

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – THURSDAY, 23 FEBRUARY 2017

Title of report	BUDGET AND COUNCIL TAX 2017/18
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Purpose of Report	To allow the Council to approve the 2017/18 budgets and the appropriate Council Tax setting resolution.
Reason for Decision	To approve the General Fund, Special Expenses & HRA Revenue budgets and Capital Programmes, associated Treasury Management policies and set the Council Tax for 2017/18.
Council Priorities	The budget assists the Council to achieve all its priorities.
Implications	
Financial / Staff	Detailed in the reports to Cabinet which are provided as appendices to this report.
Links to relevant CAT	The budget is relevant to all Corporate Action Teams
Risk Management	Arrangements are in place for regular monitoring of the Council's revenue and capital budgets. The appropriate management action will be taken where variations are projected.
Equalities Impact Screening	No impact identified.
Human Rights	None identified
Transformational Government	Not applicable
Comments of Head of Paid Service	The report is satisfactory.

Comments of Deputy Section 151 Officer	As report author, the report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Cabinet, Policy Development Group, Members of Labour Group, Representatives of the Business Community, Parish Councils, Staff, Trade Unions
Background Papers	Reports and minutes of Cabinet , 7 February 2017
Recommendations	<p>COUNCIL IS RECOMMENDED:</p> <ol style="list-style-type: none"> 1. TO NOTE THE LEVEL OF RESERVES AND ASSURANCE STATEMENT BY THE DEPUTY SECTION 151 OFFICER - APPENDIX 1; 2. TO APPROVE THE TRANSFER OF THE BUDGETED SURPLUS INCOME OVER EXPENDITURE IN 2017/18 TO AN EARMARKED RESERVE FOR FURTHER CONSIDERATION AFTER COMPLETION OF THE 2016/17 ACCOUNTS; 3. TO APPROVE THE FORECASTED SURPLUS INCOME OVER EXPENDITURE IN 2016/17 IS TRANSFERRED TO THE SPECIAL PROJECTS RESERVE; 4. TO APPROVE THE GENERAL FUND REVENUE BUDGET FOR 2017/18; 5. TO APPROVE THE SPECIAL EXPENSES BUDGET FOR 2017/18; 6. TO APPROVE THE SPECIAL EXPENSES PRECEPTS FOR 2017/18; 7. TO FREEZE THE DISTRICT COUNCIL TAX IN 2017/18; 8. TO APPROVE THE DECREASE IN COUNCIL HOUSE RENTS FOR 2017/18 BY 1% (AVERAGE OF 83 PENCE PER WEEK); 9. TO APPROVE THE INCREASE OF 2% (13 PENCE PER WEEK) IN GARAGE RENTS FOR 2017/18; 10. TO APPROVE THE REDUCTION IN CENTRAL HEATING CHARGES FOR 2017/18 BY 10%; 11. TO APPROVE THE AVERAGE INCREASE OF 1.03% (7 PENCE PER WEEK) IN SERVICE CHARGE FOR 2017/18; 12. TO APPROVE THE GROUND RENT INCREASE AT

APPLEBY MAGNA CARAVAN SITE OF 2% (62 PENCE PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2017/18;

13. TO APPROVE THE LIFELINE CHARGES INCREASE OF 8% (79 PENCE PER WEEK) FOR PRIVATE CUSTOMERS AND 2% FOR REGISTERED PROVIDER CUSTOMERS FROM APRIL 2017;

14. TO APPROVE THE HOUSING REVENUE ACCOUNT (HRA) BUDGET FOR 2017/18 – APPENDIX 2;

15. TO APPROVE THE GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HRA CAPITAL PROGRAMMES AND PLANNED FINANCING FOR 2017/18;

16. TO APPROVE CAPITAL EXPENDITURE IN 2017/18 AND CAPITAL EXPENDITURE IN 2018/19 FOR THE VEHICLE REPLACEMENT PROGRAMME ONLY;

17. TO APPROVE THE REMAINDER OF THE CAPITAL PROGRAMMES 2018/19 TO 2020/2021 AS INDICATIVE ONLY AT THIS STAGE.

18. TO DELEGATE AUTHORITY TO THE DEPUTY S151 OFFICER IN CONSULTATION WITH THE PORTFOLIO HOLDER (CORPORATE) TO MAKE ANY NECESSARY AMENDMENTS TO THE BUDGET FOLLOWING RECEIPT OF THE FINAL GOVERNMENT SETTLEMENT.

19. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2017/18 IN ACCORDANCE WITH SECTION 31B OF THE LOCAL GOVERNMENT FINANCE ACT AS AMENDED;

(1) 31,262 BEING THE AMOUNT CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 3 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE) (ENGLAND) REGULATIONS 2012, AS ITS COUNCIL TAX BASE FOR THE YEAR.

