

Council

Date of Meeting: 21 February 2019

Report Title: Council Tax 2019/20 – Statutory Resolution

Portfolio Holder: Cllr Paul Bates - Finance and Communication

Senior Officer: Alex Thompson – Head of Finance and Performance (Acting Section 151 Officer)

1. Report Summary

1.1. Cheshire East Council, as a billing authority, is responsible for the billing and collection of Council Tax due from local taxpayers and must therefore make a resolution to set the overall Council Tax level. This means that the Authority also collects Council Tax income to cover not only its own services but also precepts set by other authorities.

1.2. The Council Tax levied is therefore made up of four elements:

- Cheshire East Borough Council element
- Town & Parish Council precepts
- Police & Crime Commissioner for Cheshire precept
- Cheshire Fire Authority precept

2. Recommendation/s

2.1. To set the Council Tax for Cheshire East Council for the financial year 2019/20, at £1,446.27, in accordance with the formal resolutions as shown in section 13 of the report

3. Reasons for Recommendation/s

3.1. In accordance with the Local Government Finance Act 1992 as amended by the Localism Act 2011 the Council is required to set the amounts of the Council Tax for 2019/20 for each of the categories of dwelling in the Council Tax area. This requirement is achieved by approving the statutory resolution shown in this report

4. Other Options Considered

4.1. The recommendation in this report reflect the results of a comprehensive consultation process, but no further options are being considered as part of this report.

5. Background/Chronology

5.1. The Council Tax levied is made up of four elements as follows:

- the Council Tax Base for 2019/20 - **Annex A**.
- the statutory calculation required to arrive at the amount of Council Tax for each area in respect of Borough Council, Town and Parish Council requirements - **Annexes B and C**.
- the precepts issued by Police & Crime Commissioner for Cheshire and Cheshire Fire Authority under Section 40 of the Act – sections 10 and 11 of the report.
- the statutory calculation of the aggregate of the Borough Council, Parish Councils, Police & Crime Commissioner and Cheshire Fire Authority amount of Council Tax for each of the categories of the dwelling for each Council Tax area - **Annex D**.

6. Council Tax Base

6.1. The Council Tax base was agreed at the Cheshire East Council meeting of [13th December 2018](#) as 149,517.54 for the year 2019/20. A breakdown of the calculation by Parish is attached at **Annex A**.

7. General Fund Budget

7.1. On 5th February 2019 [Cabinet](#) recommended a General Fund Budget of £281,179,452. The calculation reflects the detailed Medium Term Financial Strategy prepared by Cabinet and uses estimated values in relation to the treatment of late funding announcements.

8. Cheshire East Borough Council Tax

8.1. The Council Tax Requirement for the Borough Council is £216,242,730.

8.2. The Band D Council Tax is therefore £1,446.27 (the requirement of £216,242,730 divided by the tax base of 149,517.54).

- 8.3.** Growth in the local taxbase supports the ambition in the Corporate Plan of creating economic independence from government grant. In 2019/20, there will be no general government grant support to the revenue budget of Cheshire East Council. The speed of this change has been a major challenge and when increases in demand related to protecting vulnerable people and inflation in costs are taken into account, then this creates a requirement to continue to increase Council Tax levels in line with government expectations
- 8.4.** The ability to raise additional Council Tax for use solely on Adult Social Care (ASC) was accepted in 2017/18, and 2018/19. Local authorities could raise up to 3% in any year from 2017/18 to 2019/20, but subject to a maximum of 6% over the three year period. Cheshire East applied this increase equally over the first two years therefore no further increase can be applied in 2019/20 to be ringfenced for this purpose.
- 8.5.** Nationally Children’s Services are under increased financial pressure to sustain effective services to keep children safe and to meet their educational needs. There is a current financial pressure in Cheshire East’s Children and Families Service of circa £2.2m in 2018/19. Permanent investment is needed to maintain effective services.
- 8.6.** The provisional local government finance settlement announced the referendum limit on base increases was to be maintained at 3% in line with inflation, as such, it is proposed that Council Tax is increased by 2.99% (including 1% ringfenced for Children’s Services pressures) for 2019/20 to give a Band D charge of £1,446.27 for 2019/20

9. Parish Council Precepts

- 9.1.** Each Parish Council has notified the Council with its precept requirement for the year. The total amount of these special items is £7,895,749 which produces an average Band D Council Tax of £52.81.

