

SECOND BUDGET COUNCIL

6TH March 2014

COUNCIL TAX REQUIREMENT 2014/15

SUBSTANTIVE MOTION AGREED AT COUNCIL ON 26 FEBRUARY 2014

I propose the following motion in relation to Agenda item 4: "Budget and Council Tax 2014/15":-

That Council: -

General Fund Revenue Budget and Council Tax Requirement 2014/15

1. Agree a General Fund revenue budget of £293.933m and a total Council Tax Requirement for Tower Hamlets in 2014/15 of £66,396,000 as set out in the table below.

Service	Revised Base 2013-14 £'000	Savings		Growth £'000	Adjustments £'000	Total Budget 2014-15 £'000
		Approved £'000	New £'000			
Education, Social Care and Wellbeing	195,442	(2,010)	(54)	2,405	(7,005)	188,778
Communities, Localities and Culture	79,471	(350)	(193)	2,078	(1,591)	79,415
Development & Renewal	19,648	(1,534)	(27)	(1,762)	(1,365)	14,960
Resources	6,795	(230)	(17)	19	(36)	6,531
Chief Executives	9,760	0	(367)	13	(104)	9,302
Public Health	29,982	0	0	0	0	29,982
Net Service Costs	341,098	(4,124)	(658)	2,752	(10,101)	328,967
Other Net Costs						
Capital Charges	9,444	0	0	1,845	0	11,289
Levies	1,661	0	0	0	0	1,661
Pensions	14,393	0	0	2,599	0	16,992
Other Corporate Costs	(6,230)	(2,568)	(66)	147	4	(8,713)
Total Other Net costs	19,268	(2,568)	(66)	4,591	4	21,229
Public Health	(31,382)	0	(879)	0	0	(32,261)
Core Grants	(23,452)	(3,408)	(2,265)	2,286	0	(26,839)
Reserves						
General Fund	0	0	0	0	0	0
Earmarked	(9,799)	0	0	(239)	9,532	(506)
General Fund (Smoothing)	0	0	0	0	0	0
Inflation	0	0	(1,500)	6,342	0	4,842
Total Financing Requirement	295,732	(10,100)	(5,368)	15,732	(565)	293,933
Government Funding	(150,670)	0	(82)	28,172	0	(122,580)
Retained Business Rates	(100,800)	0	(2,016)	0	0	(102,816)
Council Tax	(63,343)	0	(3,053)	0	0	(66,396)
Collection Fund Surplus	(1,645)	0	0	1,645	0	0
Total Financing	(316,458)	0	(5,151)	29,817	0	(291,792)

APPENDIX 1

2. Agree a Council Tax for Tower Hamlets in 2014/15 of £885.52 at Band D resulting in a Council Tax for all other band taxpayers, before any discounts, and excluding the GLA precept, as set out in the table below:-

BAND	PROPERTY VALUE		RATIO TO BAND D	LBTH COUNCIL TAX FOR EACH BAND
	FROM £	TO £		
A	0	40,000	$\frac{6}{9}$	£590.35
B	40,001	52,000	$\frac{7}{9}$	£688.74
C	52,001	68,000	$\frac{8}{9}$	£787.13
D	68,001	88,000	$\frac{9}{9}$	£885.52
E	88,001	120,000	$\frac{11}{9}$	£1,082.30
F	120,001	160,000	$\frac{13}{9}$	£1,279.08
G	160,001	320,000	$\frac{15}{9}$	£1,475.87
H	320,001	and over	$\frac{18}{9}$	£1,771.04

APPENDIX 1

3. Agree that for the London Borough of Tower Hamlets in 2014/15:-

(a) The Council Tax for Band D taxpayers, before any discounts, and including the GLA precept, shall be **£1,184.52** as shown below: -

	£
	(Band D, No Discounts)
LBTH	885.52
GLA	299.00
Total	1,184.52

(b) The Council Tax for taxpayers in all other bands, before any discounts, and including the GLA precept, shall be as detailed in the table below: -

