

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF RESOURCES

TO: COUNCIL

DATE: 26 FEBRUARY 2019

AGENDA ITEM:

TITLE: COUNCIL TAX SETTING

LEAD COUNCILLOR: COUNCILLOR LOVELOCK

PORTFOLIO: LEADER OF THE COUNCIL

SERVICE: ALL

WARDS: BOROUGHWIDE

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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to approve the calculations for determining the Council's Council Tax requirement for the year 2019/20 in accordance with the Local Government Finance Act 1992.
- 1.2. As the Billing Authority, the report also seeks approval to set the Council Tax amounts for each property valuation band in the Borough including precepts from the Thames Valley Police and Royal Berkshire Fire & Rescue Service.

2. RECOMMENDED ACTIONS -

Council is asked to agree:

2.1 The following amounts that have been calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Local Government Act 1992:

- (i) £396,276,100 being the estimated aggregate expenditure of the council in accordance with section 31A (2) of the act;
- (ii) £305,339,705 being the estimated aggregate income of the council for the items set out in section 31A (3) of the act;
- (iii) £90,936,395 being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated in accordance with Section 31A(4) of the Act, as the Council's Council Tax Requirement for the year. (Item R);
- (iv) £1,627.23 being the amount at (iii) above (Item R) divided by the Council's tax base (Item T) calculated in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year. This represents an increase of 2.99% in the Council's own tax.

2.2 The Committee are also asked to note that the net tax base of 55,884 Band D equivalent properties (being the gross tax base adjusted for an assumed collection rate) used for setting the budget requirement for 2019/20 was agreed by Full Council on 22 January 2019 and;

- (i) that the Band D charge for Reading Borough Council as calculated in 2.1 (iv) above is allocated to Band D equivalent dwellings as shown in section 4.4 of the report; and
- (ii) that including fire and police precepts Council Tax by property valuation band is as set out in section 4.7 of the report.

3. POLICY CONTEXT

3.1. The Local Government Finance Act 1992 sets out the specific amounts to be calculated and approved. This report allows the Council to meet its legislative duty to set the Council Tax for each property band.

3.2. Council at their meeting on 22 January 2019 approved the Council Tax Base for 2019/20 as 55,884 for the whole Council area [Item T in the formula in Section 31B of the Local Government Finance Act 1992 as amended (the “Act”)].

4. COUNCIL TAX CALCULATIONS

4.1. The calculation of Council Tax involves several stages and the Local Government Finance Act 1992 requires figures to be calculated including and excluding precepts. The following tables set out the required calculations:

4.2. The Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets its own Band D amount by dividing its Council Tax requirement in 2.1 (iii) above by the agreed number of Band D equivalent properties (its tax base) as shown below:

Calculation of Reading Borough Council’s Band D Charge

| | |
|---|-------------|
| (i) Council Tax Requirement | £90,936,395 |
| (ii) Tax Base | 55,884 |
| Basic Amount of Council Tax Band D (i) divided by (ii) | £1,627.23 |

4.3. Reading’s basic amount of Council Tax for a Band D property is £1,627.23 which represents a 2.99% increase on the 2018/19 figure of £1,579.99 an increase of £47.24 or 91p per week.

4.4. In accordance with Sections 30 and 36 of the Local Government Finance Act 1992, the Council’s basic amount of Council Tax by valuation band for 2019/20 is as follows:

Reading Borough Council - Council Tax by Property Valuation Band

| A | B | C | D | E | F | G | H |
|----------|----------|----------|----------|----------|----------|----------|----------|
| £ | £ | £ | £ | £ | £ | £ | £ |
| 1,084.82 | 1,265.62 | 1,446.43 | 1,627.23 | 1,988.84 | 2,350.44 | 2,712.05 | 3,254.46 |

- 4.5. The Thames Valley Police and Crime Panel set their precept for 2019/20 at their meeting on 13th February 2019, in accordance with Section 40 of the Local Government Finance Act 1992. It is shown by property valuation band below:

Thames Valley Police Precept by Property Valuation Band

| A | B | C | D | E | F | G | H |
|--------|--------|--------|--------|--------|--------|--------|--------|
| £ | £ | £ | £ | £ | £ | £ | £ |
| 137.52 | 160.44 | 183.36 | 206.28 | 252.12 | 297.96 | 343.80 | 412.56 |

- 4.6. The Royal Berkshire Fire & Rescue Service has notified the Council that they expect to set their precept on the 25th February 2019 in accordance with Section 40 of the Local Government Finance Act 1992. Their indicative precept is shown by property valuation band below:

Royal Berkshire Fire & Rescue Service Precept by Property Valuation Band

| A | B | C | D | E | F | G | H |
|-------|-------|-------|-------|-------|-------|--------|--------|
| £ | £ | £ | £ | £ | £ | £ | £ |
| 44.19 | 51.55 | 58.92 | 66.28 | 81.01 | 95.74 | 110.47 | 132.56 |

If there are any changes to the figures shown above an addendum to the report to Council will be provided.

