



**Report to: Budget Council**

**Subject: Council Tax 2011/12**

**Date: 2 March 2011**

**Author: Leader of the Council**

## **1. PURPOSE**

- 1.1 This report summarises the General Fund Revenue Budget for the Council in 2011/12. 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 2011/12.
- 1.2 At the time of preparing this report, formal precept requirements, and the resulting Council Tax levies, had not been received from Nottinghamshire County Council, Nottinghamshire Police Authority or the Combined Fire Authority, however, each authority had made its anticipated figures available, and these are detailed at 4.4, 4.5 and 4.6 below. Further information will be given at the meeting. Equivalent amounts in respect of the Parishes are shown at paragraph 4.7.

## **2. BACKGROUND - REVENUE**

- 2.1 The final Local Government Finance Settlement figures were announced on 31 January 2011 and external support for Gedling for 2011/12 was confirmed at £6,953,583, a cash decrease of £1,057,458 or 13.2% on the figure for 2010/11.
- 2.2 The Government still retains reserve powers to cap Council Tax levels if it regards the Council's budget requirements to be excessive. For 2011/12 the Government has announced that Council Tax rises of 3.5% and above will be deemed excessive and will be considered for capping.

## **3. SUMMARY GENERAL FUND ESTIMATES**

### **3.1 General**

The proposed budgets for 2011/12, as recommended by Cabinet elsewhere on the agenda, are summarised in the table below:

## **Portfolio Totals 2011/2012**

	£
Leader (non-executive functions)	2,142,700
Safe & Sustainable Neighbourhoods	2,451,300
Customer & Member Services	311,100
Development & Enterprise	509,800
Direct Services	3,381,200
Strategic Planning	405,700
Leisure & Well-being	4,136,100
Finance	(114,000)

**TOTAL PROPOSED BUDGET** **13,223,900**

Cabinet have recommended to Council a 0% Council Tax increase for 2011/12.

### 3.2 Revenue Contributions to Capital

The Estimates as drafted for the General Fund make no provision for a revenue contribution to capital in 2011/12.

### 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 by letter and email.

### 3.4 The General Fund Balance

The General Fund balance at 1 April 2011 is estimated to be £4,794,720. Receipts during 2011/12 are estimated to be £477,901.

A contribution from balances of £688,880 will be required to support General Fund expenditure if a nil increase in Council Tax is to be achieved.

Members will need to consider the use of balances when determining the Council Tax for 2011/12.

**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 below:**

#### *The robustness of the Estimates and the 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 in recent years. The Council has an established process for assessing financial risk factors that are inherent in any business activity, and the financial risk register shows that the Council has minimal, but growing, financial risk over the medium term. From this risk assessment, it is clear that the achievement of the medium term financial plan is more uncertain than in previous years, and that the Council has fewer avenues from which it can manage downside risk. Careful monitoring of actual against budgeted spend will become more important, in order to provide an early warning if the financial situation deteriorates. This authority already has an established track record in this regard.*

*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 in the medium term are significant, as demonstrated in the Council Plan reported to Cabinet on 17 February 2011.*

*The Council has in the past successfully managed such pressure, 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 2011/12 Council Tax.*

### 3.5 Overall Budget 2011/12

Appendix 1 summarises the Council's overall budget position for 2011/12. This gives a total budget of £13,223,900 and a Council Tax Requirement of £5,556,040.

## 4. COUNCIL TAX 2011/12

### 4.1 General

The Council Tax Base was determined by the Finance Portfolio Holder as 38,206.85 on 9 December 2010.

The tax base for Parishes is given in paragraph 4.7.

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

	£
Basic Revenue Support Grant (RSG)	1,641,867
Non-Domestic Rate (NNDR)	5,311,716
<b>Total External Support</b>	<b>6,953,583</b>

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 surplus of £261,000 declared at 15 January 2011 will be shared by the Authorities precepting on the Collection Fund as follows:

Nottinghamshire County Council	£197,552
Nottinghamshire Police Authority	£26,511
Combined Fire Authority	£11,540
Gedling Borough Council	£25,397
<b>Total</b>	<b>£261,000</b>

#### 4.3 Gedling Borough Council - Council Tax 2011/12

As shown at paragraph 3.5 above, Gedling's total budget for 2011/12 is £13,223,900. The amount to be raised from the Council Tax is detailed at Appendix 1, and totals £5,556,040.

