

SPECIAL EXPENSES BUDGET 2016/17

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Wards affected: All High Wycombe Town

PROPOSED RECOMMENDATION TO CABINET

That the committee notes and recommends an option for the Special Expenses budget for 2016/17 and the effect of the Council Tax Reduction Scheme grant on precept budgets for Special Expenses.

NB: The High Wycombe Town Committee is an advisory body only. In the main, its decisions are recommendations to Cabinet or to Council.

Reasons for Urgency

The report includes recommending the setting of Council Tax for the High Wycombe Town Committee area. The next meeting of the Committee would be too late to consider the report as it occurs in March after Council tax has been set.

Corporate Implications

1. The financial implications have been set out in this report. Under section 35(2) (d) of the Local Government Act 1992 any expenses incurred by the Authority in performing a part of the District functions performed elsewhere in the District by a Parish Council are Special Expenses unless a contrary resolution is in force. The Council passed a resolution on 4 January 1993 making all such expenses a general expense, with the exception of certain items detailed in the resolution, which are treated as Special Expenses.
2. In previous years the government has provided additional grant to Councils who freeze their share of Council Tax. This scheme has been discontinued for 2016/17. Rather District Councils with a Council Tax rate in the lowest quartile nationally, such as Wycombe District Council, have the option to increase their Council Tax by up to £5 per Band D property in 2016/17 before a referendum is required. The limit for Councils who have a Council Tax level above this level remains 1.99%
3. As the Special Expenses precept is included in the District calculation, any movement above a 0.5% reduction in the Town Council's precept will mean the District Council will not be able to increase its precept by the full £5. For example, freezing the precept at the current level of £17.50 per Band D would result in the District Council being able to increase its Council Tax by a maximum of £4.98 before a referendum would be required.
4. An increase in the Council Tax Base in year means that High Wycombe Town Committee will receive an extra £5k in precept at the current level of £17.50 Band D. This would create a budget surplus of £4.6k. A reduction of 1.09% would result in a Band D tax rate of £17.31 and would result in a balanced

budget for 2016/17. The Town Committee has forecasted working balances of £604k at 31 March 2016.

Executive Summary

5. This report sets out the proposed budget for 2016/17 for Special Expenses and the impact on the precept. Details of the estimates for 2016/17 are attached at Appendix A.
6. Options for the setting of the Special Expenses precept 2016/17 are outlined in this report.
7. The Council Tax precept is based on the tax base calculated in terms of Band D equivalent properties. The tax base for 2016/17 is 21,505.14 (21,213.59 in 2015/16). The increase in properties means that the Town Council precept will increase by £5,039 if the Band D charge for Special Expenses is left unchanged, amounting to a total precept of £376,340 in 2016/17. A reduction in the Band D tax rate by 1.09% would result in a precept of £372,300 and a balanced budget for 2016/17.
8. The Council Tax Reduction Scheme (CTRS), which has resulted in a reduction in the Council Tax base for the High Wycombe Town area from 2013/14 onwards, has been base-lined into the Council's overall settlement. As part of the Government's Comprehensive Spending Review (CSR) announcement in November 2015 this has been reduced significantly for 2016/17. As a result, the amount given to the Town Council and Parishes has been reduced in line with this and for High Wycombe Town will be £37,500 in 2016/17. This is a reduction from the 2015/16 level of £45,200.

Background and Issues

9. A separate fund is maintained for Special Expenses. Income is raised by a precept on the town's inhabitants and interest is credited on the fund balance.
10. Central Government has not extended the Council Tax Freeze Grant provided in previous years and has instead introduced a £5 per Band D referendum limit for District Councils whose tax rate is in the lowest quarter nationally, which includes Wycombe District Council. For the purposes of calculating a tax increase within the referendum limit, the Special Expenses precept must be included within the District-wide calculation. The options for increasing or reducing the Council Tax precept effects the District Council's ability to levy the maximum £5 permitted amount of Council tax and the implications are detailed within this report.

2016/17 Budget Overview (Appendix A)

11. For 2016/17 the estimated Net Cost of Services is £421,800 (£419,600 in 2015/16). The precept of £372k (£371k in 2015/16), shown at Appendix A, has been calculated using a Band D tax rate of £17.31, a reduction of 1.09%.

After adjusting for the capital charge credit, CTS grant and working balance interest there is an annual spend of £372k.

12. In previous years, management salary costs were charged to the Salaries lines within budgets. However in the current financial year these have been re-categorised to overheads showing variances in salary costs and group management overheads across the cost centres for High Wycombe Town Committee detailed in Appendix A.

Options for Setting Precept

13. Options for setting the Council Tax precept are set out in Table 1 below and show the impact to the annual surplus/deficit and to working balances, after adjusting for the capital charge credit, CTS grant and interest. The table also shows how the precept set by the Town Committee impacts the maximum level the District Council can increase Council tax.

Table 1: Council Tax Precept Option for 2016/17, excluding CTS Grant and interest of Working Balances and excluding West Wycombe

Option	% Change	Band D	Precept	(Surplus) / Deficit	WDC Band D Ceiling
1	2.0%	£17.85	£383,867	(£12,161)	£4.87
2	1.0%	£17.68	£380,211	(£8,505)	£4.92
3	0.0%	£17.50	£376,340	(£4,634)	£4.98
4	-0.5%	£17.42	£374,620	(£2,914)	£5.00
5	-1.0%	£17.33	£372,684	(£978)	£5.03*
6	-1.09%	£17.31	£372,300	0	£5.04*
7	-2.0%	£17.15	£368,813	£2,893	£5.09*

* A reduction in the Town Council's precept enables the District Council to increase by more than £5 before a referendum is required as overall when both are combined the sum would still be below a £5 increase.

14. The table shows that anything above a 0.5% reduction in the High Wycombe Town Committee's precept would impact on the District Council's ability to levy the maximum Council Tax increase permitted by Central Government. A 1.09% reduction would result in a balanced budget for the year for the Town Council due to the increase in the council tax base.
15. The current recommended minimum level of working balances is £150k. High Wycombe Town Council working balances forecast to be £608k at 31 March 2016. Approval for £61k of expenditure on allotments is sought in a separate paper to this committee meeting and, if approved, would be funded by reducing reserves.
16. It is not proposed to alter the recommended minimum £150k level of working balances at this time.

17. With balances of £636k and growth in the council tax base leading to a forecast budget surplus, the Committee will need to consider the justifications of any increase should this be recommended to Cabinet.

Next Steps

18. These proposals and the Committee's comments and recommendations will be considered by Cabinet at its meeting on 8th February 2016. Council tax for 2016/17 will be set by full Council at its meeting on 25th February 2016.

Background Papers

Papers held by Financial Services