

Report to Council

Subject: Council Tax 2021/22

Date: 4 March 2021

Author: Leader of the Council

Wards Affected

Borough wide.

Purpose

This report summarises the Council's General Fund Revenue Budget for 2021/22. The report also includes information about the Council's external funding support, and sets out the basis from which decisions can be made regarding the Council Tax level for 2021/22.

Key Decision

This **is** a key decision.

Recommendations:

That:

- (1) Members determine the application of fund balances, or the level of contributions to balances.
- (2) Members approve the calculations for 2021/22 required by sections 31 to 36 of the Local Government Finance Act 1992 and the amounts set as Council Tax for each category of dwelling.

1. Background

The Council Tax Process

1.1 The Council Tax is a tax on property, with personal elements in the form of discounts for dwellings with fewer than two relevant residents, and reductions awarded under the approved Council Tax Reduction Scheme. All dwellings are listed in one of eight valuation Bands. The headline Council Tax is calculated for a Band D property and the tax for each of the remaining bands is calculated as a proportion of this amount. The lowest, Band A, is two thirds of Band D and the highest, Band H, is twice Band D and three times Band A. The proportions are therefore:

Band A	6/9	Band E	11/9
Band B	7/9	Band F	13/9
Band C	8/9	Band G	15/9
Band D	9/9	Band H	18/9

1.2 The Council and its Members have several legal duties when making decisions in relation to the revenue budget and the Council Tax. The Council must:

- Act in accordance with its statutory duties and responsibilities;
- Act reasonably;
- Not act in breach of its fiduciary duty to its Ratepayers and Council Taxpayers.

1.3 As part of the Budget and the Council Tax setting process, the Council is required by the Localism Act 2011 to calculate its Council Tax Requirement for the year. These calculations must be made before 11 March (ie. by midnight on 10 March) although they are not invalid merely because they are made on or after this date. However, until the calculations are made, any attempt to set the Council Tax will be treated as null and void. The Council has a clear legal duty to set a Council Tax and a resolution not to do so would be unlawful, being in breach of Section 30 of the Local Government Finance Act 1992. Similarly, a resolution to set a Council Tax that deliberately did not balance the various calculations would also be unlawful.

1.4 The final stage of the Council Tax setting process is for the Council as billing authority to set the overall Council Tax for each Band. Whereas the billing authority and major preceptors each calculate their own budget requirements, basic amounts and the amounts of each Band, the setting of the Council Tax is solely the responsibility of Gedling Borough Council as billing authority.

1.5 Formal notification of precept requirement has not yet been received from the Combined Fire & Rescue Authority or from Nottinghamshire County Council. Further details are provided below at paragraphs 2.5.6 and 2.5.7

and final information will be given at the meeting. Amounts in respect of parish precepts are also shown below at paragraph 2.5.8.

Settlement

- 1.6 As reported to Cabinet on 11 February 2021, the Government announced on 21 October that the planned 2020 Comprehensive Spending Review (CSR) originally launched in order to set government department budgets for 2021/22 to 2023/24 would not be implemented, and instead another one-year spending review would be completed.
- 1.7 The ongoing delays to the CSR and the consequent one-year settlement, together with the ongoing deferral of other local government finance reforms such as the Fair Funding Review and the move to 75% Business Rates Retention, mean that councils still have no clarity or certainty of how services will be funded beyond March 2022. This presents huge challenges, inhibiting meaningful financial planning and the development of a sustainable medium term financial plan. This is further exacerbated by uncertainty arising from Covid-19 in terms of ongoing budget pressures, both additional costs and income losses, and how they will be financed.
- 1.8 The Council's Settlement Funding Assessment (SFA) for 2021/22 totals £3,076,400 represented wholly by estimated retained business rates. The final settlement was approved in Parliament on 10 February 2021. The SFA represents a nil cash increase on the comparative figure for 2020/21.
- 1.9 The cumulative settlement reduction over the 2016/17 to 2021/22 spending review periods equates to 37.7%, or £1.86m in cash terms, when compared to the 2015/16 base position. The total reduction in settlement when compared to the amount received in 2010/11 will be 65%, or £5.8m, by 2021/22. Settlement now accounts for 26% of Gedling's net budget, compared to 60% in 2010/11.

