

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Thursday, 10th January, 2013

Place: Council Chamber
Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: Gary Woodhall
The Office of the Chief Executive
Tel: 01992 564470
Email: democraticservices@eppingforestdc.gov.uk

8. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

8.a ALLOCATION OF LOCAL COUNCIL TAX SUPPORT GRANT (Pages 23 - 28)

(Finance & Technology Portfolio Holder) To consider the attached report (C-053-2012/13).

This page is intentionally left blank

Report to Cabinet

Report Reference: C-053-2012/13
Date of meeting: 10 January 2013



**Epping Forest
District Council**

Portfolio: Finance and Technology

Subject: Allocation of Local Council Tax Support Grant

Responsible Officer: Bob Palmer (01992 564279)

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) To allocate Local Council Tax Support Grant to each Town and Parish Council based on the amount of the reduction in their tax base multiplied by their band D charge for 2012/13; and**
- (2) To review the calculation and allocations in one year as part of the budget process for 2014/15.**

Executive Summary:

The replacement of Council Tax Benefit by Local Council Tax Support (LCTS) has been the subject of several reports to Cabinet and Council. The scheme to be implemented was approved by Council on 18 December. However, as the grant figures were still to be released it was not possible to agree how the grant would be allocated at that time.

The grant figures were released on 20 December and stated specific amounts for local councils and billing authorities. As the Government does not have an existing power to pay grants directly to local councils, they have stated that they expect billing authorities to agree a payment mechanism and pass the grant on to local councils.

The amount of grant relating to local councils in the district is £312,812, which is £7,460 less than the amount of £320,272 they are likely to lose through the introduction of LCTS. The amount of grant relating to this Council is £806,814, which is £37,934 more than the amount of £761,420 the Council is likely to lose through the introduction of LCTS. It is therefore proposed to use £7,460 to leave the local councils no worse off and this Council £30,474 better off.

It must be made clear at this point that whilst these estimates have been properly prepared and checked, we are entering new schemes of both Council Tax Support and Council Tax Technical Changes. These are very significant changes and people may not behave as we have anticipated and collection rates may be different to our expectations. Given this level of uncertainty it is sensible to keep the calculations and allocations under review and consider any necessary changes as part of the budget setting process for 2014/15.

Reasons for Proposed Decisions:

To agree the basis for allocating LCTS Grant and the amounts due to each Town and Parish Council.

Other Options for Action:

Members could decide to allocate only the amount of £312,812 and spread the shortfall pro-rata amongst the local councils. Alternatively, Members could decide to allocate more than the proposed £320,272 although this is not recommended as any funds allocated above £312,812 would represent a reduction in the safety margin for this Council.

Report:

1. This report does not re-visit the numerous previous reports and consultations, instead it focuses on where we are now and what needs to be done to allow the local councils to set their budgets. The Government has decided that the tax bases of local councils will be effected and so the only concern now is how the LCTS Grant should be allocated. The Government does not have the power to pay grant directly to local councils and so billing authorities are required to agree a payment mechanism and allocate grant to local councils.

2. To determine the effect on each local council it was necessary to calculate tax bases before and after LCTS had been applied. Having calculated the reduction in tax base this amount can be multiplied by the 2012/13 Band D charges to get a grant amount that should leave each local council no better or worse off. This is shown for each local council in Appendix 1.

3. The principal behind the grant is that it should compensate for the reduction in tax base. Therefore if the grant is deducted from the previous year's precept and the adjusted precept is then divided by the adjusted tax base the new Band D charge produced should be similar to the 2012/13 Band D charge. This is shown for each local council in Appendix 2. It has to be remembered here that the tax base will have been effected by properties being built and demolished, appeals against bandings and of course the technical changes. It is worth commenting on some of the figures shown in the final two columns of Appendix 2 to provide assurance.

