

Report to:: Cabinet / Council

Date of Meeting: 28 February 2013

Subject: Budget and Council Tax Recommendation 2013/14

Report of: Head of Corporate Finance and ICT

Wards Affected: All

Is this a key decision? Yes

Is it in the Forward Plan?

Yes

Exempt/Confidential:

No

PURPOSE/SUMMARY:

This report may be subject to revision should any subsequent changes be made to the budget proposals, as set out in Item 4 of the Cabinet agenda and Item 14 of the Council agenda.

To inform Cabinet of the level of levies and precepts set for 2013/14, and to recommend a budget and Council Tax for 2013/14 to be considered by Council.

RECOMMENDATION(S):

Cabinet is recommended to:

1. Note the impact of charges relating to external levies for 2013/14;
2. Note the precepts set by the Police and Crime Commissioner and the Fire and Rescue Authority for 2013/14;
3. Note the level of Parish Precepts set for 2013/14;
4. Approve the budget for 2013/14 (as set out in paragraph 4) for consideration by Council; and
5. Approve a Council Tax increase of 0% for 2013/14 for consideration by Council.

Council is recommended to:

1. Agree to accept the Council Tax Freeze Grant for 2013/14; and
2. Set a 0% increase in Council Tax for Sefton Council in 2013/14.

How does the decision contribute to the Council's Corporate Objectives?

| Corporate Objective | | Positive Impact | Neutral Impact | Negative Impact |
|----------------------------|---|------------------------|-----------------------|------------------------|
| 1 | Creating a Learning Community | | √ | |
| 2 | Jobs and Prosperity | | √ | |
| 3 | Environmental Sustainability | | √ | |
| 4 | Health and Well-Being | | √ | |
| 5 | Children and Young People | | √ | |
| 6 | Creating Safe Communities | | √ | |
| 7 | Creating Inclusive Communities | | √ | |
| 8 | Improving the Quality of Council Services and Strengthening local Democracy | | √ | |

Reasons for the Recommendation:

The Council must set a Council Tax for 2013/14 by 10 March 2013 at the latest.

What will it cost and how will it be financed?

(A) Revenue Costs

The budget options agreed at Cabinet on 31 January and 14 February enable the budget gap of £50.8m for the next two financial years to be met. The resultant budget for 2013/14 is set out in Annex A to this report.

The setting of the Council Tax will enable the Council to receive income from Council Tax Payers during 2013/14.

(B) Capital Costs

Nil

Implications

The setting of the Council Tax will enable the Council to receive income from Council Tax Payers.

Legal:

The Council is required to set a Balanced Budget and Council Tax level by 10 March 2013.

Human Resources:

None

Equality

1. No Equality Implication

2. Equality Implications identified and mitigated

3. Equality Implication identified and risk remains

Impact on Service Delivery

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT has agreed this report. **(FD2164/13)**

The Head of Corporate Legal Services has been consulted and has no comments on the report. **(LD1480/13)**

Are there any other options available for consideration?

There are no alternative options. The Council must set a budget and a Council Tax by 10 March 2013 at the latest.

Implementation date for the Decision:

Immediately following Council.

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Background papers: None

1. Introduction

- 1.1. The Council is legally required to fix its budget and set a Council Tax for 2013/14 by 10 March 2013.
- 1.2. The report provides details of the amounts that will be paid to levying bodies in 2013/14 and the level of precepts that have been set by the Police and Crime Commissioner, the Fire and Rescue Authority and Parish Councils.
- 1.3. In respect of the Council's budget, the approval of budget options for 2013/14 and 2014/15 at the Cabinet meetings held on 31 January and 14 February 2013 has enabled the identified budget gap of £50.8m to be met. Consequently, this report identifies a 2013/14 Revenue Budget recommendation for consideration. The report also considers the Council Tax for 2013/14; where a 0% increase is proposed.
- 1.4. Should any amendments to the 2013/14 Budget, or an alternative Council Tax assumption be approved by Cabinet, a revised resolution will be presented for approval by Council.

2. Council Tax Base 2013/14

- 2.1. The introduction of the Council Tax Reduction Scheme has resulted in the Government ending Council Tax Benefit payments. It has been replaced with locally set systems of council tax support. The Government will in the future provide annual grants to local authorities to help finance this cost; however, this grant is 10% lower than the current amount paid out in benefits.
- 2.2. Sefton has introduced a new local system (approved by Council on 24 January 2013). An impact of this new system is that the Council Tax Base (for the Council and Parishes) will reduce from 2013/14 onwards. This is a consequence of the 10% reduction in Government financial support of the cost of Council Tax Benefit and because the support is now treated as a discount (which reduces the tax base) rather than a benefit (which was a contribution towards the payment of the full bill). The position for Parish Councils is considered further below.