New Homes Bonus

- 1.10 The New Homes Bonus (NHB) was introduced in 2011/12 and is funded from the centrally retained share of Business Rates income. It is paid as a separate non ring-fenced grant, which is not part of the SFA. When it was introduced, NHB was intended to be a predictable, permanent and enduring feature of local government funding. The principle is to reward authorities for each new property completed within their boundary, and to offer an additional reward for returning empty properties back into use.
- 1.11 During 2016/17, the Government made changes to NHB with the aim of delivering savings to fund pressures in social care. Changes included a reduction in the length of time for which NHB is paid, from six years to four years. A baseline growth threshold of 0.4% was also introduced,

recognising that some housing would be built regardless of NHB. Councils now need to achieve growth **greater** than 0.4% in a year before **any** NHB is receivable for that year. MHCLG originally planned to undertake a consultation on the future of the housing incentive in the spring of 2020, however this did not proceed due to Covid-19. The Government has confirmed that NHB will continue for 2021/22 on the same basis as 2020/21, with no change to the way it is calculated, and again paid for one year only.

- 1.12 Between October 2019 and October 2020 housing growth in Gedling was 142 band D equivalent homes, equivalent to 0.3% growth. This is below the national baseline of 0.4% and NHB has been confirmed at zero for 2021/22. The Council does receive the affordable homes premium based on a growth of 8 units in the period, which amounts to £2,200 and will be paid for one year. The impact of this on the 2021/22 budget when combined with the fallout of previous years' awards is an overall reduction in grant of £277,000 when compared to 2020/21. NHB has reduced by £2.294m when compared to 2016/17.
- 1.13 There remains much uncertainty around the future of the NHB scheme. It is likely that NHB will be considered in the context of the Fair Funding Review, and may even be removed as part of the next CSR. It is considered prudent for medium term financial planning to assume that there will be zero NHB awards available to support revenue financing going forward.

Lower Tier Services Grant

- 1.14 A new un-ringfenced Lower Tier Services Grant was announced as part of the provisional local government settlement for 2021/22, based on a two-fold methodology. The first part is allocated to all lower tier authorities on the basis of the 2013/14 SFA as the best available assessment of relative needs, and for Gedling equates to £131,000. The second part is minimum floor funding to ensure that no authority sees an annual reduction in its core spending power. For Gedling this is zero.

Core Spending Power

- 1.15 The Government forecasts the Council's cumulative reduction in overall core spending power, which includes SFA, NHB, Lower Tier Services Grant, and council tax receipts (assumed at the maximum possible increases which is a local decision), to be 20.2% by 2021/22 when compared to 2015/16, **making Gedling the worst affected council in England for the second year running**. This is despite an increase in core spending power of 1.4% in 2021/22, which is 3.1% **below** the average announced for the local government sector as a whole.

Covid-19 Funding Support Package

1.16 Alongside the Local Government Financial Settlement the Government published proposals for a Covid-19 support package to provide four un-ringfenced grants:

- Covid-19 pressures grant – to cover all related budget pressures in 2021/22, distributed on the basis of the Covid relative needs formula. Gedling has been allocated £534,700;
- Local council tax support grant – to meet the additional costs of the local Council Tax Reduction Scheme (CTRS). The indicative allocation for Gedling is £117,700 which is expected to broadly cover the costs, based on the current estimates for increased caseload;
- Local Tax income guarantee for 2020/21 losses - funding to compensate for 75% of irrecoverable losses in council tax and business rates income in respect of 2020/21. Funding will be based on comparisons of expected income prior to Covid-19 and actual collection and is currently estimated to be £718,000;
- Sales, fees and charges (SFC) compensation scheme - an extension of the current scheme to cover 75% (after accounting first for a 5% deduction of budgeted income) of irrecoverable income losses for the first 3 months of 2021/22.

The Council's response to the consultation on the Covid-19 Funding Package asked Government to consider the ongoing impact of the pandemic, and to extend its support in response to the changing circumstances – in particular in respect of the SFC scheme to extend it beyond 3 months.

Referendum Limit

1.17 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 an increase above the Government set limit this will trigger a referendum so that local voters can either support or reject the proposed rise. The referendum limit for 2021/22 for all shire districts has been set at a 2% or £5 increase, whichever is greater. Any council which sets an increase greater than this, and does not get support from the electorate via the referendum, will have to revert to a council tax level that is compliant, and bear the cost of re-billing its residents.

