

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-013-2013/14

Date of meeting: 14 November 2013

Portfolio: Finance and Technology

Subject: Council Tax Freeze Grant

Responsible Officer: Bob Palmer – (01992 – 56 4279)

Democratic Services: Rebecca Perrin - (01992 - 56 4532)

Recommendations/Decisions Required:

- 1. To consider the comments of the Finance Scrutiny Panel and in view of these decide whether to adhere to this Committee's previous decision on freezing the Council Tax for 2014/15.**

Executive Summary:

At the last meeting of the Finance Scrutiny Panel a comparison was requested to show the contrast in the Council's financial position if it was to increase the Council Tax instead of accepting the Freeze Grant. This comparison is set out on Annex 1 and will be considered by the Scrutiny Panel on 12 November.

In considering the Financial Issues Paper at the last meeting of this Committee, it was decided to recommend a further freeze in the Council Tax to Cabinet. The Financial Issues Paper had assumed Members would not want to increase the Council Tax and so no alternative scenario involving an increase was provided.

Reasons for Proposed Decisions:

To ensure that Members have evaluated the option of increasing the Council Tax and in doing so have considered the views of the Finance Scrutiny Panel.

Other Options for Action:

Members could decide that they wanted to increase the Council Tax by more than 2%, although this would require public support through a referendum.

Report:

- 1. The last time the Council Tax was increased was for the 2010/11 financial year. Since then the Department for Communities and Local Government (DCLG) have made grants available to support authorities choosing to freeze the Council Tax. These grants have been the equivalent of a 1% increase in Council Tax, approximately £75,000, and have been accepted for the three financial years from 2011/12 to 2013/14. The draft grant figures for 2014/15 and 2015/16 issued as part of the recent DCLG consultation protected authorities who had previously accepted freeze grants by including the freeze grant in the baseline for these authorities.**

2. As part of the consultation mentioned above, the DCLG stated that freeze grants would also be available for both 2014/15 and 2015/16. The arguments for and against continuing to accept the freeze grants are set out below.

Arguments for Increasing the Council Tax

3. It can be seen from Annex 1 that increasing the Council Tax by 2% for 2014/15 and 2015/16 would provide additional funds above the freeze grant of £75,000 in 2014/15 and £152,000 in 2015/16. As this would be a continuing source of income it would ease some of the financial pressure on the Council and the net savings requirement could be adjusted down.
4. If the system of allocating funds to local authorities alters after the next election it is possible that the freeze grants received would not be included as part of the baseline calculations for authorities. This could mean that authorities that have previously accepted freeze grants could suffer greater funding reductions and have to make correspondingly larger savings in the future.
5. Having not increased the Council Tax for three years, it could be argued that to increase now by only 2% for two years is not unreasonable. Annual increases of only £2.97 and £3.06 equate to less than 6p per week which would not be seen as significant by most people.

Arguments for Not Increasing the Council Tax

6. Increasing the Council Tax would go against both the medium term aims in the Corporate Plan and the Cabinet's current Key Objectives. The Corporate Plan 2011/15 includes five medium term aims, one of which is to "Have the lowest district Council Tax in Essex and maintain that position". One of the Cabinet's Key Objectives is to "Deliver key priorities within budget" and this has a sub objective the "Setting of a consistently low district Council Tax".
7. Whilst the Council has a tough target for achieving net savings, it could be difficult to justify increasing the Council Tax while the General Fund reserve still exceeds £9.5 million.

Summary

8. The decision on the level of Council Tax is a finely balanced one that needs to weigh up the various financial and political implications. Member's views are requested at this time to assist in the budget planning process.

Resource Implications:

Potential to increase net income by £75,000 for 2014/15 and £152,000 for 2015/16 by increasing Council Tax by 2% for both years.

Legal and Governance Implications:

The level of increase considered above is below that which would require a referendum and so has no significant legal and governance implications.

Safer, Cleaner, Greener Implications:

None.

Consultation Undertaken:

None.

Background Papers:

Financial Issues Paper presented to the September meeting of this Committee.

Impact Assessments:

Risk Management

The financial and political risks are set out above and are finely balanced in this case.

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?

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