



**Report to: Budget Council**

**Subject: Council Tax 2012/13**

**Date: 5 March 2012**

**Author: Leader of the Council**

## **1. PURPOSE**

- 1.1 This report summarises the General Fund Revenue Budget for the Council in 2012/13. 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 2012/13.
- 1.2 At the time of preparing this report, formal precept requirements, and the resulting Council Tax levies, have not been received from Precepting authorities. However the Police Authority have approved a Council Tax rise of 3.93% with announcements still awaited from Nottinghamshire County Council and the Combined Fire Authority. Further details are included at 4.5, 4.6 and 4.7 below and final information will be available at the meeting. Equivalent amounts in respect of the Parishes are shown at paragraph 4.8.

## **2. BACKGROUND - REVENUE**

- 2.1 The final Local Government Finance Settlement figures were announced on 31 January 2012 and external support for Gedling for 2012/13 was confirmed at £6,274,297. The settlement includes the Council Tax Freeze grant of £138,901 which will be received for a period of 4 years to finance the Council Tax freeze implemented in 2011/12. The settlement figure, excluding Council Tax Freeze grant, of £6,135,396 represents a cash reduction of £818,200 or 11.8% from the 2011/12 grant figure.
- 2.2 The Localism Act 2011 gives powers to the local community to either endorse or veto Council Tax rises that are above a limit which is to be set annually by the House of Commons. If a local authority decides to implement a council tax increase above the government set limit this will trigger a referendum so that local voters can either support or reject the proposed rise. For 2012/13 the limit has been set at **3.5%**. Any Council which sets an increase greater than 3.5% and does not get support from the electorate via the referendum will have to revert to a council tax level that is compliant.

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

#### **3.1 Proposed Portfolio Budget 2012/13**

The proposed budgets for 2012/13, as recommended by Cabinet elsewhere on the agenda, are summarised in the table below:

<b>Portfolio</b>	<b>Base Budget 2012/13 £</b>
Community & Employee Relations	1,072,800
Health & Wellbeing	1,392,000
Communication & Public Protection	803,100
Economic & Strategic Development	981,900
Environment & Sustainability	5,094,600
Leisure & Culture	2,338,200
Finance and Performance	616,100
<b>Total</b>	<b>12,298,700</b>

Cabinet have recommended to Council a 3.4% Council Tax increase for 2012/13, which is below the Council Tax referendum trigger.

#### **3.2 Revenue Contributions to Capital**

The estimates as drafted for the General Fund make no provision for a revenue contribution to capital in 2012/13.

#### **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 2012 is estimated to be £4,693,500.

A contribution from balances of £353,500 will be required to support General Fund expenditure if a 3.4% increase in Council Tax is approved.

Members will need to consider the use of balances when determining the Council Tax for 2012/13.

**The Local Government Act 2003 requires that the Council's Chief Financial Officer (ie. the Corporate Director nominated as CFO), 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 which shows the future reliance on utilising General Fund balances to support expenditure levels, as reported to Cabinet on 16 February 2012.*

*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 2012/13 Council Tax.*

**4. COUNCIL TAX 2012/13**

**4.1 Taxbase**

The Council Tax Base was determined by the Finance Portfolio Holder as 38,435.35 on 7 December 2011. The tax base for each parish is given in paragraph 4.8.

**4.2 Central Government Finance Settlement**

Final grant settlement figures are summarised below:

	£
Basic Revenue Support Grant (RSG)	119,313
Non-Domestic Rate (NNDR)	6,154,984
<b>Total External Support</b>	<b>6,274,297</b>
Less Council Tax Freeze Grant (2011/12 freeze, 4 yr grant) included in Net Portfolio Budget	138,901
<b>Net General External Support</b>	<b>6,135,396</b>

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

#### 4.3 The Collection Fund

The Collection Fund continues to operate for Council Tax requirements.

