

Budget Council

22 February 2018

Report of the Deputy Chief Executive/Corporate Director of Customer and Corporate Services

(Portfolio of the Leader and Deputy Leader of the Council)

Council Tax Resolution 2018/19

Summary

- 1 This report asks Members to approve the rate of council tax for 2018/19. 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 8 February 2018 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 (CYC), 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 requires the billing authority to calculate a council tax requirement for the year. 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 Housing, Communities and Local Government determines that an increase in a council's basic rate of council tax of 3% is excessive.
- 5 In 2018/19 local authorities with responsibilities for adult social care have been given the flexibility to charge a further 3% in addition to the 3% 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 8 February 2018 Executive for approval by Council. Details appear earlier on this agenda.
- 7 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

- 8 The total parish funding has increased by £22,268 (3.0%) to £755,335 from £733,067 in 2017/18. This figure includes grants totalling £29,848 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 2018/19 is £725,487. This percentage increase masks a variety of changes from 1 reduction of 12%, 15 parishes that have frozen their funding, to an increase of 28% in one case. The individual precepts are only charged to the residents in that parish. The total rise in parish precepts over the last three years has been £102k (16%).

North Yorkshire Police and Crime Commissioner

- 9 On 6 February 2018, the North Yorkshire Police and Crime Commissioner approved a 5.2% increase in the North Yorkshire Police and Crime Commissioner council tax (at £232.82 for a band D property) for 2018/19.

North Yorkshire Fire and Rescue Authority

- 10 The Combined Fire Authority will meet on 16 February 2018 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 2.99% (to £69.20 for a band D property) for 2018/19.
- 11 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)

- 12 In September 2017 the Government announced a decision to proceed with the expansion of the pilot programme for 100% business rates retention for 2018/19. These pilots will run for one year only.
- 13 These new pilots will run alongside the current 100% pilots which have been in operation since April 2017 and are intended to test more technical aspects of 100% retention, to test authorities' strategic decision-making over wider geographical areas and also to test the administrative aspects of 100% retention.
- 14 An application together with the current members of the Leeds City Region (LCR) business rates pool was submitted and has been successful. On 7 December 2017 Executive approved the council's inclusion in the pilot.
- 15 The inclusion in the 100% business rates pilot in 2018/19 means that the council will forego Revenue Support Grant (RSG) in 2018/19. The council will retain 99% of business rates but the 'tariff' and baselines are recalculated so that after taking into account the loss of RSG the effect on each individual authority is cost neutral as a starting point (excluding retained growth).
- 16 Although the pilot is for one year only in 2018/19, it is possible that this period will be extended if the government continue to roll out the scheme nationally.
- 17 The benefits of the 100% retention, along with national changes to business rates in future years, will see two main impacts as set out below.
- 18 Firstly, an increase in the amount of growth in business rates retained by the Council. This is assumed at £800k for 2018/19 and this is anticipated to continue in future years. This £800k has been used to provide an additional contingency sum for 2018/19 for adult social care.
- 19 Secondly, the council will benefit from one off gains from the pilot in relation to the 100% retention of business rate growth. As the Pilot is only for 1 year, these gains cannot be assumed as ongoing. The value of these gains is anticipated to be in the region of £2m direct to CYC. Total gains from the pilot for the LCR pool (which are to be shared amongst all pool members subject to determination by the Pool Committee) are estimated at £15m.
- 20 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/Corporate Director of Customer & Corporate Services on 31 January 2018 under delegated powers projected business rates income for 2018/19 for the City of York of £100,402,476 and that of this,
 - a) £1,004,025 will be paid to North Yorkshire Fire & Rescue Authority as their proportion of the local share.
 - b) £99,398,451 will be retained by City of York Council as its proportion of the local share. City of York Council will pay a tariff to the government, which is effectively netted off against this income. The council is projecting retained business rates income in 2018/19 of £34,353,032.
- 21 In 2018/19 the small business non-domestic multiplier will increase from 46.6p to 48.0p (a 3.0% increase, in line with the September 2017 CPI). The provisional non-domestic multiplier will increase from 47.9p to 49.3p (this is the multiplier used to calculate bills for large businesses with Rateable Value greater than £15,000).

Council is recommended to resolve as follows:

- 22 It be noted that on 25 November 2017 the Deputy Chief Executive/Corporate Director of Customer and Corporate Services, under his delegated authority, calculated the council tax base for the year 2018/19:
- (a) for the **whole Council area** as 66,671.1 [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.
- 23 Calculate that the Council Tax requirement for the Council’s own purposes for 2018/19 (excluding Parish precepts) is £85,897,710.
- 24 That the following amounts be calculated for the year 2018/19 in accordance with Sections 31 to 36 of the Act:
- (a) £385,302,821 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) £298,679,624 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £86,623,197 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) £1,299.26 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) £725,487 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) £1,288.38 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.

25 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.

26 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 2018/19 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
£	£	£	£	£	£	£	£
858.92	1,002.07	1,145.22	1,288.38	1,574.69	1,860.99	2,147.30	2,576.76

North Yorkshire Police and Crime Commissioner

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
155.21	181.08	206.95	232.82	284.56	336.30	388.03	465.64

North Yorkshire Fire and Rescue Authority

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
46.13	53.82	61.51	69.20	84.58	99.96	115.33	138.40

Aggregate of Council Tax Requirements (excluding Parished Areas)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,060.26	1,236.97	1,413.68	1,590.40	1,943.83	2,297.25	2,650.66	3,180.80

- 27 Determine that the Council's basic amount of council tax for 2018/19 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 2018/19 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.