



**Report to: Budget Council**

**Subject: Council Tax 2008/09**

**Date: 5 March 2008**

**Author: Leader of the Council**

## 1. **PURPOSE**

- 1.1 This report summarises the General Fund Revenue Budget for the Council in 2008/09.
- 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 2008/09.
- 1.3 At the time of preparing this report, the Precept requirements, and resulting Council Tax levies, for Nottinghamshire Police Authority and The Combined Fire Authority have been formally approved, however Nottinghamshire County Council have yet to meet to set their budget. Further information will be given at the meeting. Equivalent amounts, in respect of the Parishes, are shown in paragraph 4.7.

## 2. **BACKGROUND - REVENUE**

- 2.1 The final Local Government Finance Settlement figures were announced on 24 January 2008 and external support for Gedling has been confirmed at £8,933,782, a cash increase of £207,003 or 2.4% on the adjusted "like for like" figure for 2007/08.
- 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 2008/09, as recommended by Cabinet elsewhere on this agenda, are summarised in the table below:

### Portfolio Totals 2008/2009

	£
Leader	1,861,700
Safe & Sustainable Neighbourhoods	1,373,400
Customer Services & Efficiency	0
Development & Economic Regeneration	669,900
Direct Services & Property	5,739,300
Housing & Health	1,792,100
Leisure & Youth	2,681,500
Finance	1,022,000
<b>TOTAL</b>	<b>15,139,900</b>

Cabinet have recommended to Council a 3% Council Tax increase for 2008/09, which requires a contribution from balances of £1,016,803 to balance the total proposed budget of £15,139,900.

#### 3.2 Revenue Contributions to Capital

The Estimates as drafted for the General Fund make no provision for a revenue contribution to capital in 2008/09.

#### 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 2008 is estimated to be £3,272,093 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 Council's Chief Financial Officer, in the case of Gedling that is the Head of Corporate Services, provide 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 2008/09

Appendix 1 summarises the Council's overall budget position for 2008/09. This gives a total budget of £15,139,900, which together with Gedling's share of the Collection Fund deficit of £58,090, will be partly funded from External Support as

described below. The balance of £6,264,208 must be found from Council balances and the Council Tax.

#### 4. **COUNCIL TAX 2008/09**

##### 4.1 **General**

The Council Tax Base was determined by the Finance Portfolio Holder as 37,705.84 on 10 January 2008. The tax base for Parishes is given in paragraph 4.7.

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)	1,091,684
Non-Domestic Rate (NNDR)	7,842,098

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 £599,000 declared at 15 January 2008 will be shared by the Authorities precepting on the Collection Fund as follows:

Nottinghamshire County Council	£458,445
Nottinghamshire Police Authority	£56,569
Combined Fire Authority	£25,896
Gedling Borough Council	£58,090

##### 4.3 **Gedling Borough Council - Council Tax 2008/09**

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 £6,264,208.

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 - Council Tax 2008/09**

At the time of preparing this report, Nottinghamshire County Council have not formally approved their precept, the meeting being scheduled for 28 February. Provisional information has been obtained, indicating that the precept for Gedling

Borough Council will be £43,679,576 which gives a Band D of £1,158.43. This represents an increase of 3% over the charge for 2007/08.

#### 4.5 Nottinghamshire Police Authority Council Tax 2008/09

The Police Authority has levied a precept of £5,490,724 for 2008/09, which equates to a Band D of £145.62. This represents an increase of 4.9% over the charge for 2007/08.

#### 4.6 Combined Fire Authority - Council Tax 2008/09

The Combined Fire Authority has levied a precept of £2,467,315 for 2008/09, which equates to a Band D of £65.44. This represents an increase of 3.0% over the charge for 2007/08.

#### 4.7 Parish Precepts

The Parish Councils are required to give formal notice of their precept requirements for 2008/09 by 1 March 2008. Those that have already been received are detailed below, together with the provisional notifications received from the remainder.

	<b>Precept 2008/09 £</b>	<b>Tax Base</b>	<b>Band D 2008/09 £</b>	<b>Band D 2007/08 £</b>	<b>Inc/(Decr ) %</b>
Bestwood St Albans	15,673	1,554.90	10.08	9.36	7.69
Burton Joyce	59,361	1,464.98	40.52	35.10	15.44
Calverton	70,498	2,169.84	32.49	31.14	4.34
Colwick	28,982	905.59	32.00	34.31	(6.73)
Lambley	8,477	489.51	17.32	17.65	(1.87)
Linby	3,088	104.62	29.52	29.52	Nil
Newstead	11,579	405.87	28.53	27.27	4.62
Papplewick	5,574	274.04	20.34	20.61	(1.31)
Ravenshead	69,743	2,565.98	27.18	26.37	3.07
Stoke Bardolph	1,025	53.91	19.01	7.43	155.85
Woodborough	18,150	902.61	20.11	18.54	8.47

## 5. RECOMMENDATIONS

- (i) To determine the application of fund balances or contributions to balances.
- (ii) To make the calculations for 2008/09 required by Sections 32-36 of the Local Government & Finance Act 1992 and the amounts set as Council Tax for 2008/09 for each category of dwelling.

## **COMMENT OF THE HEAD OF CORPORATE SERVICES**

### **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 minimal 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 continue to build in the medium term, as demonstrated in the Medium Term Financial Strategy Summary reported to Cabinet on 21 February 2008.

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 2008/09 Council Tax.

**Gedling Borough Council - Council Tax 2008/09****Total Portfolio Budgets:**

	£
Leader	1,861,700
Safe & Sustainable Neighbourhoods	1,373,400
Customer Services & Efficiency	0
Development & Economic Regeneration	669,900
Direct Services & Property	5,739,300
Housing & Health	1,792,100
Leisure & Youth	2,681,500
Finance & IT	1,022,000
<b>Total Budget 2008/09</b>	<b>15,139,900</b>

**External Funding from Central Government:**

Revenue Support Grant (RSG)	(1,091,684)
Payment from National Non-Domestic Rate (NNDR) Pool	(7,842,098)

**Balances on the Collection Fund which can be applied:**

Council Tax Deficit	58,090
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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**

<b>6,264,208</b>
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**Estimated Balances at 1 April 2008**

<b>3,272,093</b>
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