

GENERAL FUND REVENUE BUDGET AND CAPITAL PROGRAMME 2012/13

Council Tax Resolution 2012/13 – Cabinet Proposals.

Summary

The purpose of this report is to enable the Council to calculate and approve the Council Tax Requirement for 2012/13.

The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992 and now requires the billing authority to calculate a council tax requirement for the year, rather than its budget requirement as previously. In addition, the Act requires Council to determine whether any council tax increase is excessive (that is in excess of 3.5%) which would require a referendum to be held.

The attached report sets out the Cabinet's proposals to Council on Hillingdon's General Fund revenue budget, Fees & Charges, Capital Programme, Treasury Management Strategy and London Borough of Hillingdon's Pay Policy Statement for 2012/13. The proposals result in a Band D Council Tax for Hillingdon of £1,112.93, which represents a freeze on Council Tax at the 2011/12 level.

The Greater London Authority (GLA) precept agreed by the London Assembly on 9 February 2012 adds £306.72 to the amount payable by Hillingdon's Council Tax payers. This represents a 1% decrease in the GLA portion of Council Tax compared to 2011/12.

Based on the Cabinet's proposals, and the GLA precept, the total Band D Council Tax for 2012/13 will be £1,419.65.

CABINET RECOMMENDATIONS: That:

- 1 the General Fund revenue budget proposals made by Cabinet be approved, resulting in a council tax requirement for 2012/13 of £111,555,651.**
- 2 Council note that at its meeting on 12 January 2012 the Council calculated the amount of 100,236 as its Council Tax Base for the year 2012/13. This was calculated in accordance with Regulation 6 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its Council Tax Base for the year (*Item T in the formula in Section 31B (3) of the Local Government Finance Act 1992*).**
- 3 Hillingdon's own Council Tax be set at £1,112.93 for a Band D property. Taking into account the precept levied by the Greater London Authority, this results in an overall Band D Council Tax of £1,419.65 for the borough.**
- 4 the following amounts be now calculated by the Council for the year 2012/13, in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (the Act):**

- a) £710,960,000 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act. (*Gross Expenditure including the amount required for additions to working balances*).
- b) £599,404,349 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act. (*Gross Income including reserves to be used to meet Gross Expenditure*).
- c) £111,555,651 being the amount by which the aggregate at 4 (a) above exceeds the aggregate at 4 (b) above. This is calculated by the Council in accordance with Section 31A(4) of the Act, as its council tax requirement for the year. (*Item R under Section 31B of the Act*).
- d) £1,112.93 being the amount at 4 (c) above divided by Item T (2 above). This is, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year. (*Council Tax at Band D for the Council*).

e)

The London Borough of Hillingdon Council Tax			
Band A	Band B	Band C	Band D
£741.95	£865.61	£989.27	£1,112.93
Band E	Band F	Band G	Band H
£1,360.25	£1,607.57	£1,854.88	£2,225.86

being the amounts given by multiplying the amount at 4 (d) 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. This is 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 dwellings listed in different valuation bands.

- 5 Council note that for the year 2012/13 the Greater London Authority and its functional bodies have stated the following amounts in precepts. These have been issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown below:

The Greater London Authority Precept			
Band A	Band B	Band C	Band D
£204.48	£238.56	£272.64	£306.72
Band E	Band F	Band G	Band H

£374.88	£443.04	£511.20	£613.44
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- 6 the Council has calculated the aggregate in each case of the amounts at 4(e) and 5 above. The Council in accordance with Section 30 and 36 of the Local Government Finance Act 1992 hereby sets the Council Tax for the year 2012/13 for each category of dwelling below:

Total Council Tax 2012/13			
Band A	Band B	Band C	Band D
£946.43	£1,104.17	£1,261.91	£1,419.65
Band E	Band F	Band G	Band H
£1,735.13	£2,050.61	£2,366.08	£2,839.30

