



Report to: Budget Council

Subject: Council Tax 2007/08

Date: 1 March 2007

Author: Leader of the Council

1. **PURPOSE**

- 1.1 This report summarises the General Fund Revenue Budget for the Council in 2007/2008.
- 1.2 The report also includes information about the external support to the Council and sets out the basis from which decisions can be made regarding the Council Tax level for 2007/2008.
- 1.3 At the time of preparing this report details of Nottinghamshire County Council's and the Nottinghamshire Police Authority's total requirements, and resultant Council Tax levy were not available. Further information may be given at the meeting. Equivalent amounts, in respect of the Parishes, are shown in paragraph 4.5.

2. **BACKGROUND - REVENUE**

- 2.1 The final Local Government Finance Settlement figures were announced on 18 January 2007 and external support for Gedling has been confirmed at £8,668,433, a cash increase of £451,233 or 5.49% on the original figure for 2006/07.
- 2.2 The Government still retains reserve powers to cap Council Tax levels if it regards the Council's budget requirements to be excessive.

3. **SUMMARY GENERAL FUND ESTIMATES**

3.1 **General**

The proposed budgets for 2007/2008, as recommended by Cabinet elsewhere on this agenda, are summarised in the table below:

Portfolio Totals 2007/2008

	£
Leader	2,594,500
Agenda 21, Crime & Community Dev.	1,404,500
E-Govt & Member Services	0
Development & Economic Regeneration	344,200
Direct Services	5,139,300
Housing General Fund	919,500
Leisure Services	2,557,800
Finance	1,331,900
TOTAL	14,291,700

Cabinet have recommended to Council a 3% Council Tax increase which requires a contribution from balances of £627,704 to balance the total proposed budget of £14,291,700.

Cabinet have also recommended the inclusion of two budgets for Policy Initiatives, £100,000 for Environmental Initiatives and £100,000 for Spend to Save Initiatives, subject to additional resources being made available via the Local Authority Business Growth Incentive Scheme.

3.2 Revenue Contributions to Capital

The Estimates as drafted for the General Fund make no provision for a revenue contribution to capital in 2007/08.

3.3 Consultation with Non-Domestic Ratepayers

In accordance with the Local Government Finance Act 1992, consultation with representatives of non domestic rate payers has been undertaken and at the time of writing the report no responses have been received.

3.4 The General Fund Balance

The General Fund balance at 1 April 2007 is estimated to be £2,159,698 as detailed in Appendix 1.

Members will need to consider the use of balances when determining the Council Tax.

The Local Government Act 2003 now requires that the Head of Finance provides advice to the Council on the adequacy of financial reserves and the robustness of the estimates. These comments can be found at the end of this report.

3.5 Overall Budget 2007/2008

Appendix 1 summarises the Council's overall budget position for 2007/2008. This gives a total budget of £14,291,700, which together with Gedling's share of the Collection Fund deficit of £83,880, will be partly funded from External Support as described below. The balance of £5,707,147 must be found from Council balances and the Council Tax.

4. **COUNCIL TAX 2007/2008**

4.1 **General**

The Council Tax Base was determined by Finance Portfolio Holder as 37,592.09 on 11 January 2007. The tax base for Parishes is given in paragraph 4.5.

When final notification was given by the DCLG of the Total Formula Spend the following external support figures were also given:

	£
Basic Revenue Support Grant (RSG)	1,245,690
Non-Domestic Rate (NDR)	7,422,743

This level of support is not dependent on a particular level of expenditure.

4.2 **The Collection Fund**

The Collection Fund continues to operate for Council Tax requirements.

The estimated Council Tax deficit of £856,000 declared at 15 January 2007 will be shared by the Authorities precepting on the Collection Fund as follows:

Nottinghamshire County Council	£655,148
Nottinghamshire Police Authority	£80,113
Combined Fire Authority	£36,859
Gedling Borough Council	£83,880

4.3 **Borough Council - Council Tax Level**

Gedling's total budget shown in paragraph 3.5 above less the total external support above gives the amount to be raised from the Council Tax or to be funded from balances. Appendix 1 shows that this amount is £5,707,147.

Gedling Borough Council's Council Tax is calculated by dividing the amount to be raised through the Council Tax by the Council Tax Base. This produces an amount per Band D property.

The amounts charged to properties in other bands are determined by proportion, i.e. Properties in Band A pay two-thirds of the amount payable by a property in Band D, while a Band H property will pay twice as much as a Band D property.

4.4 **Nottinghamshire County Council's and Notts Police Authority Council Tax 2007/2008**

At the time of preparing this report the County Council has not advised the Council of these amounts. It is not possible therefore to show the overall Council Tax which will be levied for 2007/2008. Further information may be given at the meeting.

4.5 Parish Precepts

The Parish Councils are required to give formal notice of their precept requirements for 2007/2008 by 1 March 2007. Those that have already been received are detailed below, together with the provisional notifications received from the remainder.

	Precept 2007/2008	Tax Base	Band D Equiv £
Bestwood St Albans	14,476	1,546.58	9.36
Burton Joyce	52,607	1,498.77	35.10
Calverton	65,941	2,117.55	31.14
Colwick	31,313	912.57	34.31
Lambley	8,494	481.26	17.65
Linby	3,000	101.64	29.52
Newstead	11,030	404.49	27.27
Papplewick	5,697	276.42	20.61
Ravenshead	67,871	2,573.79	26.37
Stoke Bardolph	396	53.33	7.43
Woodborough	16,580	894.26	18.54

5. **RECOMMENDATIONS**

- (i) To determine the application of fund balances or contributions to balances.
- (ii) To recommend the calculations for 2007/2008 required by Sections 32-36 of the Local Government & Finance Act 1992 and the amounts set as Council Tax for 2007/2008 for each category of dwelling.

COMMENT OF HEAD OF FINANCE

Robustness of Estimates and Adequacy of General Fund Balances

The Annual Budget and Medium Term Plan have been based upon a range of assumptions that have been previously detailed to Members. This has enabled an estimate of current and future spending to be modelled. The Authority has an excellent track record of meeting demands within the approved budget and the robustness of the Council's financial planning has been the subject of positive comment from both the CPA Inspectors and External Audit. The Council has an established process for assessing financial risk factors that are inherent in any business activity and the Council's Financial Strategy shows this Council has minimised financial risk over the medium term.

An assessment of Reserves and Balances has been carried out and I am satisfied that the financial position as presented is robust and that reserves and balances are adequate in the short term. However, pressures on the budget are building in the medium term, as demonstrated in the Medium Term Financial Strategy Summary reported to Cabinet on 15 February 2007.

The Council has in the past successfully managed such change and therefore I consider that, given the information available at the time, the level of general reserves are adequate for the purpose of setting the 2007/08 Council Tax.

Gedling Borough Council - Council Tax 2007/2008**Total Portfolio Budgets:**

	£
Leader	2,594,500
Agenda 21, Crime & Community Development	1,404,500
E-Government & Member Services	0
Development & Economic Regeneration	344,200
Direct Services	5,139,300
Housing General Fund	919,500
Leisure Services	2,557,800
Finance	1,331,900
Total Budget 2007/2008	14,291,700

External Funding from Central Government:

Revenue Support Grant (RSG)	(1,245,690)
Payment from National Non-Domestic Rate (NNDR) Pool	(7,422,743)

Balances on the Collection Fund which can be applied:

Council Tax Deficit	83,880
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Taking these amounts from the Total Budget leaves a requirement which has to be funded either from the Council's general balances or from the Council Tax yield. This amount is

5,707,147

Estimated Balances at 1 April 2007

2,159,698