Consultations on local government financing from 2022/23

1.18 Alongside the local government finance settlement in 2018/19 the Government issued a consultation on the implementation of a "Fair Funding Review" planned for April 2020. This was delayed for a year due to Brexit

and has now been delayed for a second year due to Covid-19. It is now expected that the review will be relaunched, with a conclusion expected in time for the next CSR in 2021. The objective of the Fair Funding Review is to deliver a sustainable funding allocation formula for local government.

- 1.19 The government recognises that introducing such a new needs and resources formula could result in significant changes to the funding baselines of some local authorities and it is therefore intended to introduce transitional arrangements that are fair, transparent and easily understood. The consultation process proposes that the starting baseline for the purpose of transition will be the current funding available to each authority, which should mean that no authority will see a reduction in its funding in the first instance as a result of the new system. Gedling will take an active part in the consultation process to ensure that its position is understood and its views are represented.
- 1.20 The Government has also stated that it will revisit the priorities for the reform of business rates, and in the summer of 2020 HM Treasury launched a consultation “Fundamental Review of Business Rates: Call for Evidence”. This sought views from stakeholders on how the business rates system currently works, issues to be addressed, ideas for change, and a number of alternative taxes. It was announced as part of the 2020 spending review that there would be no reset of the business rates baseline for 2021/22, which provided some funding certainty for the year ahead. The Government will work to seek a new consensus for broader reforms to local government, including the business rates reset, and it is unclear where this leaves proposals for increasing business rates retention, which intended to increase the current 50% retention initially to 75% and then to 100%.

2. Proposal

2.1 Proposed Portfolio Budget 2021/22

The proposed budgets for 2021/22, as recommended by Cabinet on 11 February 2021, are summarised in the following table:

Portfolio:	£
Community Development	1,409,700
Housing, Health and Wellbeing	3,098,700
Public Protection	1,362,400
Environment	4,749,400
Growth and Regeneration	780,900
Resources and Reputation	1,503,800
Net Portfolio Budget 2021/22	12,904,900
Transfer to/(from) Earmarked Reserves	(1,250,600)
Net Council Budget 2021/22	11,654,300

2.2 **Consultation with Non-Domestic Ratepayers**

In accordance with Section 65 of the Local Government Finance Act 1992, consultation with representatives of Non-Domestic Ratepayers has been undertaken. No responses were received by the end of the consultation period.

2.3 **The General Fund Balance**

The General Fund balance at 1 April 2021 is estimated to be £7,374,300, however this includes £4,621,000 of S31 grants received in 2020/21 specifically relating to the 2020/21 NDR deficit, which will be accounted for in 2021/22.

If a Council Tax increase of £5 is approved, a further contribution from balances of £354,600 will be required in 2021/22. This 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 2021/22.

2.4 **Robustness of Estimates**

2.4.1 Sections 25 and 26 of the Local Government Act 2003 place a personal duty on the Chief Financial Officer to make a report to Council when considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of reserves.

The Act requires Members to “have due regard to the report in making their decisions”. Where this advice is not accepted, it should be formally recorded within the minutes of the Council Meeting.

Under Section 25 of the Local Government Act 2003, the Section 151 Officer is required to provide a commentary assessing the robustness of the estimates when Cabinet and Council are considering the budget proposals.

The key strategic risks in considering the 2021/22 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan were reported to Cabinet on 11 February 2021, and are also detailed in paragraphs 2.4.2 to 2.4.8 below.

2.4.2 Financial Settlement/Funding Streams

The planned 2019 Comprehensive Spending Review was deferred due to Brexit, and the subsequently planned 2020 Comprehensive Spending Review was deferred due to the Covid-19 pandemic, resulting in a second, one year only Local Government Finance Settlement. The deferral of the CSR for 2 years has had a knock on impact onto the timing of the planned local government finance reforms ie. Fair Funding Review and Business Rates Retention, with these also being deferred. This means that councils still have no clarity or certainty of how services will be funded beyond next year which presents incredible challenges, inhibiting meaningful financial planning and the development of a sustainable medium term financial plan. This is further exacerbated by the uncertainties resulting from Covid-19 in terms of ongoing budget pressures and how they will be financed.