3. Charges Relating to External / Levying Bodies

- 3.1. The Council is required to pay charges relating to levies from external bodies. The expected amounts to be paid in 2013/14, and their impact on Sefton's budget compared to 2012/13, is shown in the table below: -

| <u>Levying Body</u> | 2012/13 £ | 2013/14 £ | Change £ |
|---|--------------|--------------|-------------|
| Integrated Transport Authority | 25,682,000 | 25,274,000 | -408,000 |
| Waste Disposal Authority | 12,613,601 | 11,867,612 | -745,989 |
| Environment Agency | 147,288 | 144,084 | -3,204 |
| Inshore Fisheries and Conservation Authority | 59,248 | 59,248 | 0 |
| Port Health Authority Charge | 79,500 | 79,500 | 0 |
| | 38,581,637 | 37,424,444 | -1,157,193 |

The above figures have been built into the proposed Budget for 2013/14.

4. Precepts

4.1. Police and Crime Commissioner and Fire Authority Precepts

4.1.1. The Fire and Rescue Authority set its budget / precept for 2013/14 on 26 February 2013, with a Band D increase equivalent to 1.99%. The Merseyside Police and Crime Commissioner also met on 26 February 2013 and set its budget / precept for 2013/14, with a Band D increase equivalent to 2.0%. The table below sets out the position for both Authorities.

| <u>Precept</u> | 2012/13 | 2013/14 | Change | |
|-------------------------------|------------|------------|--------|-------|
| | £ | £ | £ | % |
| Police and Crime Commissioner | 14,025,670 | 11,755,180 | | |
| Fire & Rescue Authority | 6,272,535 | 5,256,663 | | |
| <u>Council Tax (Band D)</u> | | | | |
| Police and Crime Commissioner | 150.62 | 153.63 | +3.01 | +2.00 |
| Fire & Rescue Authority | 67.36 | 68.70 | +1.34 | +1.99 |

4.2. Parish Precepts

4.2.1. The Council Tax Base reduction, referred to earlier, will result in a lower amount of Council Tax income being collected than previously. This impacts on both Sefton and the Parish Councils. The Government has provided a grant to compensate councils for the loss of benefit payments; this grant includes an amount relating to parishes.

4.2.2. Cabinet on 31 January 2013 agreed that Sefton Council would pay each Parish an amount equal to their loss of Council Tax, (assuming that the Band D Council Tax was at the 2012/13 level) i.e. they will not be any worse off as a result of the system change.

4.2.3. All Parish Councils have set their precepts for 2013/14. The total level of precepts has changed from £950,321 in 2012/13 to £854,079 in 2013/14. Details of the precepts and Band D equivalent Council Tax charge in each Parish area are set out below: -

| | Precept | | | Band D | | |
|-----------------|----------------|----------------|----------------|---------|---------|--------|
| | 2012/13 £ | 2013/14 | Change £ | 2012/13 | 2013/14 | Change |
| Aintree Village | 90,000 | 90,000 | 0 | 39.44 | 46.08 | +6.64 |
| Formby | 43,000 | 44,930 | 1,930 | 4.56 | 5.13 | +0.57 |
| Hightown | 3,750 | 4,166 | 416 | 4.21 | 5.01 | +0.80 |
| Ince Blundell | 1,700 | 1,430 | -270 | 8.79 | 9.05 | +0.26 |
| Little Altcar | 2,500 | 2,500 | 0 | 8.67 | 9.53 | +0.86 |
| Lydiate | 149,862 | 129,903 | -19,959 | 66.57 | 66.57 | 0 |
| Maghull | 633,509 | 555,871 | -77,638 | 88.85 | 88.85 | 0 |
| Melling | 18,000 | 18,000 | 0 | 16.47 | 19.09 | +2.62 |
| Sefton | 3,500 | 2,779 | -721 | 12.59 | 12.59 | 0 |
| Thornton | 4,500 | 4,500 | 0 | 5.51 | 6.21 | +0.70 |
| | 950,321 | 854,079 | -96,242 | | | |

5. Proposed Budget for 2013/14

- 5.1. Under the Council's Constitution, a Budget / Council Tax level has to be recommended to Council for consideration.
- 5.2. The Budget for 2013/14, (and two-year financial plan), has been prepared in order to fulfil this requirement; this is set out in Annex A. It should be noted that these have been constructed on the basis of the report to Cabinet and Council on 28 February 2013.

6. Excessive Council Tax Increases

- 6.1. On 4 February 2013, the Secretary of State confirmed the criteria that would be used to determine if an authority had set an excessive Council Tax increase in 2013/14. Any Metropolitan District that increases its relevant amount of tax (which excludes levies) by more than 2% will be deemed to have set an excessive increase and will be required to hold a referendum. The Council's proposed Budget for 2013/14 does not exceed this threshold.

7. Recommended Council Tax for 2013/14

- 7.1. On the assumption that the Revenue Budget report (elsewhere on the agenda) is approved, the proposed Council Tax increase for Sefton in 2013/14 will be 0%. The overall Band D Council Tax to be levied for 2013/14 (excluding Parish Precepts) would therefore be as follows: -

| | |
|-------------------------------|----------------|
| | £ |
| Sefton | 1,266.68 |
| Police and Crime Commissioner | 153.63 |
| Fire and Rescue Authority | 68.70 |
| | <u>1489.01</u> |