<i>BAND</i>	<i>PROPERTY VALUE</i>		<i>RATIO TO BAND D</i>	<i>LBTH</i>	<i>GLA</i>	<i>TOTAL</i>
	<i>FROM</i> £	<i>TO</i> £				
A	0	40,000	⁶ / ₉	590.35	199.33	789.68
B	40,001	52,000	⁷ / ₉	688.74	232.56	921.30
C	52,001	68,000	⁸ / ₉	787.13	265.78	1,052.91
D	68,001	88,000	⁹ / ₉	885.52	299.00	1,184.52
E	88,001	120,000	¹¹ / ₉	1,082.30	365.44	1,447.74
F	120,001	160,000	¹³ / ₉	1,279.08	431.89	1,710.97
G	160,001	320,000	¹⁵ / ₉	1,475.87	498.33	1,974.20
H	320,001	and over	¹⁸ / ₉	1,771.04	598.00	2,369.04

- 4 Approve the statutory calculations of this Authority's Council Tax Requirement in 2014/15, detailed in **Appendix A** to this motion, undertaken by the Chief Financial Officer in accordance with the requirements of Sections 31 to 36 of the Local Government Finance Act 1992.
- 5 Approve the Treasury Management Strategy Statement, the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement as presented to Cabinet on 5 February 2014.
- 6 Approve the General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2014-2017 as amended and summarised in the tables below.

Summary Draft Medium Term Financial Plan 2013-17				
	2013-14	2014-15	2015-16	2016-17
	£'000	£'000	£'000	£'000
Net Service Costs	292,004	295,732	293,933	311,545
Growth (Incl Public Health)	40,566	7,343	1,582	6,619
CLG Grants transferring into baseline	23,717	0	0	0
Savings				
Approved	(26,029)	(6,692)	0	0
New		(724)	277	0
Inflation	5,760	4,842	5,500	5,500
Core Grants (incl Public Health)	(40,522)	(4,266)	9,074	1,540
Earmarked Reserves (Directorates)	(530)	(804)	447	0
Contribution to/from Reserves	766	(1,498)	732	0
Total Funding Requirement	295,732	293,933	311,545	325,204
Government Funding	(150,670)	(122,580)	(86,595)	(69,271)
Retained Business Rates	(100,800)	(102,816)	(104,872)	(106,970)
Council Tax	(63,343)	(66,396)	(67,392)	(68,402)
Collection Fund Surplus	(1,645)	0	0	
Total Funding	(316,458)	(291,792)	(258,859)	(244,643)
Budget Gap (excl use of Reserves)	(20,726)	2,141	52,686	80,560
Unallocated Contingencies		0	0	0
Budgeted Contributions to Reserves	(766)	(1,034)	0	0
General Fund Reserves	21,492	(1,107)	(24,310)	(14,135)
Unfunded Gap	0	0	28,376	66,425
Savings to be delivered in each year			(28,376)	(38,049)
	31/03/2014	31/03/2015	31/03/2016	31/03/2017
Balance on General Fund Reserves (£000s)	59,552	58,445	34,135	20,000

Detailed analysis of the Medium Term Financial Plan by service area 2013/14 to 2016/17