Prior to the announced deferral of the 2020 Comprehensive Spending Review, in March the Treasury indicated that the Spending Review envelope would be less generous than the 2020/21 spending round and that the Chancellor would increase funds for the NHS but for few other areas. In launching the Spending Review, he was clear that given the impact on the economy there would need to be tough choices in other areas of spending, asking departments to identify opportunities to reprioritise and deliver savings, indicating that there would be no significant increase in funding. Whilst ultimately the 2020 Spending Round announced a 4.5% real terms increase in Core Spending Power for the local government sector in 2021/22, this has not applied to Gedling which only reported a 1.4% cash (ie. not real terms) increase. There is also no commitment to full funding for Covid-19 related pressures. The overall message is one of continuing financial restraint which in itself creates some degree of inherent risk. The following specific items carry a particular risk for this authority:

Business Rates Retention / Fair Funding Review: The extension of the business rates retention scheme and implementation of the Fair Funding Review was planned for 2020/21 but this has now been delayed for a second year until 2022/23. This is to coincide with the next Spending Review period, with announcements on wider local government finance reforms expected in time for the Local Government Finance Settlement

2022/23. The Government continues to pilot the 100% business rates retention scheme, but has not introduced any new pilots in 2021/22.

The intention of the retention scheme is that it will be fiscally neutral and in order to achieve this, additional responsibilities will need to be transferred to Local Government. Any retention of business rates will still require a mechanism to ensure funding is distributed in respect of need which will create winners and losers which will be determined by the Fair Funding Review. With an obvious emphasis already included in the Spending Review to support upper tier authorities in respect of their funding for social care, there is a real risk that district councils could lose further under any new allocation process. In addition, care will be needed to ensure that new transferred responsibilities are capable of being fully funded in both the short and long term.

The current retention of business rates has shown the volatility of this funding in respect of the appeals process, the prediction of future growth, and the potential for significant local impact where a large business relocates/closes. These changes are likely to require local authorities to hold higher levels of reserves in the future.

New Homes Bonus: paragraphs 1.10 to 1.13 above identify the significant impact that changes to this funding stream has for Gedling Borough Council due to the introduction of a 0.4% growth baseline resulting in a significantly reduced awards since 2016/17.

In line with the one-year only local government finance settlement, the NHB award has continued on a one-year only basis for 2021/22. Previously the government has stated that it is no longer clear that the NHB in its current form is focussed on incentivising homes where they are needed most, and that it plans to consult on the future of the housing incentive in the spring - which has been deferred due to Covid-19. Following the consultation process it is likely that the future of NHB will be considered in the context of the Fair Funding Review, and may even be removed as part of the 2021 Comprehensive Spending Review.

Whilst there may still be an opportunity to receive NHB in the future, it is considered that there is a significant downside risk to this arising and it is not prudent to rely on this funding stream to support the revenue budget. This risk came to fruition for 2021/22 as Gedling received a zero award because growth was below the threshold. Therefore, the MTFP assumes future payments will be zero. In the event that the Council does receive some NHB in the future, this will be used to support projects or be transferred to balances to support future budget setting.

Council Tax: The Government's Core Spending Power figures are based on the assumption that Council Tax will be increased by 2% or £5 per annum whichever is greater. The figures also assume that growth in the tax base will recover from the adverse impact of Covid due to the increased Council Tax Reduction Scheme caseload, and will increase by the creation of additional hereditaments. These may be optimistic assumptions and in any case leave very little room for local discretion to set a higher Council Tax in order to plug any funding gaps. The MTFP contained in this report assumes that a £5 increase will be applied between 2021/22 and 2025/26 but the actual increase will be determined on an annual basis by Council. In the absence of additional ongoing funding in the local government finance settlement, any Council Tax increase below the £5 will require an increase in the efficiency/budget reduction targets to ensure that a balanced MTFP is secured.

Covid-19: There remains a significant amount of uncertainty and risk around the financial impact of Covid-19 in the medium term. This is in respect of the ongoing response work that may be required, increased demand pressures arising from the economic downturn, eg. increased business closures and unemployment, and the ongoing impact on income for Council services, eg. leisure, and local tax collection reductions. There remains a risk that the financial impact of Covid-19 is higher than estimated, and in the absence of additional government funding, this will need to be met from an increase in savings, or budget reductions, in other Council services.