4. Firstly, it is worth stating that to get back to exactly the same Band D result would require no change in tax base during the year and for the reasons stated above the tax base will have changed in the year in most areas. However, the success of the allocation system is shown by the fact that out of the 24 local councils there are only 4 where the change in the Band D charge is greater than 75p or in percentage terms there are only 5 where the change is more than 2% of the 2012/13 Band D figure. If we look at some of the outlying figures, the two largest increases are Matching (0.62p or 1.98%) and Theydon Mount (0.59p or 4.41%). Both of these councils have suffered a reduction in their Band D equivalents regardless of LCTS. Matching had a tax base of 446.4 in 2012/13 and Appendix 1 shows this had reduced to 438.3 in 2013/14 before the LCTS reduction. Similarly, Theydon Mount had a tax base of 112.0 in 2012/13 and Appendix 1 shows this had reduced to 107.3 in 2013/14 before the LCTS reduction.

5. If we now consider the apparent greatest gainers it can be seen that they are in the opposite position and have benefited from an increase in their tax base before the LCTS adjustment. As this covers 4 local councils a table is used below for ease of illustration:

Local Council	Band D Reduction £	Band D Reduction %	2012/13 Tax Base	2013/14 Unadjusted Tax Base
Stanford Rivers	1.10	3.38	359.0	370.6
Stapleford Tawney	0.50	2.53	74.6	76.5
Theydon Garnon	2.54	17.13	67.4	80.9
Waltham Abbey	1.71	1.82	8,140.0	8,268.5

6. Even though the amount of LCTS Grant specified for local councils (£312,812) is less than the amount shown in Appendix 1 (£320,272), the amount for this Council (£806,814)

exceeds the amount likely to fall due on this Council (£761,420) by more. Therefore it is proposed to allocate funding in line with Appendix 1 with the shortfall of £7,460 being made up from this Council's allocation, which will still leave this Council with a theoretical surplus of £30,474. The surplus is referred to as theoretical as it is based on financial modelling and there is a lot of uncertainty about how people will respond to LCTS and the technical changes.

7. It is intended to pay the grant in the same way that precepts are currently paid to local councils. This means that those receiving less than £100,000 in total will receive payment in full at the end of April, whilst those receiving more than £100,000 will be paid in two equal instalments at the end of April and September.

Resource Implications:

The proposed allocations are intended to leave the local councils no better or worse off for the implementation of LCTS.

If the proposal is adopted this Council has a theoretical surplus of £30,474. This needs to be seen in the context of both the significant uncertainty and the total predicted revenue loss under LCTS of £7,683,391. Thus it is clear that the £30,474 does not provide very much comfort or a margin for error.

Legal and Governance Implications:

The Government has not prescribed a formula or mechanism for allocating the grant but has said it is for each billing authority to determine this.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the District.

Consultation Undertaken:

None.

Background Papers:

Previous reports on LCTS.

Impact Assessments:

Risk Management

There is a significant financial risk that the combined effects of LCTS and the technical changes will be more detrimental than has been anticipated. Officers have tried to mitigate this risk by making prudent assumptions in the financial modelling.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

	13/14 Gross Taxbase (BDE)	13/14 Adjusted Taxbase (BDE)	LCTS Reduction (BDE)	12/13 Band D £	LCTS Grant £
Abess, Berners and Beauchamp Roding	210.9	202.1	8.8	23.49	206.71
Buckhurst Hill	5,338.4	4,979.7	358.7	69.25	24,839.98
Chigwell	6,063.3	5,673.6	389.7	37.34	14,551.40
Epping Town	5,277.2	4,799.7	477.5	83.84	40,033.60
Epping Upland	413.8	390.0	23.8	28.54	679.25
Fyfield	428.0	407.6	20.4	24.75	504.90
High Ongar	575.4	529.4	46.0	23.44	1,078.24
Lambourne	932.8	820.1	112.7	32.07	3,614.29
Loughton Town	13,096.5	11,682.8	1,413.7	49.18	69,525.77
Matching	438.3	409.8	28.5	31.44	896.04
Moreton, Bobbingworth and the Lavers	581.7	535.3	46.4	21.49	997.14
Nazeing	2,112.5	1,960.3	152.2	34.38	5,232.64
North Weald Bassett	2,661.3	2,408.4	252.9	52.45	13,264.61
Ongar Town	2,805.5	2,530.6	274.9	82.83	22,769.97
Roydon	1,321.3	1,249.8	71.5	22.01	1,573.72
Sheering	1,358.4	1,273.4	85.0	22.62	1,922.70
Stanford Rivers	370.6	343.4	27.2	32.59	886.45
Stapleford Abbots	517.3	492.8	24.5	12.79	313.36
Stapleford Tawney	76.5	74.4	2.1	19.58	41.12
Theydon Bois	2,004.1	1,911.9	92.2	51.14	4,715.11
Theydon Garnon	80.9	78.9	2.0	14.84	29.68
Theydon Mount	107.3	105.8	1.5	13.46	20.19
Waltham Abbey Town	8,268.5	7,080.1	1,188.4	94.46	112,256.26
Willingale	246.8	229.3	17.5	18.21	318.68
	<u>55,287.3</u>	<u>50,169.2</u>	<u>5,118.1</u>		<u>320,271.77</u>

