

Report to Budget Council

Subject: Council Tax 2013/14

Date: 4 March 2013

Author: Leader of the Council

Wards Affected

Borough-wide

Purpose

This report summarises the General Fund Revenue Budget for the Council in 2013/14. 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 2013/14.

Key Decision

This is a Key Decision

Background

- 1.1 At the time of preparing this report, a notice of precept requirements has been received from the Nottinghamshire Police and Crime Commissioner, however formal notices and the resulting Council Tax, have not been received from the other precepting authorities. It is understood that both the County Council and the Fire Authority are proposing a Council Tax freeze for the forthcoming year. Further details are included below and final information will be available at the meeting. Equivalent amounts in respect of the Parishes are also shown.
- 1.2 As reported to Cabinet on 14 February 2013, the final Local Government Finance settlement figures were announced on 4 February 2013. The Council's Formula Funding of £5,804,085 represents Revenue Support Grant of £3,485,366 and estimated Business Rates of £2,318,719 but excludes specific grants. The total of £5,804,085 represents a cash reduction of £331,311 or 5.4% from the equivalent figure for 2012/13.

Non ring-fenced specific grants were confirmed at £923,194, and are represented by Council Tax Freeze grant of £138,901 in respect of the freeze implemented in 2011/12, homelessness grant of £78,027 and Council Tax Reduction Scheme grant of £706,266.

Formula Grant plus non ring-fenced specific grants total £6,727,279 and represent the Council's Start-Up Funding Assessment (SuFA).
- 1.3 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 2013/14 the limit has been set at **2.0%**. Any Council which sets an increase greater than 2.0% and does not get support from the electorate via the referendum will have to revert to a council tax level that is compliant.

- 1.4** Authorities whose 2012/13 Council Tax was in the lower quartile of their category of authority, ie. shire districts, will be allowed to increase Council Tax by £5, even if this is above the 2% threshold. Gedling's Council Tax level is just outside the lower quartile so, as reported to Cabinet, this initiative is not applicable.

Proposal

2.1 Proposed Portfolio Budget 2013/14

The proposed budgets for 2013/14, as recommended by Cabinet elsewhere on the agenda, are summarised in the table below:

Portfolio	£
Community Development	1,292,900
Health & Housing	1,024,700
Public Protection & Communication	1,593,500
Environment	5,146,300
Leisure & Development	2,877,300
Finance & Performance	907,800
Base Budget 2013/14	12,842,500

Cabinet has recommended to Council a 1.8% Council Tax increase for 2013/14, which is below the Council Tax referendum trigger.

2.2 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.

2.3 The General Fund Balance

The General Fund balance at 1 April 2013 is estimated to be £4,646,400.

If a 1.8% increase in Council Tax is approved, a contribution to balances of £402,700 will be possible in 2013/14, which will allow prudent provision for the support of General Fund expenditure in the medium term. Members will need to consider the use of balances when determining the Council Tax for 2013/14.

- 2.4** 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 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

Members should note that even given the Council's excellent track record for budget management, careful budget monitoring and financial planning, all of which will continue, a significant structural deficit remains in the Medium Term Financial Plan (MTFP). Although the Annual Budget for 2013/14 and the early years of the MTFP leave the Council with a higher level of balances than required, our existing management approaches will not deliver the reductions required. Significant changes to the way that services are delivered will be required, and the level of services themselves will need to be challenged.

Over the next 18 months, the Council will have to develop more robust plans in order to balance the MTFP. These plans are not yet sufficiently developed, so although the current financial outlook is positive, and the 2013/14 estimates are robust, the medium term outlook is negative. Accordingly, members are advised that the risk levels in the MTFP are higher than in any of the previous years.

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 14 February 2013.

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 2013/14 Council Tax.

2.5 Council Tax 2013/14

2.5.1 Tax-base

The Council Tax-base was determined by the Finance Portfolio Holder as 34,396.13 on 24 January 2013. The tax base for each parish is given below.

2.5.2 Central Government Finance Settlement

Final grant settlement figures are summarised below:

	£
Revenue Support Grant (RSG)	3,485,366
Business Rates (estimated)	2,318,719
Total Formula Funding	5,804,085
Plus Non ring-fenced specific grants	923,194
Start-up Funding Assessment (SuFA)	6,727,279

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

2.5.3 The Collection Fund

The Collection Fund continues to operate for Council Tax requirements.

