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**SETTING THE COUNCIL TAX FOR 2007/08**

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**Responsible Cabinet Member(s) - Councillor John Williams, Leader of the Council**

**Responsible Director(s) - Paul Wildsmith, Director of Corporate Services**

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**Purpose of Report**

1. Section 30 of the Local Government Finance Act 1992 (referred to as “the Act” in this report) requires the Council to set its council tax for 2007/08 before 11th March 2007.

**Summary**

2. In setting the council tax, the Council is required to make certain calculations and to approve a number of resolutions in accordance with the Act. The calculations are complex and details are set out in **Appendices 1 to 4**. The recommended basic council tax including Fire and Police Precepts for a Band D property is £1,276.14. There will also be an additional council tax in any parish area where a precept has been issued.

**Background**

3. The Act requires authorities to calculate their net budget requirement for the coming financial year and to determine the demand on the Collection Fund, from which council tax levels are calculated. The details of these calculations are set out in **Appendix 1**.
4. The Council’s Medium Term Financial Plan (MTFP) was considered by Cabinet on 30th January 2007 and then by Resources Scrutiny Committee on 16th February 2007. Cabinet considered the MTFP again, including the views of Resources Scrutiny Committee, on 28th February 2007. The total budget requirement for 2007/08 is £68,836,846. This figure includes parish precepts of £47,846. The budget is due to be confirmed by this Council meeting prior to the setting of the council tax contained in this report.
5. The Government has announced the level of grant support for 2007/08 and notified the authority that the Revenue Support Grant will be £4,757,325 and the Business Rate Grant will be £28,347,676.
6. The Council also has to determine the estimated surplus or deficit on its Collection Fund at 31st March 2007. The Act requires authorities to transfer the estimated surplus or deficit to the General Fund and to include it in the calculation of the council tax. The estimated surplus/deficit for the council tax is shared between this Council, the Police Authority and the Fire Authority in proportion to the 2006/07 demands/precepts. For this financial year it

is estimated that there will not be a surplus or deficit on the Collection Fund at 31st March 2007.

7. The Council's demand on the Collection Fund for council tax purposes for 2007/08, as calculated in accordance with Section 32 of the Act, is £35,731,845.

### **The Council Tax Calculations**

#### *Basic Council Tax*

8. The Council set its tax base at 33,659.78 at the meeting on 18th January 2007 along with the tax bases for various parish councils and meetings. These are shown in **Appendix 2** (column 2).
9. The basic council tax must first be calculated by dividing the demand on the Collection Fund by the approved tax base as follows:-

$$\frac{£35,731,845}{33,659.78} = £1,061.56$$

10. From this figure the parish precepts, which the Act refers to as special items, are deducted as follows:-

$$\frac{£47,846}{33,659.78} = £1.42$$

11. The basic council tax for those areas of the Borough Council where there are no special items is, therefore, £1,060.14 (£1,061.56 - £1.42). This also excludes the Police Authority and Fire Authority precepts. It represents an increase of £39.78 (or 3.90%) compared with the council tax in 2006/07.

#### *Parish Council Taxes*

12. The calculation of the additional tax for areas where special items, i.e. parish precepts, apply is based on the precepts submitted by each parish council and parish meeting divided by the tax base approved at the Council meeting on 18th January 2007. The council tax in relation to the parish precepts is shown in **Appendix 2** (column 3). When added to the basic council tax, as calculated in paragraph 11, this provides the Billing Authority's council tax for each parish area (**Appendix 2**, column 5).
13. Section 30(1) of the Act requires a council tax to be set for each category of dwelling for its area. This is the Billing Authority's council tax for each parish area and the basic council tax for the rest of the authority's area, multiplied by the ratio of each band using the following:-

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

14. The council tax set will relate to band D which is 9/9 or 1. For other bands the above proportions will apply. For example, band A properties will be charged 6/9 or two thirds whilst band H will be double the charge.
15. The Billing Authority's council taxes for each band of property are shown in **Appendix 3**.
16. The Durham Police Authority is a separate body responsible for its own financial affairs. The council tax for the Police Authority has increased by £34.92 (or 34.64%) compared with 2006/07 and was confirmed on 23<sup>rd</sup> February, 2007: -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	90.48	105.56	120.64	135.72	165.88	196.04	226.20	271.44

17. When setting the precept for 2007/08, the Police Authority were made aware of the statement made by the Local Government Minister that :-

*“We have provided a stable and predictable funding basis for local services. We expect local government to respond positively as far as Council Tax is concerned. Therefore we expect to see an average Council Tax increase in England in 2007/08 of less than 5%. We will not allow excessive Council Tax increases. We have used our reserve capping powers in previous years to deal with excessive increases and won't hesitate to do so again if that proves necessary”.*