(2) THE AMOUNTS SPECIFIED IN TABLE 1 (APPENDIX 5) OF THIS REPORT BEING THE AMOUNTS CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH SECTION 34 OF THE LOCAL GOVERNMENT FINANCE ACT 1992, AS THE AMOUNTS OF ITS COUNCIL TAX BASE FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

20. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2017/18 IN ACCORDANCE WITH SECTIONS 31A AND 31B

OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:

- (1) DISTRICT / PARISH GROSS EXPENDITURE**
£61,008,336 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (2) OF THE ACT.
- (2) INCOME**
£53,772,434 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (3) OF THE ACT.
- (3) DISTRICT / PARISH NET EXPENDITURE**
£7,235,903 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 20(1) ABOVE EXCEEDS THE AGGREGATE AT 20(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A (4) OF THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.
- (4) BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)**
£231.46 BEING THE AMOUNT AT 20(3) ABOVE, DIVIDED BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL'S AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31 B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.
- (5) PARISH PRECEPTS/SPECIAL EXPENSES**
£ 2,278,424 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.
- (6) BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)**
£158.58 BEING THE AMOUNT AT 20(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 20(5) ABOVE BY THE AMOUNT AS STATED AS THE COUNCIL TAX BASE FOR THE WHOLE OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(2) OF THE ACT, AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH NO SPECIAL ITEM RELATES.
- (7) BASIC AMOUNT OF TAX (PARISHED AREAS)**
THE AMOUNTS LISTED IN COLUMN 5 OF TABLE 2

TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO THE AMOUNT AT 20(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE COUNCIL'S AREA MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(3) OF THE ACT AS THE BASIC AMOUNTS OF ITS COUNCIL TAX FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

(8) DISTRICT /PARISH COUNCIL TAX RATES

THE AMOUNTS SET OUT IN TABLE 3 TO THIS REPORT BEING THE AMOUNTS GIVEN BY MULTIPLYING THE AMOUNTS AT 20(6) AND 20(7) 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.

21. MAJOR PRECEPTING AUTHORITIES

THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE 4 TO THIS REPORT ARE THE AMOUNTS NOTIFIED BY LEICESTERSHIRE COUNTY COUNCIL, LEICESTERSHIRE POLICE AND CRIME COMMISSIONER AND THE COMBINED FIRE AUTHORITY IN ACCORDANCE WITH SECTION 40 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS THEIR PRECEPTS FOR 2017/18 FOR EACH OF THE CATEGORIES OF DWELLINGS LISTED.

22. COUNCIL TAX RATES – ALL BANDS

THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 20(8) (TABLE 3) AND 21 (TABLE 4) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2017/18 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE 5.

	<p><u>23. REFERENDUMS RELATING TO COUNCIL TAX INCREASES</u> TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2017/18 IS NOT EXCESSIVE.</p> <p><u>24. TREASURY MANAGEMENT STRATEGY</u> TO APPROVE THE TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18, PRUDENTIAL INDICATORS 2016/17 (REVISED) AND 2017/18 – 2019/20, AND ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2017/18.</p>
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1. INTRODUCTION

- 1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2017/18 together with their respective Capital Programmes.
- 1.2 It also has a statutory requirement under the Local Government Finance Act 1992 (as amended) to set the Council Tax for its area for a financial year by 11 March of the preceding financial year.
- 1.3 This action of setting the Council Tax (recommendations 18 to 22) flows from the approval of the budgets and capital programmes. The wording of the recommendations for this is largely prescribed.
- 1.4 The Council Tax setting part of this report is based on the assumption that Leicestershire County Council, Leicestershire Police Authority and the Combined Fire Authority all approve the precepts the Council has been informally advised of and it may be necessary to amend parts of this report when the Council receives formal notifications.
- 1.5 As the relevant meetings of these bodies may not take place until after the issue of this report, any changes made by any of them will be reflected in a revised paper which may need to be tabled at the meeting.

2. BUDGETS AND CAPITAL PROGRAMMES

- 2.1 The 2017/18 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by the Cabinet on 7 February 2017. Copies of the respective detailed reports to the Cabinet are attached as follows:
 - General Fund and Special Expenses Revenue Budgets – Appendix 1
 - Housing Revenue Account Budget Proposals – Appendix 2
 - Capital Programmes – Appendix 3
- 2.2 The Cabinet is making the recommendations 1 to 18 inclusive set out at the front of this report.
- 2.3 The final settlement from Central Government has not been published at the time of this report. It is recommended to delegate the authority to the Deputy S151 Officer in consultation with the Portfolio Holder (Corporate) to make any necessary amendments to the Budget, following receipt of the final local government settlement.

3. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 3.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Deputy Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 3.2 Taking into account identified risks, the Deputy Section 151 Officer, as required by Section 25 of the Local Government Act 2003 considers that the estimates which form the General Fund and Special Expenses budgets are robust; the proposals are deliverable and will produce a balanced budget for 2017/18.
- 3.3 The Housing Revenue Account estimates are similarly considered to be robust.
- 3.4 The budget report to Cabinet shows the estimated position for the Council's revenue reserves. Taking account of the Council's financial control mechanisms and the fact that the Council will, of necessity, continue its drive to produce more economies and efficiencies, the Deputy Section 151 Officer considers that the overall level of reserves is adequate.