BDE = Band D Equivalents

	Precept 12/13 £	LCTS Grant £	Adjusted Precept Required £	13/14 Adjusted Taxbase (BDE)	13/14 Band D £	12/13 Band D £	Increase (Reduction) Band D £	Increase (Reduction) Band D %
Abbess, Berners and Beauchamp Roding	5,000	207	4,793	202.1	23.72	23.49	0.23	0.97
Buckhurst Hill	367,800	24,840	342,960	4,979.7	68.87	69.25	-0.38	-0.55
Chigwell	223,918	14,551	209,367	5,673.6	36.90	37.34	-0.44	-1.17
Epping Town	434,200	40,034	394,166	4,799.7	82.12	83.84	-1.72	-2.05
Epping Upland	11,876	679	11,197	390.0	28.71	28.54	0.17	0.59
Fyfield	10,423	505	9,918	407.6	24.33	24.75	-0.42	-1.69
High Ongar	13,500	1,078	12,422	529.4	23.46	23.44	0.02	0.10
Lambourne	29,860	3,614	26,246	820.1	32.00	32.07	-0.07	-0.21
Loughton Town	643,200	69,526	573,674	11,682.8	49.10	49.18	-0.08	-0.15
Matching	14,035	896	13,139	409.8	32.06	31.44	0.62	1.98
Moreton, Bobbingworth and the Lavers	12,300	997	11,303	535.3	21.12	21.49	-0.37	-1.74
Nazing	72,494	5,233	67,261	1,960.3	34.31	34.38	-0.07	-0.20
North Weald Bassett	138,815	13,265	125,550	2,408.4	52.13	52.45	-0.32	-0.61
Ongar Town	230,469	22,770	207,699	2,530.6	82.08	82.83	-0.75	-0.91
Roydon	29,109	1,574	27,535	1,249.8	22.03	22.01	0.02	0.10
Sherrington	30,810	1,923	28,887	1,273.4	22.69	22.62	0.07	0.29
Stanford Rivers	11,700	886	10,814	343.4	31.49	32.59	-1.10	-3.38
Stapleford Abbots	6,629	313	6,316	492.8	12.82	12.79	0.03	0.20
Stapleford Tawney	1,461	41	1,420	74.4	19.08	19.58	-0.50	-2.53
Theydon Bois	103,280	4,715	98,565	1,911.9	51.55	51.14	0.41	0.81
Theydon Garnon	1,000	30	970	78.9	12.30	14.84	-2.54	-17.13
Theydon Mount	1,507	20	1,487	105.8	14.05	13.46	0.59	4.41
Waltham Abbey Town	768,901	112,256	656,645	7,080.1	92.75	94.46	-1.71	-1.82
Willingale	4,500	319	4,181	229.3	18.24	18.21	0.03	0.14
	<u>3,166,787</u>	<u>320,272</u>	<u>2,846,515</u>	<u>50,169.2</u>				

BDE = Band D Equivalents