase, that would in turn trigger a local referendum. Principles set by the Secretary of State for Communities and Local Government determine that an increase in a council's basic rate of council tax of 2% is excessive.
- 5 In 2017/18 local authorities with responsibilities for adult social care have been given the flexibility to charge a further 3% in addition to the 2%

referendum limit. The additional 3% social care precept must be used to fund adult social care.

## **Background**

- 6 The Council's net revenue budget and capital programme were recommended by the 9 February 2017 Executive for approval by Council. Details appear earlier on this agenda.
- 7 At the time of writing this report the final government grant settlement has not yet been confirmed. At the Executive meeting on 9 February it was agreed that any changes between provisional grant settlement and final be reflected in amendments to the Contingency. Due to the final settlement not having been published no changes are currently proposed. The final settlement is expected to be received before the Council meeting, and if required an amended set of papers will be submitted to Council. This would have no effect on the council tax requirement but would change figures (a) and (b) in paragraph 19 by the same amount. This will have no effect on any other figures within the resolution.
- 8 The council tax levels to be proposed will include the precepts received from the parish councils, the North Yorkshire Police and Crime Commissioner and the North Yorkshire Fire and Rescue Authority. Members are reminded that the Council must word the resolution in precise language, as directed by legislation.

## Parishes

- 9 The total parish funding has increased by £37,863 (5.4%) to £733,068 from £695,205 in 2016/17. This figure includes grants totalling £30,020 provided by the council to parishes to protect against the effects of the localised council tax support scheme. Therefore, the total amount of council tax to be levied by parishes in 2017/18 is £703,048. This percentage increase masks a variety of changes from 1 reduction of 1.5%, 13 parishes that have frozen their funding, to an increase of 44% in one case. The individual precepts are only charged to the residents in that parish. The total rise in precepts over the last three years has been £103k (17%).

## North Yorkshire Police and Crime Commissioner

- 10 On 8 February 2017, the North Yorkshire Police and Crime Commissioner approved a 1.99% increase in the North Yorkshire Police and Crime Commissioner council tax (at £221.32 for a band D property) for 2017/18.

## North Yorkshire Fire and Rescue Authority

- 11 The Combined Fire Authority will meet on 17 February 2017 to confirm the precept value for the North Yorkshire Fire and Rescue Authority. This meeting will take place after publication of this paper, but before the Council meeting takes place. The proposal is to increase its council tax by 1.99% (to £67.19 for a band D property) for 2017/18.
- 12 It is assumed that this figure will be approved by the Combined Fire Authority. Any amendments to this figure will be notified to Council before the meeting.

## National Non-Domestic Rates (NNDR)

- 13 Business rates receipts are shared between central government, local government and North Yorkshire Fire & Rescue Authority. Receipts of business rates in each individual local authority area may or may not match the amount the government believes the authority needs to spend, so, at the outset of the scheme, amounts were equalised through a system of 'tariffs' and 'top-ups'. Authorities that collect more than the government believes they need to spend pay over a 'tariff' to government and those that collect less receive a 'top-up' to make up the difference.
- 14 Tariff authorities that are successful in growing their rates are also liable for 'levies' which scale back the rewards of growth – by as much as 50% in some cases.
- 15 Council is asked to note the following issues and figures related to the business rates retention scheme:
  - i) The NNDR1 form, approved by the Deputy Chief Executive/ Director of Customer & Corporate Services on 31 January 2017 under delegated powers projected business rates income for 2017/18 for the City of York of £100,356,963 and that of this,
    - a) £50,178,481 will be paid to Central Government as the central share.
    - b) £1,003,570 will be paid to North Yorkshire Fire & Rescue Authority as their proportion of the local share.
    - c) £49,174,912 will be retained by City of York Council as its proportion of the local share.
  - ii) City of York Council will pay a tariff to the government of £20,378,560, which is effectively netted off against the local share income.

- iii) The Business Rates Retention scheme allows groups of authorities to join together to form business rates pools. Pooling allows groups of 'tariff' and 'top-up' authorities to gain financial advantage by enabling levy payments to be paid to the pool rather than central government. City of York Council will continue its membership of the Leeds City Region Business Rates pool in 2017/18.
- 16 In April 2016 the two NNDR multipliers were 49.7p in the pound for normal properties and 48.4p in the pound for smaller properties (based upon the total rateable values of all properties held by a single owner). It has been announced that in April 2017 following business rates revaluation the multipliers will be 47.9p for normal properties and 46.6p for smaller properties.

**Council is recommended to resolve as follows:**

- 17 It be noted that on 8 December 2016 the Deputy Chief Executive/ Director of Customer and Corporate Services, under his delegated authority, calculated the council tax base for the year 2017/18:
- (a) for the **whole Council area** as 65,570.0 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
- (b) for those dwellings in those parts of its area to which a **Parish** precept relates as in column 1 in the attached Schedule A.
- 18 Calculate that the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish precepts) is £81,630,060.
- 19 That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:
- (a) £376,005,892.50 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 all precepts issued to it by Parish Councils.
- (b) £293,672,785.00 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £82,333,107.50 being the amount by which the aggregate at 14(a) above exceeds the aggregate at 14(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].

- (d) £1,255.65 being the amount at 14(c) above [Item R], all divided by Item T (12(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (e) £703,047.50 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Schedule A).
- (f) £1,244.93 being the amount at 14(d) above less the result given by dividing the amount at 14(e) above by Item T (12(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

- 20 To note that North Yorkshire Police and Crime Commissioner and the North Yorkshire Fire and Rescue Authority have issued precepts to the Council in accordance with Section 40 of the Act for each category of dwellings in the Council's area as indicated in the tables below.
- 21 That the Council, in accordance with sections 30 and 36 of the Act, hereby sets the aggregate amounts shown in the tables below, and at Schedule B for Parished areas, as the amounts of council tax for 2017/18 for each part of its area and for each of the categories of dwellings.

### City of York Council

| A      | B      | C        | D        | E        | F        | G        | H        |
|--------|--------|----------|----------|----------|----------|----------|----------|
| £      | £      | £        | £        | £        | £        | £        | £        |
| 829.95 | 968.28 | 1,106.61 | 1,244.93 | 1,521.58 | 1,798.23 | 2,074.88 | 2,489.86 |

### North Yorkshire Police and Crime Commissioner

| A      | B      | C      | D      | E      | F      | G      | H      |
|--------|--------|--------|--------|--------|--------|--------|--------|
| £      | £      | £      | £      | £      | £      | £      | £      |
| 147.55 | 172.14 | 196.73 | 221.32 | 270.50 | 319.68 | 368.87 | 442.64 |

### North Yorkshire Fire and Rescue Authority

| A     | B     | C     | D     | E     | F     | G      | H      |
|-------|-------|-------|-------|-------|-------|--------|--------|
| £     | £     | £     | £     | £     | £     | £      | £      |
| 44.79 | 52.26 | 59.72 | 67.19 | 82.12 | 97.05 | 111.98 | 134.38 |

### Aggregate of Council Tax Requirements (excluding Parished Areas)

| A        | B        | C        | D        | E        | F        | G        | H        |
|----------|----------|----------|----------|----------|----------|----------|----------|
| £        | £        | £        | £        | £        | £        | £        | £        |
| 1,022.29 | 1,192.68 | 1,363.06 | 1,533.44 | 1,874.20 | 2,214.96 | 2,555.73 | 3,066.88 |

- 22 Determine that the Council's basic amount of council tax for 2017/18 is not excessive in accordance with the principles approved under section 52ZB of the Act. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of council tax for 2017/18 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.