Service	Total	Savings		Growth	Adjustments	Total	Savings		Growth	Adjustments	Total	Savings		Growth	Adjustments	Total
	2013-14	Approved	New				2014-15	Approved				New	2015-16			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education, Social Care and Wellbeing	195,442	(2,010)	(54)	2,405	(7,005)	188,778	0	0	(1,162)	(272)	187,344	0	0	111	0	187,455
Communities, Localities and Culture	79,471	(350)	(193)	2,078	(1,591)	79,415	0	0	811	97	80,323	0	0	910	(199)	81,034
Development & Renewal	19,648	(1,534)	(27)	(1,762)	(1,365)	14,960	0	0	(39)	(150)	14,771	0	0	339	0	15,110
Resources	6,795	(230)	(17)	19	(36)	6,531	0	0	0	0	6,531	0	0	0	0	6,531
Chief Executives	9,760	0	(367)	13	(104)	9,302	0	277	0	0	9,579	0	0	0	0	9,579
Public Health	29,982	0	0	0	0	29,982	0	0	0	0	29,982	0	0	0	0	29,982
Net Service Costs	341,098	(4,124)	(658)	2,752	(10,101)	328,967	0	277	(390)	(325)	328,529	0	0	1,360	(199)	329,690
Other Net Costs																
Capital Charges	9,444	0	0	1,845	0	11,289	0	0	0	0	11,289	0	0	0	0	11,289
Levies	1,661	0	0	0	0	1,661	0	0	0	0	1,661	0	0	0	0	1,661
Pensions	14,393	0	0	2,599	0	16,992	0	0	2,000	0	18,992	0	0	1,500	0	20,492
Other Corporate Costs	(6,230)	(2,568)	(66)	147	4	(8,713)	0	0	(28)	0	(8,741)	0	0	3,759	0	(4,982)
Total Other Net costs	19,268	(2,568)	(66)	4,591	4	21,229	0	0	1,972	0	23,201	0	0	5,259	0	28,460
Public Health Grant	(31,382)	0	(879)	0	0	(32,261)	0	0	0	0	(32,261)	0	0	0	0	(32,261)
Core Grants	(23,452)	(3,408)	(2,265)	2,286	0	(26,839)	(3,000)	529	11,545	0	(17,765)	0	1,540	0	0	(16,225)
Reserves																
General Fund (Corporate)	0	0	0	0	0	0	0	0	(766)	0	(766)	0	0	0	0	(766)
Earmarked (Directorate)	(9,799)	0	0	(239)	9,532	(506)	0	0	0	772	266	0	0	0	199	465
General Fund (Smoothing)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inflation	0	0	(1,500)	6,342	0	4,842	0	(1,500)	7,000	0	10,342	0	(1,500)	7,000	0	15,842
Total Financing Requirement	295,732	(10,100)	(5,368)	15,732	(565)	293,933	(3,000)	(694)	19,361	447	311,545	0	40	13,619	0	325,204
Government Funding	(150,670)	0	(82)	28,172	0	(122,580)	0	(119)	36,104	0	(86,595)	0	(139)	17,463	0	(69,271)
Retained Business Rates	(100,800)	0	(2,016)	0	0	(102,816)	0	(2,056)	0	0	(104,872)	0	(2,098)	0	0	(106,970)
Council Tax	(63,343)	0	(3,053)	0	0	(66,396)	0	(996)	0	0	(67,392)	0	(1,011)	0	0	(68,402)
Collection Fund Surplus	(1,645)	0	0	1,645	0	0	0	0	0	0	0	0	0	0	0	0
Total Financing	(316,458)	0	(5,151)	29,817	0	(291,792)	0	(1,115)	36,104	0	(258,859)	0	(1,150)	17,463	0	(244,643)

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 6th MARCH 2014
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

SETTING THE AMOUNT OF COUNCIL TAX FOR THE COUNCIL'S AREA

1. That the revenue estimates for 2014/2015 be approved.
2. That it be noted that, at its meeting on 8th January 2014, Cabinet calculated 74,979 as its Council Tax base for the year 2014/2015 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]
3. That the following amounts be now calculated by the Council for the year 2013/14 in accordance with Section 31 to 36 of the Local Government Finance Act 1992 as amended and the Local Authorities (Alteration of Requisite Calculations) (England) Regulations 2011:
 - (a) £1,184,928,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of The Act. [Gross Expenditure]
 - (b) £1,118,532,000 Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of The Act. [Gross Income]
 - (c) £66,396,000 Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(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). [Council Tax Requirement]
 - (d) £885.52 Being the amount at 3(c) above (Item R), all divided by Item T (2 above), calculated by the Council, in accordance with Section 31B(1) of The Act, as the basic amount of its Council Tax for the year. [Council Tax]

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 6th MARCH 2014
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

(e)	VALUATION BAND	LBTH £
	A	590.35
	B	688.74
	C	787.13
	D	885.52
	E	1,082.30
	F	1,279.08
	G	1,475.87
	H	1,771.04

Being the amount given by multiplying the amount at 3(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, calculated by the Council, in accordance with Section 36(1) of The Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2014/15 the Greater London 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 the dwellings shown below:-

VALUATION BAND	GLA £
A	199.33
B	232.56
C	265.78
D	299.00
E	365.44
F	431.89
G	498.33
H	598.00

**LONDON BOROUGH OF TOWER HAMLETS
COUNCIL 6th MARCH 2014
BUDGET & COUNCIL TAX STATUTORY CALCULATIONS**

5. That, having calculated the aggregate in each case of the amounts at 3(d) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2014/15 for each of the categories of dwellings shown below:-

VALUATION BAND	TOTAL COUNCIL TAX £
A	789.68
B	921.30
C	1,052.91
D	1,184.52
E	1,447.74
F	1,710.97
G	1,974.20
H	2,369.04

6. Government regulation now requires a local authority to conduct a referendum where if compared with the previous year, they set council tax increases that are "excessive". Under current legislation and in accordance with principles approved under Section 52ZB Local Government Finance Act 1992, the Council tax set by the London Borough of Tower Hamlets for 2014/15 is not deemed to be excessive.