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 (6/9) 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 (18/9).

#### 4.4 Nottinghamshire Police Authority

Nottinghamshire Police Authority will meet on Wednesday 23 February and are expected to approve a precept for Gedling Borough Council of £6,117,299, which will give a Band D of £160.11. This represents a nil increase on the charge for 2010/11.

#### 4.5 Combined Fire Authority

The Combined Fire Authority will meet on Friday 25 February. Initial indications indicated that no increase in its Band D charge was proposed, however following further discussions at the Authority, its precise intentions are unclear at the time of writing.

#### 4.6 Nottinghamshire County Council

Nottinghamshire County Council will meet on Thursday 24 February. Indications are that the Band D charge will again be maintained at £1,193.18 as in both 2009/10 and 2010/11.

#### 4.7 Parish Precepts

The Parish Councils are required to give formal notice of their precept requirements for 2011/12 by 1 March 2011. Those that have already been received are detailed below, together with the provisional notifications received from the remainder. Anticipated parish precepts total £328,248, an increase of 7.91% on those declared for 2010/11

<b>Parish:</b>	<b>Precept 2011/12 £</b>	<b>Tax Base 2011/12</b>	<b>Band D 2011/12 £</b>	<b>Band D 2010/11 £</b>	<b>+ / - £</b>	<b>+ / - %</b>
Bestwood St Albans	15,803	1,610.88	9.81	9.81	0.00	0.00
Burton Joyce	62,728	1,473.52	42.57	42.57	0.00	0.00
Calverton	89,591	2,215.10	40.45	33.40	+7.05	+21.11
Colwick	27,587	910.21	30.31	31.40	-1.09	-3.47
Lambley	12,636	495.20	25.52	19.77	+5.75	+29.08
Linby	4,104	108.49	37.83	27.84	+9.99	+35.88
Newstead	12,670	406.98	31.13	29.96	+1.17	+3.91
Papplewick	6,765	279.65	24.19	24.52	-0.33	-1.35
Ravenshead	78,178	2,656.39	29.43	28.71	+0.72	+2.51
Stoke Bardolph	336	55.33	6.07	4.50	+1.57	+34.89
Woodborough	17,850	912.11	19.57	19.11	+0.46	+2.41

Whilst percentage increases on parish precepts and Band D charges may appear large, members should note that due to the size of the figures involved, and small shifts in the tax-base, relatively small monetary increases may result in significant percentages. For example, the precept at Stoke Bardolph has risen only £96, however in percentage terms this is 40%. The corresponding Band D rise is 34.89%.

## **5. RECOMMENDATIONS**

- (i) To determine the application of fund balances or contributions to balances.
- (ii) To recommend the calculations for 2011/12 required by Sections 32-36 of the Local Government & Finance Act 1992 and the amounts set as Council Tax for 2011/12 for each category of dwelling.

**Gedling Borough Council – Council Tax 2011/12**

<b>Total Portfolio Budgets:</b>	<b>£</b>
Leader (non-executive functions)	2,142,700
Safe Sustainable Neighbourhoods	2,451,300
Customer and Member Services	311,100
Development and Enterprise	509,800
Direct Services	3,381,200
Strategic Planning	405,700
Leisure and Well-being	4,136,100
Finance	(114,000)
<b><u>Total Budget 2011/12</u></b>	<b><u>13,223,900</u></b>
<b>External Funding from Central Government:</b>	
Revenue Support Grant (RSG)	(1,641,867)
Payment from National Non Domestic Rate (NNDR) Pool	(5,311,716)
<b>Balances on the Collection Fund to be taken into account:</b>	
Council Tax Surplus	(25,397)
<b>Other items to be taken into account:</b>	
Internal Transfer From balances in year	(688,880)
<b>The “Council Tax Requirement” is therefore:</b>	<b><u>5,556,040</u></b>

<b><u>General Fund Balance</u></b>	<b>£</b>
<b>Estimated General Fund Balance at 1 April 2011:</b>	<b>4,794,720</b>
Estimated GF receipts during 2011/12 (Council Tax Freeze Grant £138,901 and New Homes Bonus £339,000)	477,901
Transferred from balances during 2011/12 (In support of General Fund expenditure)	(688,880)
<b><u>Estimated General Fund Balance 1 April 2012</u></b>	<b><u>4,583,741</u></b>
Minimum Required General Fund Balance 1 April 2012	991,800