The estimated Council Tax surplus of £314,000 declared at 15 January 2012 will be shared by the Authorities precepting on the Collection Fund as follows:

	£
Nottinghamshire County Council	237,578
Nottinghamshire Police Authority	31,874
Combined Fire Authority	13,878
Gedling Borough Council	30,670
<b>Total</b>	<b>314,000</b>

#### 4.4 Gedling Borough Council - Council Tax 2012/13

Cabinet have recommended a total net budget of £12,298,700 and a Council Tax increase of 3.4%. The summary of the proposed budget and the amount to be raised by Council Tax of £5,779,100 is detailed in the table below together with the estimated position on General Fund Balances:

##### Gedling Borough Council – Council Tax Requirement 2012/13

	£
<b>Total Portfolio Budget</b>	<b>12,298,700</b>
<b>Less:</b>	
Settlement Funding from Central Government (excluding council tax freeze grant)	(6,135,400)
Council Tax Collection Fund Surplus	(30,700)
Internal Transfer From Balances in Year	(353,500)
<b>Council Tax Requirement</b>	<b>5,779,100</b>

##### General Fund Balance 2012/13

	£
<b>Estimated General Fund Balance at 1 April 2012</b>	<b>4,693,500</b>
Transferred from balances during 2012/13 (In support of General Fund expenditure)	(353,500)
<b>Estimated General Fund Balance 1 April 2013</b>	<b>4,340,000</b>
Minimum Required General Fund Balance 1 April 2013	989,000

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).

#### 4.5 Nottinghamshire Police Authority

Nottinghamshire Police Authority met on Wednesday 22 February and has announced a 3.93% Council Tax increase resulting in a Band D charge of £166.41.

#### 4.6 Combined Fire Authority

The Combined Fire Authority will meet on Friday 24 February. Its precise intentions are unclear at the time of writing.

#### 4.7 Nottinghamshire County Council

Nottinghamshire County Council met on Thursday 23 February and has confirmed a nil increase in Council Tax. The Band D charge will be maintained at £1,193.18.

#### 4.8 Parish Precepts

The Parish Councils are required to give formal notice of their precept requirements for 2012/13 by 1 March 2012. Those that have already been received are detailed below, together with the provisional notifications received from the remainder. Anticipated parish precepts total £416,876, an increase of 27% on those declared for 2011/12. Members should note that this significant rise is largely due to the 50% cut in parish revenue aid previously agreed.

<b>Parish:</b>	<b>Precept 2012/13 £</b>	<b>Tax Base 2012/13</b>	<b>Band D 2012/13 £</b>	<b>Band D 2011/12 £</b>	<b>+ / - £</b>	<b>+ / - %</b>
Bestwood St Albans	23,226	1,646.07	14.11	9.81	+4.30	+43.83
Burton Joyce	72,215	1,472.27	49.05	42.57	+6.48	+15.22
Calverton	112,498	2,224.06	50.58	40.45	+10.13	+25.04
Colwick	30,468	912.64	33.38	30.31	+3.07	+10.13
Lambley	14,368	500.06	28.73	25.52	+3.21	+12.58
Linby	4,853	110.16	44.05	37.83	+6.22	+16.44
Newstead	13,278	409.89	32.39	31.13	+1.26	+4.05
Papplewick	8,580	278.69	30.79	24.19	+6.60	+27.28
Ravenshead	101,108	2,709.33	37.32	29.43	+7.89	+26.81
Stoke Bardolph	582	55.50	10.49	6.07	+4.42	+72.82
Woodborough	35,700	915.80	38.98	19.57	+19.41	+99.18

In percentage terms, individual increases on parish precepts and Band D charges may appear very large, however 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.

**5. RECOMMENDATIONS**

- (i) To determine the application of fund balances or contributions to balances.
- (ii) To recommend the calculations for 2012/13 required by Sections 32-36 of the Local Government & Finance Act 1992 and the amounts set as Council Tax for 2012/13 for each category of dwelling.