- 7 the proposals for fees and charges set out in Appendix 7 of the attached report to Cabinet on 16 February 2012 are approved.
- 8 the Capital Programme be agreed as set out in Appendix 8 of the attached report.
- 9 the Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Statement for 2012/13 to 2014/15 be agreed as set out in Appendix 10 of the attached report.
- 10 the London Borough of Hillingdon Pay Policy Statement for 2012/13 be agreed as set out in Appendix 11 of the attached report.
- 11 the Council Tax Discount for Older People be retained at 4.87% of Hillingdon's element of the Council Tax.
- 12 Council note the Chief Finance Officers' comments regarding his responsibilities under the Local Government Act 2003.
- 13 Council authorises its Chief Finance Officer to approve all virements after 31 March 2012 relating to the 2011/12 financial year of any value beyond the levels currently delegated to Corporate Directors necessary to the closure of accounts, within the deadline set for the 2011/12 financial year.
- 14 Council (as set out in Schedule C of the Constitution - Budget and Policy Framework Procedure Rules) resolves that Cabinet may utilise the general reserves or balances during the MTFP financial years 2012/13 to 2014/15 in respect of those functions which have been reserved to the Cabinet in Article 7 of the Constitution.
- 15 Council confirm that the Council's basic amount of Council Tax for 2012/13 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992 and therefore a referendum will not be triggered.
- 16 Council note the decision by the GLA to grant London Borough of Hillingdon £2,735,731 funding from the Mayor's regeneration fund budgets

during financial years 2012/13 and 2013/14 to carry out improvements to Ruislip Manor and Northwood Hills town centres. This decision was announced after publication of the Budget report to Cabinet on 16 February 2012.

Council Tax Referendums

For 2012/13 the Secretary of State for Communities and Local Government has determined that the relevant basic amount of council tax for 2012/13 (as calculated in accordance with Section 52ZX of the Local Government Finance Act 1992) is excessive if it is more than 3.5% greater than the Council's relevant basic amount of council tax for 2011/12. The relevant basic amount of council tax is derived from a modified calculation of the basic amount of council tax (the band D amount) which takes the impact of any changes in the value of levies (as defined under the Local Government Act 1988 (s74)) into account. Whilst this would not impact on the amount payable by taxpayers, the intention is to empower taxpayers to allow them a say in the determination of any council tax increases above a certain level. This provision has been brought in because it would be possible, in theory at least, for some authorities to have very large reductions in levies that mask what would have been a large increase in its controllable spend. However, in Hillingdon the changes in the relevant levies covered by this provision are very minor (£4.5k) and are set out in the table below:

Levy	Change in Value £'s
Environment Agency	440
Lee Valley Regional Park	-5,256
LPFA	282
Total	-4,534

The combined impact of these changes would have increased the relevant basic amount of council tax by £0.05, which equates to a 0.004% change and therefore would not trigger a referendum.

Award of GLA Funding for Regeneration Projects in Ruislip Manor and Northwood Hills

On 16 February the Mayor of London announced that Hillingdon had been awarded additional funding to carry out town centre improvements in Ruislip Manor and Northwood Hills. A formal funding agreement, which will include the split between capital and revenue funding and the has yet to be formally agreed, however, indicative amounts are likely to be in line with Hillingdon's bid which was split as detailed in the table below:

Town Centre	Capital	Revenue	Total
Ruislip Manor	1,324,284	78,000	1,402,284
Northwood Hills	1,274,947	58,500	1,333,447
	2,599,231	136,500	2,735,731

The funding will be split over 2012/13 and 2013/14. Total match funding of £1,163,500 has been identified to support this award.

Financial Implications

This is a financial report and the comments of Corporate Finance are contained throughout.

Legal Implications

The full advice of the Borough Solicitor is set out in the attached report. The Borough Solicitor has confirmed that the calculation in this report contains the necessary elements required by the statutory provisions.

As is mentioned in the body of the report, the Localism Act has amended the Local Government Finance Act 1992. The most significant change is that local authorities are now required to hold referendums if the relevant basic amount of council tax for 2012-13 is excessive; it will be deemed to be excessive if it is more than 3.5% greater than its relevant basic amount of council tax for 2011-12. The Cabinet's proposals for the 2012/13 Council Tax Requirement, as set out in this report, will not require a referendum to be held.

In addition, Members must have regard to Section 106 Local Government Finance Act 1992, which provides that a Member who has not paid an amount due in respect of Council Tax for at least two months after it becomes payable, may not vote on matters concerning the level of Council Tax or the administration of it. Therefore, any Members who are more than two months in arrears with their Council Tax payments must make a declaration to this effect at the beginning of the meeting.