Economic Growth & Inflation: The Chancellor announced that there would be no autumn budget and a one year only spending review for 2020 to enable a focus on managing the Covid-19 pandemic. Covid-19 has had a major adverse impact on the economy and the related ongoing uncertainty creates major challenges for economic forecasting. With effective vaccines the economic outlook is improved which may allow GDP to rise back to pre-pandemic levels late in 2022, a year earlier than expected and meaning that unemployment might peak at 7% in 2021 rather than 9%. The final Brexit trade agreement was reached in December 2020 eliminating a significant downside risk for the UK economy. There is further work to be done on to reach a permanent agreement in respect of the services sector. Without a multi-year settlement or an understanding of what the Fair Funding Review or business rates retention will bring, any future pressure arising from an economic downturn eg. business closures and additional support for the vulnerable, would need to be managed within local resources ie. from further budget reductions or efficiencies.

Inflation has been incorporated into the MTFP, including a pay award. The Chancellor removed the 1% public sector pay cap in 2018/19 and since then pay increases equated to an average 3% for 2018/19, 3.1% for 2019/20 and 2.75% in 2020/21. These increases still do not represent a

real terms increase at a level that recovers the pay freezes experienced through the previous years of austerity. The Chancellor has announced a 2021/22 pay freeze for public sector workers earning above £24,000 pa and 1% for those earning less (excluding NHS staff). The Local Government pay award is not determined by Central Government and is subject to separate negotiation. Whilst the Central Government pay award usually indicates similar restraint in local government these are not normal times and with the Government's target for inflation remaining at 2% for the MTFP period, it is considered prudent to retain this as the pay award forecast. However, given the uncertainties in the economy present there is an upside financial risk that future awards could be lower than 2% if a period of public sector austerity ensues and is reflected in local government finance reforms and Settlement.

- 2.4.3 A minimum balance of £1m on the General Fund is recommended by the Chief Financial Officer to be a prudent amount given the scale of the business conducted by the Council. The external auditor regards this level of balance on the General Fund to be satisfactory, and it is also appropriate to reflect uncertainties in the financial position in the medium term.
- 2.4.4 The surplus or deficit on balances in the MTFP shows amounts above or below the recommended minimum General Fund balance in any one year. Current spending plans show a surplus of £1,398,700 in 2021/22, declining to £1,800 by the end of 2025/26. Achievement of this position is reliant upon efficiency plans being progressed and delivered during the period of the MTFP or additional funding being made available. Underlying this is an annual deficit between the amounts of income expected and anticipated expenditure, which needs to be managed beyond the five-year horizon, but this is significantly reduced to manageable levels with the inclusion of the efficiency/savings programmes. However, this still does not leave significant capacity to manage future budget and inflation pressures that may arise, which will have to be managed by further budget reductions.

The Council has a substantial programme of budget reductions planned for delivery. Risk provisions and transformation funds (which mitigate the risk of non-delivery) have previously been approved, and in general, the delivery of the programme has gone well. Recently however, difficulties have been experienced, particularly with regard to projects that contain uncertainties inherent in more innovative commercial approaches, and with the impact of Covid-19, which presents an increasing downside risk to successful delivery. Programmes are regularly monitored and progress reported to Cabinet to manage this risk, and new efficiency proposals are recommended to ensure this downside risk is effectively managed.

The challenges that lie ahead remain equal to those in previous years, but this plan is considered robust. Gedling is not alone in facing this challenge

as it is a national problem, and it is better placed than most councils to react and to develop strategies to meet the set efficiency targets.

- 2.4.5 Initiatives introduced to manage within reduced resources bring increased risks both financially and in terms of service delivery. For example:

Reduced maintenance budgets: these can be accommodated in the medium term but may bring pressures in the longer term as major capital investment plans may need to be accelerated as assets deteriorate faster. Increased public building maintenance budgets have been included in the capital budget proposals to mitigate this risk;

Earmarked reserves: reserves for specific purposes and risk management have been reviewed and will be managed at minimum requirement levels providing less scope for managing emerging risks. However, additional reserves have been set aside for the potential staffing redundancy and transfer costs in respect of the move of rent allowance payments to the Universal Credit system, which has again been delayed.

- 2.4.6 The Council continues with activities undertaken in association with a variety of partners. This requires reliance on partnership funding and/or the delivery of integrated programmes and is an approach which is integral to the Council's efficiency programme. However, a significant number of the Council's partners are public sector organisations which are also facing significant budget pressures and changing roles. This places increasing risk on the Council both directly, in respect of possible withdrawal of partnership funding, and indirectly, with the Council potentially facing additional burdens resulting from budget cuts in other organisations. This is especially true in respect of the most vulnerable in society, which could therefore have a direct impact on families initiatives, homelessness and those with specialist housing need.