18. It is possible that the Police Authority may be instructed by the Government to limit their precept for 2007/08 to a lower figure than that agreed on 23<sup>rd</sup> February 2007. As an autonomous body, the Police Authority's precept is not a factor to be considered in relation to the decisions to be made with regard to this report. The recommendation regarding the Police Authority is to note the precept.
19. Durham and Darlington Fire and Rescue Authority is also a separate body responsible for its own financial affairs. The council tax for the Durham and Darlington Fire and Rescue Authority has increased by £3.24 (or 4.20%) compared with 2006/07 and was confirmed on 23<sup>rd</sup> February, 2007:-

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	53.52	62.44	71.36	80.28	98.12	115.96	133.80	160.56

## *Overall Council Tax*

20. The total council tax for each of the parish areas and the remaining area of the Borough is calculated by adding the charges for the Billing Authority to those of the Fire Authority and the Police Authority. These are shown in **Appendix 4**. The overall increase in council tax next year for a Band D property is £77.94 (or 6.50%), the attribution of the increase is set out below:-

	£'s	%
Darlington Borough Council	39.78	3.32
Durham Police Authority	34.92	2.91
Durham and Darlington Fire and Rescue Authority	3.24	0.27
Total	77.94	6.50

## **Consultation**

21. The content of this report was not subject to consultation. Consultation has taken place with employees, Trade Unions, Headteachers, Darlington Partnership and the Chamber of Commerce in preparing the Medium Term Financial Plan. Support for the proposed approach to the budget was received in all meetings.

## **Legal Implications**

22. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

## **Section 17 of the Crime and Disorder Act 1998**

23. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

## **Council Policy Framework**

24. The issues contained within this report are required to be considered by Council.

## Recommendations

25. The Council is asked to approve the following recommendations: -

- (a) that the following amounts be calculated by the Council for 2007/08 in accordance with sections 32 to 36 of the Act and relevant regulations:-
- (i) being the aggregate of the amount which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act, which is its expenditure £206,100,846
  - (ii) being the aggregate of the amounts which the Council estimates for the items set out in Sections 32(3) (a) to (c) of the Act, which is its income £137,264,000
  - (iii) being the amount by which (i) exceeds (ii) calculated by the Council for the year in accordance with Section 32(4) of the Act as its budget requirement £68,836,846
  - (iv) being the aggregate of the sums which the Council estimates will be payable into the General Fund in respect of Revenue Support Grant £4,757,325 and redistributed Business Rate Grant £28,347,676 increased by the amount the Council estimates will be transferred from the Collection Fund to the General Fund £33,105,001
  - (v) being the amount calculated by the Council in accordance with Section 33 of the Act, as the basic amount of council tax for the year £1,061.56
  - (vi) being the aggregate amount of all special items referred to in Section 34(1) of the Act £47,846
  - (vii) being the basic council tax for 2007/08 calculated in accordance with Section 34(2) for dwellings in those areas that have no parish precepts or other special items £1,060.14
  - (viii) the basic council tax for 2007/08 calculated in accordance with Section 34(3) for dwellings in those areas that have parish precepts be as set out in **Appendix 2**, column 5.
  - (ix) the amounts of council tax at items (vii) and (viii) multiplied by the proportion set out in paragraph 13 which is applicable to each category of dwelling in its area, in accordance with Section 36 of the Act be as set out in **Appendix 3**

- (b) That it be noted that for the year 2007/08 Durham Police Authority has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown: -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	90.48	105.56	120.64	135.72	165.88	196.04	226.20	271.44

- (c) That it be noted that for the year 2007/08 County Durham and Darlington Fire and Rescue Authority has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown: -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	53.52	62.44	71.36	80.28	98.12	115.96	133.80	160.56

- (d) That the Council, in accordance with Section 30(2) of the Act hereby sets the amounts set out in **Appendix 4** as the amounts of council tax for 2007/08 for each of the categories of dwellings.

## Reasons

26. The recommendations are supported to set the Council Tax for the Council's area in accordance with statutory requirements.

**Paul Wildsmith**  
**Director of Corporate Services**

## Background Papers

- (i) Local Government Finance Settlement 2007/08
- (ii) Police Authority Precept notification.
- (iii) Fire Authority Precept notification.
- (iv) Parish Council Precept notification.

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## DEMAND ON THE COLLECTION FUND 2007/08

	£
(a) Council's Net Spending	68,789,000
(b) Add Parish Precepts	47,846
(c) Net Budget Requirement	<u>68,836,846</u>
Deduct	
(d) Revenue Support Grant	4,757,325
(e) Business Rate Grant	28,347,676
(f) Estimated Surplus on Collection Fund	0
(g) <b>DEMAND ON COLLECTION FUND</b>	<u><b>35,731,845</b></u>