- 4.7. Adding the Police and Fire authority precepts the following amounts are the amounts of Council Tax for the year 2019/20 (before any exemptions or discounts that may be applied) for each of the property valuation bands:

Overall Council Tax Including Major Preceptors 2019/20

| Valuation Band | A | B | C | D | E | F | G | H |
|----------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Police | 137.52 | 160.44 | 183.36 | 206.28 | 252.12 | 297.96 | 343.80 | 412.56 |
| Fire | 44.19 | 51.55 | 58.92 | 66.28 | 81.01 | 95.74 | 110.47 | 132.56 |
| Reading | 1,084.82 | 1,265.62 | 1,446.43 | 1,627.23 | 1,988.84 | 2,350.44 | 2,712.05 | 3,254.46 |
| Total | 1,266.53 | 1,477.61 | 1,688.71 | 1,899.79 | 2,321.97 | 2,744.14 | 3,166.32 | 3,799.58 |

- 4.8. The Council's Band D charge of £1,627.23 for 2019/20 represents a 2.99% increase on the equivalent £1,579.99 figure for 2018/19. No increase is included in 2019/20 for additional funding for adult social care as the Council has previously included 3.00% increases in both 2017/18 and 2018/19 taking the increase to the maximum allowed. The 2019/20 Band D amount includes within it prior year increases in respect of adult social care pressures as set out in the table below:

Change in Reading Borough Council's Band D Charge

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | £ | £ | £ | £ | £ |
| General Tax Requirement | 1,365.00 | 1,392.29 | 1,447.97 | 1,535.27 | 1,627.23 |
| Additional ASC Pressures | 0.00 | 27.30 | 42.59 | 44.72 | 0.00 |
| Total Band D Charge | 1,365.00 | 1,419.59 | 1,490.56 | 1,579.99 | 1,627.23 |

| | | | | | |
|---------------------------------|------------|--------------|--------------|--------------|--------------|
| General Tax Change %age | N/A | 1.99% | 1.99% | 2.99% | 2.99% |
| ASC Pressures Change %age | N/A | 2.00% | 3.00% | 3.00% | 0.00% |
| Total Band D Change %age | N/A | 3.99% | 4.99% | 5.99% | 2.99% |

4.9. The Council's basic amount of Council Tax for 2019/20 is not determined to be excessive in accordance with principles approved under section 52ZB of the Local Government Finance Act 1992.

4.10. The overall Band D charge for 2019/20 (including major preceptors) of £1,899.79 represents an increase of £73.16 (4.01%) - the constituent elements comprising that overall change and charge being set out in the table below:

Change in Overall Band D Charge

| | 2018/19 | 2019/20 | Change | Percentage | Overall |
|--------------|-----------------|-----------------|--------------|-------------|-------------|
| | £ | £ | £ | % | % |
| Police | 182.28 | 206.28 | 24.00 | 13.17 | 1.31 |
| Fire | 64.36 | 66.28 | 1.92 | 2.98 | 0.11 |
| Reading | 1,579.99 | 1,627.23 | 47.24 | 2.99 | 2.59 |
| Total | 1,826.23 | 1,899.79 | 73.16 | 4.01 | 4.01 |

5. CONTRIBUTION TO STRATEGIC AIMS

5.1. Council Tax is levied to fund service delivery as laid out in the Medium Term Financial Strategy 2019-2022.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1. The majority of properties in Reading are Band C and below, with 40% of properties at Band C. The Reading element for this band for 2019/20 will be £1,446.43, an increase of 81p per week. Including Police and Fire Band C Council Tax will be £1,688.71.

6.2. The number of properties in each band is set out in the table below:

Number and Distribution of Properties by Council Tax Banding

| Band | Number of Properties in Band | Proportion | Amount Payable as a Proportion of Band D |
|--------------|------------------------------|-------------|--|
| A | 6,907 | 9.6% | 6/9 |
| B | 14,233 | 19.8% | 7/9 |
| C | 29,123 | 40.5% | 8/9 |
| D | 10,976 | 15.2% | 9/9 |
| E | 5,535 | 7.7% | 11/9 |
| F | 3,287 | 4.6% | 13/9 |
| G | 1,844 | 2.5% | 15/9 |
| H | 83 | 0.1% | 18/9 |
| Total | 71,988 | 100% | |

7. EQUALITY IMPACT ASSESSMENT

- 7.1. An equality impact assessment has been undertaken for the budget proposals set out in the Medium Term Financial Strategy report.
- 7.2. In addition to the Council's Council Tax Reduction Scheme there are statutory discounts and exemptions available to residents who may otherwise struggle to pay their Council Tax, details are available on the Council's website.

8. LEGAL IMPLICATIONS

- 8.1. Section 30 of the Local Government Act 1992 places a duty on this council, as the billing authority, to set the council tax for all the property bands for 2019/20. Any amount must be set before 11th March in the financial year preceding that for which it is set, but is not invalid merely because it is set on or after that date.

9. FINANCIAL IMPLICATIONS

- 9.1. As set out in the body of the report.

10. BACKGROUND PAPERS

- Approval of the Local Council Tax Support Scheme and the Council Tax Base for 2019/20 - Council Meeting, 22 January 2019;
- s52ZB(a) Local Government Finance Act 1992 - Referendums Relating to Council Tax Increases (Principles) (England) Report 2019/20; and
- 2019/20 Budget Setting and Council Tax Report - Policy Committee 18 February 2019 and this agenda.