The estimated Council Tax surplus of £515,000 declared at 15 January 2013 will be shared by the Authorities precepting on the Collection Fund as follows:

	£
Nottinghamshire County Council	386,349
Nottinghamshire Police Authority	53,885
Combined Fire Authority	22,569
Gedling Borough Council	52,197
Total	515,000

2.5.4 Gedling Borough Council - Council Tax 2013/14

Cabinet have recommended a total net budget of £12,842,500 and a Council Tax increase of 1.8%. The summary of the proposed budget and the amount to be raised by Council Tax of £5,265,000 is detailed in the table below together with the estimated position on General Fund Balances:

	£
Total Portfolio Budget:	12,842,500
Less:	
Formula Funding (RSG & NDR)	(5,804,100)
Non ring-fenced specific grants	(923,200)
Estimated NDR growth	(85,000)
New Homes Bonus	(1,115,700)
Council Tax Collection Fund Surplus	(52,200)
Internal Transfer To Balances in year	402,700
COUNCIL TAX REQUIREMENT	5,265,000

	£
Estimated General Fund Balance at 1 April 2013	4,646,400
Transferred to balances during 2013/14 (to support future General Fund expenditure)	402,700
ESTIMATED GENERAL FUND BALANCE 1 APRIL 2014	5,049,100
Minimum Required General Fund Balance 1 April 2014	963,200

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).

2.5.5 Nottinghamshire Police and Crime Commissioner

The Nottinghamshire Police and Crime Commissioner has set the precept for 2013/14, and this was agreed by the Police and Crime Panel on 6 February 2013. A rise of 1.95% was approved, resulting in a Band D charge of £169.65.

2.5.6 Combined Fire Authority

The Combined Fire Authority will meet on Friday 22 February 2013. Its precise intentions are unclear at the time of preparing this report, however indications are that a Council Tax freeze will be agreed, maintaining a Band D charge of £69.69.

2.5.7 Nottinghamshire County Council

Nottinghamshire County Council will meet on Thursday 28 February 2013. Indications are that a nil increase in Council Tax will be agreed, maintaining a Band D charge of £1,193.18.

2.5.8 Parish Precepts

Parish Councils are required to give formal notice of their precept requirements for 2013/14 by 1 March 2013. Those that have already been received are detailed below, together with the provisional notifications received from the remainder. Anticipated parish precepts total £471,903, an increase of 13.2% on those declared for 2012/13. Members should note that this significant rise is largely due to the removal of all remaining parish revenue aid on 1 April 2013.

Implementation of the Council Tax Reduction Scheme, as a replacement for Council Tax Benefit, has resulted in a significant reduction in the tax-base, including the tax-base in respect of the parishes. Central Government funding for the CTRS includes an element to fund the impact of tax-base reductions on the parishes, and final tax-base figures indicate that this impact for 2013/14 amounts to £28,400. This sum has

been included in the General Fund budget proposal, and the grant will be reviewed annually.

Parish:	Precept 2013/14 £	Tax Base 2013/14	Band D 2013/14 £	Band D 2012/13 £	+ / - £	+ / - %
Bestwood St Albans	26,833	1,469.03	18.27	14.11	+4.16	+29.5
Burton Joyce	90,115	1,409.06	63.95	49.05	+14.90	+30.4
Calverton	127,615	1,981.04	64.42	50.58	+13.84	+27.4
Colwick	31,054	834.53	37.21	33.38	+3.83	+11.5
Lambley	14,800	475.19	31.15	28.73	+2.42	+8.4
Linby	5,729	105.48	54.31	44.05	+10.26	+23.3
Newstead	12,861	342.30	37.57	32.39	+5.18	+16.0
Papplewick	9,009	274.19	32.86	30.79	+2.07	+6.7
Ravenshead	116,373	2,628.23	44.28	37.32	+6.96	+18.6
Stoke Bardolph	549	53.50	10.26	10.49	-0.23	-2.2
Woodborough	36,771	890.17	41.31	38.98	+2.33	+6.0

In percentage terms, individual increases on parish precepts and Band D charges can seem excessive, however members should note that due to the size of the figures involved, relatively modest monetary increases may result in significant percentages.

Alternative Options

3. Had Cabinet chosen not to recommend a budget to Council this would have been in contravention of the Council's Constitution and would not be in compliance with the Local Government Finance Act 1992.

Recommending an alternative budget may alter the level of recommended Council Tax for 2013/14.

Financial Implications

4. All financial implications are discussed within the report.

Appendices

5. None

Background Papers

6. Finance and Efficiency Strategy
Central Government Report – Local Government Finance in England 2013/14
Treasury Strategy 2013/14
Capital Programme Report 2013/14
Council Plan Report 2013/14

Recommendation

THAT:

- (a)** Members determine the application of fund balances or contributions to balances.
- (b)** Members recommend the calculations for 2013/14 required by Sections 32-36 of the Local Government & Finance Act 1992 and the amounts set as Council Tax for 2013/14 for each category of dwelling.

Reasons for Recommendations

7. To set the Council Tax for 2013/14 and comply with the requirements of the Local Government & Finance Act.