- 2.4.7 There is an increased risk arising from these assumptions and it has been necessary to increase minimum balances to £1m from 7.5% of net projected expenditure (approximately £850,000). As the Council is responding to the challenges through efficiency measures and service reductions it is considered that the annual and medium term budgets are robust, but given the above risk assessment the achievement of the estimated Medium Term Financial Plan will not be easy to deliver.

- 2.4.8 Given the Council's excellent track record for budget management, careful budget monitoring and financial planning, which will continue, the structural deficit that remains in the Medium Term Financial Plan is considered to still be at a manageable level, although it should be expected that there may need to be some contraction of service delivery/performance if existing efficiency plans do not proceed in line with expectations, or there are further funding reductions following the implementation of the Fair Funding Review.

2.5 Council Tax 2021/22

2.5.1 Tax Base

The Council's overall tax-base was determined by the Portfolio-holder for Resources and Reputation on 5 January 2021 as 37,389.96. The tax-base for each parish is given below at paragraph 2.5.8.

2.5.2 Local Government Finance Settlement

Final Settlement Funding Assessment (SFA) figures are summarised below. This level of support is not dependent on a particular level of expenditure.

Funding Stream:	£
Revenue Support Grant	0
Business Rates - Baseline Funding Level	3,076,400
Settlement Funding Assessment (SFA) excl NHB	3,076,400

2.5.3 The Collection Fund

The Collection Fund continues to operate for Council Tax requirements, and following the introduction of the Business Rates Retention regime on 1 April 2013, also for Non Domestic Rates (NDR).

A Council Tax deficit of £514,984 was declared on 15 January 2021 for the estimated position at 31 March 2021. This was net of a spreading adjustment of £414,305, which is required by regulations brought into force on 1 December 2020. The spreading adjustment represents 2/3 of the in-year deficit of £621,457, which is largely due to the impact of Covid-19, and ensures that the full impact of the exceptional deficit does not fall on a single year's accounts.

The deficit of £514,984 will be split as follows:

Proportionate Share – Council Tax:	£
Nottinghamshire County Council 75.484%	388,731
Nottinghamshire Police & Crime Commissioner 11.277%	58,076
Gedling Borough Council 9.238%	47,572
Combined Fire & Rescue Authority 4.001%	20,605
Total declared DEFICIT – Council Tax	514,984

An NDR deficit of £12,134,998 was declared on 31 January 2021 for the estimated position at 31 March 2021, however this is mitigated by estimated additional S31 grant of £11,552,560 paid to the General Fund in 2020/21 in respect of expanded retail and nursery reliefs due to Covid-19. As with Council Tax above, the declared deficit is also net of a spreading adjustment to ensure that the full impact of the exceptional deficit does not fall on a single year's accounts.

Proportionate Share - NDR:	£
Central Government 50%	6,067,499
Gedling Borough Council 40%	4,853,999
Nottinghamshire County Council 9%	1,092,150
Combined Fire & Rescue Authority 1%	121,350
Total declared DEFICIT – as NDR1 2021/22	12,134,998

For information, Gedling's share of the net declared deficit excluding the S31 impact is £232,975.

The impact of both the collection fund deficits are included in the Medium Term Financial Plan.

2.5.4 Gedling Borough Council – Council Tax 2021/22

Cabinet have recommended a net budget of £11,654,300 and a Council Tax increase of £5 (2.97%) for 2021/22. The summary of the proposed budget and the amount to be raised by Council Tax of £6,471,100 is detailed in the table below, together with the estimated position on the General Fund Balances:

Budget 2021/22:	£
Total Portfolio Budget:	11,654,300
Less:	
Settlement Funding Assessment (SFA)	(3,076,400)
Lower Tier Support Grant	(131,000)
New Homes Bonus Current	(2,200)
New Homes Bonus Legacy	(104,300)
Council Tax deficit declared 15 Jan 2021	47,600
Council Tax income loss compensation	(60,900)
NDR growth, renewables, & NDR collection fund deficit	(726,800)
NDR income loss compensation	(656,900)
CTRS Support	(117,700)
Contribution from balances in the year	(354,600)
COUNCIL TAX REQUIREMENT 2021/22	6,471,100
General Fund Balance:	
Estimated General Fund Balance at 1 April 2021	7,374,300
Transferred from balances during 2021/22 to fund NDR deficit (additional S31 grant received in 2020/21)	(4,621,000)
Transferred from balances during 2021/22 to support General Fund expenditure	(354,600)
ESTIMATED GENERAL FUND BALANCE AT 1 APRIL 2022	2,398,700
Minimum required General Fund balance at 1 April 2022	1,000,000

Gedling Borough Council's proposed Council Tax of £173.07 is calculated by dividing the amount to be raised through the Council Tax (£6,471,100) by the tax base (37,389.96). This produces an amount per Band D property.