## COUNCIL TAX FOR PARISH AUTHORITIES 2007/08

	Precept	Parish Tax Base	Parish Council Tax	Basic Council Tax	Billing Authority's Council Tax
	(1)	(2)	(3)	(4)	(5)
	£		£ p	£ p	£ p
<b>Archdeacon Newton</b>	1,000	153.39	6.52	1060.14	1066.66
<b>Bishopton</b>	4,100	168.16	24.38	1060.14	1084.52
<b>Heighington</b>	12,682	919.77	13.79	1060.14	1073.93
<b>High Coniscliffe</b>	275	94.93	2.90	1060.14	1063.04
<b>Hurworth</b>	9,000	1224.13	7.35	1060.14	1067.49
<b>Low Coniscliffe / Merrybent</b>	1,014	222.86	4.55	1060.14	1064.69
<b>Low Dinsdale</b>	1,500	325.31	4.61	1060.14	1064.75
<b>Middleton St. George</b>	13,153	1317.54	9.59	1060.14	1069.73
<b>Neasham</b>	852	155.68	5.47	1060.14	1065.61
<b>Piercebridge</b>	670	59.84	11.20	1060.14	1071.34
<b>Sadberge</b>	1,500	284.57	5.27	1060.14	1065.41
<b>Walworth</b>	-	40.80	0.00	1060.14	1060.14
<b>Whesoe</b>	2,100	561.44	3.74	1060.14	1063.88



**APPENDIX 3****BILLING AUTHORITY'S COUNCIL TAXES FOR EACH PROPERTY BAND**

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Archdeacon Newton	711.11	829.62	948.14	1,066.66	1,303.70	1,540.73	1,777.77	2,133.32
Bishopton	723.01	843.52	964.02	1,084.52	1,325.52	1,566.53	1,807.53	2,169.04
Heighington	715.95	835.28	954.60	1,073.93	1,312.58	1,551.23	1,789.88	2,147.86
High Coniscliffe	708.69	826.81	944.92	1,063.04	1,299.27	1,535.50	1,771.73	2,126.08
Hurworth	711.66	830.27	948.88	1,067.49	1,304.71	1,541.93	1,779.15	2,134.98
Low Coniscliffe /								
Merrybent	709.79	828.09	946.39	1,064.69	1,301.29	1,537.89	1,774.48	2,129.38
Low Dinsdale	709.83	828.14	946.44	1,064.75	1,301.36	1,537.97	1,774.58	2,129.50
Middleton St. George	713.15	832.01	950.87	1,069.73	1,307.45	1,545.17	1,782.88	2,139.46
Neasham	710.41	828.81	947.21	1,065.61	1,302.41	1,539.21	1,776.02	2,131.22
Piercebridge	714.23	833.26	952.30	1,071.34	1,309.42	1,547.49	1,785.57	2,142.68
Sadberge	710.27	828.65	947.03	1,065.41	1,302.17	1,538.93	1,775.68	2,130.82
Walworth	706.76	824.55	942.35	1,060.14	1,295.73	1,531.31	1,766.90	2,120.28
Whesoe	709.25	827.46	945.67	1,063.88	1,300.30	1,536.72	1,773.13	2,127.76
All other parts of the Council's area	706.76	824.55	942.35	1,060.14	1,295.73	1,531.31	1,766.90	2,120.28

## APPENDIX 4

### OVERALL COUNCIL TAX FOR EACH PROPERTY BAND

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Archdeacon Newton	855.11	997.62	1,140.14	1,282.66	1,567.70	1,852.73	2,137.77	2,565.32
Bishopton	867.01	1,011.52	1,156.02	1,300.52	1,589.52	1,878.53	2,167.53	2,601.04
Heighington	859.95	1,003.28	1,146.60	1,289.93	1,576.58	1,863.23	2,149.88	2,579.86
High Coniscliffe	852.69	994.81	1,136.92	1,279.04	1,563.27	1,847.50	2,131.73	2,558.08
Hurworth	855.66	998.27	1,140.88	1,283.49	1,568.71	1,853.93	2,139.15	2,566.98
Low Coniscliffe /								
Merrybent	853.79	996.09	1,138.39	1,280.69	1,565.29	1,849.89	2,134.48	2,561.38
Low Dinsdale	853.83	996.14	1,138.44	1,280.75	1,565.36	1,849.97	2,134.58	2,561.50
Middleton St. George	857.15	1,000.01	1,142.87	1,285.73	1,571.45	1,857.17	2,142.88	2,571.46
Neasham	854.41	996.81	1,139.21	1,281.61	1,566.41	1,851.21	2,136.02	2,563.22
Piercebridge	858.23	1,001.26	1,144.30	1,287.34	1,573.42	1,859.49	2,145.57	2,574.68
Sadberge	854.27	996.65	1,139.03	1,281.41	1,566.17	1,850.93	2,135.68	2,562.82
Walworth	850.76	992.55	1,134.35	1,276.14	1,559.73	1,843.31	2,126.90	2,552.28
Whessoe	853.25	995.46	1,137.67	1,279.88	1,564.30	1,848.72	2,133.13	2,559.76
All other parts of the Council's area	850.76	992.55	1,134.35	1,276.14	1,559.73	1,843.31	2,126.90	2,552.28