4. SETTING THE COUNCIL TAX

- 4.1 The wordings of the recommendations for setting the Council tax are prescribed and are explained below.
- 4.2 Recommendations 19(1) and 19(2)
The amount shown in these recommendations are the Council Tax Base for the 2017/18 year (Recommendation 18(1)) and the Council Tax Base for 2017/18 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 18(2)) both as shown in Table 1.
- 4.3 Recommendation 20 (1)
This figure represents the Council's estimated gross expenditure for 2017/18 including the Special Expenses plus the parish precepts as notified to the District Council under the Local Government Act 1972 together with any increase in reserves. It is calculated as follows:

	£
District Gross Expenditure	58,262,502
Parish Precepts	1,843,085
Surplus of Income over Expenditure	902,749
Total	61,008,336

- 4.4 Recommendation 20(2)
This is the District Council's estimated gross income for 2017/18 from fees, charges, rents, specific and general Government grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

	£
Fees and charges, rents, specific Government Grants	46,225,502
Formula Grant	572,000
National Non Domestic Business Rates	3,850,000
New Homes Bonus	2,840,452
Transfer from Collection Fund	284,480
Total	53,772,434

4.5 Recommendation 20(3)

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 20(1) above and gross income at 20(2) above. It is calculated as:

	£
Gross Expenditure	61,008,336
<u>Less</u> Gross Income	53,772,434
Total	7,235,902

4.6 Recommendation 20(4)

This figure represents the basic amount of Council Tax and is calculated by applying the formula given in Section 31B of the Local Government Finance Act 1992:

Where:

- R is the Council's Council Tax Requirement, i.e. as Recommendation 19(3) above
- T is the Council Tax Base

Therefore:

$$\frac{\mathbf{\underline{\underline{\pounds 7,235,902 (R)}}}}{\mathbf{31,262 (T)}}$$

$$= \mathbf{\pounds 231.46}$$

4.7 Recommendation 20(5)

This is the total of all the Special Expenses and the precepts of local precepting authorities i.e. Parish Councils as follows:

	£
Special Expenses	435,339
Parish Precepts	1,843,085
Total	2,278,424

4.8 Recommendation 20(6)

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 20(4) the sum of the Special Expenses plus parish precepts (recommendation 20(5) divided by the District Council Tax base):

$$\begin{array}{r} \pounds 231.46 - (\pounds 2,278,424) \\ \hline 31,262 \end{array}$$

= £158.58

This represents the basic amount of Council Tax (at Band D level) for those parts of the District's area where there are no parish precepts or Special Expenses. The parish precepts and/or Special Expenses, where applicable, are in addition to this.

4.9 Recommendation 20(7)

The amounts referred to here are the additional basic levels of Council Tax to meet the parish precepts and/or Special Expenses set out in Recommendation 20(5). They are calculated by dividing the parish precept and/or Special Expenses by the Council tax base for that part of the Council's area, and adding the result to the Council Tax amount calculated in Recommendation 20(6) above.

4.10 Recommendation 20(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 20(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 20(7) (where there are parish precepts and/or Special Expenses), the proportions listed in Section 5(1) of the Local Government Finance Act 1992 as they relate to the proportion allocated to Band D as follows:

Valuation Band	Proportion of Basic Council Tax
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

4.11 Recommendation 21

In issuing their precepts for the financial year 2017/18 Leicestershire County Council (subject to County Council meeting), Leicestershire Police and Crime Commissioner and the Combined Fire Authority have informed the billing authority (i.e. North West Leicestershire District Council) of the total amount payable and also the amount of Council Tax for each valuation band. There will be an update at the District Council meeting should the County Council's information change.

4.12 Recommendation 22

This amount is calculated by adding together the amounts in Recommendation 20(8) and the amounts in Recommendation 21. This gives the total amount of Council Tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts including Council Tax Support discounts which replaced Council Tax Benefits from 1 April 2013.

4.13 Recommendation 23

The Localism Act 2011 has amended the Local Government Finance Act 1992 in such a way as to require the Council to determine whether the Council's relevant basic amount of Council Tax each year is "excessive". A referendum is now triggered in those authorities where an increase is so determined. The question of whether an authority's relevant basic amount of Council Tax is excessive or not must be decided in accordance with a set of principles determined for the year by the Secretary of State.

The Secretary of State has now indicated that the Authority's basic amount of Council Tax for 2017/18 would be considered excessive if it is more than 2% greater than its relevant basic amount of Council Tax for 2016/17. For 2017/18 Parish Councils are again not included in the principles.

As no increase in Council Tax is being recommended in those parts of the District in which no parish precepts apply (i.e. in the District element of the Council Tax plus appropriate Special Expenses element) there is no question of the basic amount of Council Tax for 2017/18 being determined as excessive.

5. Recommendation 24

Local Government Treasury Management is governed by the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice. The Council has formally adopted the Code and it is a requirement of the Code that the annual Treasury Management Statement, Prudential Indicators and Annual Minimum Revenue Provision Statement are approved by full Council.

These documents were considered by the Cabinet on 7 February 2017 and are attached at **APPENDIX 4**.