2.5.5 Nottinghamshire Police and Crime Commissioner

Formal notification of precept has been received from the Nottinghamshire Police and Crime Commissioner, following the meeting of the Police and Crime Panel on Thursday 4 February 2021. The Council Tax will rise by £14.94 (6.51%), which produces an amount per Band D property of £244.26.

2.5.6 Combined Fire & Rescue Authority

The Combined Fire Authority will meet on Friday 26 February 2021. Current indications are that its Council Tax will rise by 1.95% and further information will be given to Council at the meeting.

2.5.7 Nottinghamshire County Council

Nottinghamshire County Council will meet on Thursday 25 February 2021. Current indications are that its Council Tax will rise by 2.99%, including an additional 1% permitted for adult social care, and further information will be given to Council at the meeting.

2.5.8 Parish Precepts

Parish Councils are required to give formal notice of their precept requirements for 2021/22 by 1 March 2021. Formal notification has been received from all the parishes and their requirements are detailed in the table below. Parish precepts total £751,302 an increase of 1.59% on those declared for 2020/21.

Parish:	Tax Base 2021/22	Precept 2021/22 £	Band D 2021/22 £	Band D 2020/21 £	+/ £	+/ %
Bestwood Village	637.76	25,000	39.20	40.12	-0.92	-2.3
Burton Joyce	1,509.80	188,709	124.99	119.15	+5.84	+4.9
Calverton	2,214.52	210,403	95.01	94.07	+0.94	+1.0
Colwick	859.57	20,000	23.27	25.21	-1.94	-7.7
Lambley	510.93	16,550	32.39	33.35	-0.96	-2.9
Linby	326.86	18,438	56.41	63.32	-6.91	-10.9
Newstead	361.60	15,739	43.53	43.53	Nil	0.0
Papplewick	270.81	12,529	46.26	46.25	+0.01	0.0
Ravenshead	2,740.55	139,810	51.02	49.96	+1.06	+2.1
St Albans	928.08	28,269	30.46	30.46	Nil	0.0
Stoke Bardolph	237.13	1,060	4.47	5.27	-0.80	-15.2
Woodborough	931.58	74,795	80.29	79.49	+0.80	+1.0
Unparished	25,860.77	751,302				
Total Tax Base	37,389.96					

Percentage movements may on occasion appear excessive; however, Members should note that where precepts are small, modest monetary increases can result in significant percentage changes. There is no referendum limit set for parish councils for 2021/22 by central government.

3. Alternative Options

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 2021/22.

4. Financial Implications

All financial implications are discussed within the report.

5. Legal Implications

Under the Local Government Finance Act 1992 (as amended by the Localism Act 2011), local authorities must set a council tax that takes into account its budget requirement, and any authority proposing an excessive increase in council tax must hold a local referendum and obtain a "yes" vote before implementing the increase. An authority proposing an excessive increase must also make substitute calculations, based on a non-excessive council tax level. This takes effect if the excessive increase is rejected in the referendum. Accordingly, authorities must raise their charge by less than the threshold to avoid a referendum.

Council tax setting legally requires a recorded vote.

6. Equalities Implications

There are no equalities implications arising from this report.

7. Carbon Reduction / Environmental Sustainability Implications

There are no carbon reduction / environmental sustainability implications arising from this report.

8. Appendices

None

9. Background Papers

- MHCLG Settlement report - Local Government Finance in England 2021/22;
- Prudential Indicators and Treasury Management Strategy Statement (TMSS) 2021/22;
- Capital Programme and Capital Investment Strategy 2021/22 to 2025/26;
- General Fund Revenue Budget 2021/22;
- Gedling Plan 2021/22;
- Precept notifications 2021/22.

10. Reasons for Recommendations

To set the Council Tax for 2021/22 and comply with the requirements of the Local Government Finance Act 1992.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 24.02.21

Approved by: Monitoring Officer

Date: 24.02.21