10. Police & Crime Commissioner Precept for Cheshire

- 10.1.** The precept demand issued by Police & Crime Commissioner is £29,969,296 which produces a Band D Council Tax of £200.44. This represents a 13.6% increase on the 2018/19 Band D Council Tax level. The Police & Crime Commissioner has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H

133.63	155.90	178.17	200.44	244.98	289.52	334.07	400.88
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11. Fire Authority Precept

11.1. The precept demand issued by Cheshire Fire Authority is £11,623,493 which produces a Band D Council Tax of £77.74. This represents a 2.99% increase on the 2018/19 Band D Council tax level. Cheshire Fire Authority has stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown below:-

Valuation Bands							
A	B	C	D	E	F	G	H
51.83	60.46	69.10	77.74	95.02	112.29	129.57	155.48

12. Total Council Tax

12.1. The average Council Tax to be charged to taxpayers in Band D can be summarised as follows:

Element	Charge
	£
Cheshire East Borough Council	1,446.27
Average for Parish Councils	52.81
Average Local Council Tax	1,499.08
Police & Crime Commissioner	200.44
Cheshire Fire Authority	77.74
Total Council Tax	1,777.26

13. Formal Resolution

13.1. That it be noted that on 13th December 2018 the Council calculated the Council Tax base 2019/20.

(a) for the whole Council area as 149,517.54 (item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”)).

(b) for individual parishes, as in **Appendix A**.

13.2. Calculated that the Council Tax requirement for the Council’s own purposes for 2019/20 (excluding Parish precepts) is £216,242,730.

13.3. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:

- a. £677,736,101 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. £453,597,622 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- c. £224,138,479 being the amount by which the aggregate at 13(a) above exceeds the aggregate at 13(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. £1,499.08 being the amount at 13(c) above divided by the amount at 13.1(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. £7,895,749 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act
- f. £1,446.27 being the amount at 13(d) above less the result given by dividing the amount at 3(e) above by the amount at 13.1(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.
- g. **Appendix A** being the amounts calculated by the Council, in accordance with regulations 3 and 6 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its total council tax base for the year and council tax base for dwellings in those parts of its area to which one or more special items relate.

- h. **Appendix B** being the amounts given by adding to the amount at (f) above, the amounts of special items relating to dwellings in those parts of the Council's area mentioned above divided by in each case the appropriate tax base from Annex A, calculated by the Council in accordance with Section 34(3) of the 1992 Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of the area to which one or more special items relate. (Band D charges for each Parish area).
- i. **Appendix C** being the amounts given by multiplying the amount at (h) above by the number which, in the proportion set out in Section 5(1) of the 1992 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 1992 Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands (Local charges for all Bands).
- j. **Appendix D** being the aggregate of the local charges in (i) above and the amounts levied by major precepting authorities, calculated in accordance with Section 30(2) of the 1992 Act (The total Council Tax charge for each band in each Parish area).

13.4. To note that the Police & Crime Commissioner and the Fire Authority have issued precepts to Cheshire East Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as shown in sections 10 and 11 above.

13.5. Determine whether Cheshire East Council's basic amount of Council tax for 2019/20 is excessive in accordance with principles approved under Section 52ZB and 52ZC of the Local Government Finance Act 1992

14. Implications of the Recommendations

14.1. Legal Implications

14.1.1. As covered in the report.

14.2. Finance Implications

14.2.1. As covered in the report.

14.3. Policy Implications

14.3.1. None.

14.4. Equality Implications

14.4.1. None.

14.5. Human Resources Implications

14.5.1. None.

14.6. Risk Management Implications

14.6.1. The steps outlined in this report will address the main legal and financial risk to the Council's financial management in the setting of a legal Council Tax level for 2019/20

14.7. Rural Communities Implications

14.7.1. None.

14.8. Implications for Children & Young People

14.8.1. None.

14.9. Public Health Implications

14.9.1. None.

15. Ward Members Affected

15.1. Not applicable.

16. Consultation & Engagement

16.1. The recommendation in this report reflects the results of the 2019-22 Pre Budget Consultation process.

17. Access to Information

17.1. The following are links to key background documents:

[Medium Term Financial Strategy 2019-22 \(Cabinet 5th February 2019\)](#)

[Domestic Taxbase Report \(Council 13th December 2018\)](#)

18. Contact Information

18.1. Any questions relating to this report should be directed to the following officer:

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