

REPORT TO COUNCIL

REPORT OF: CLLR MRS L NEAL - LEADER
 COUNCILLOR M TAYLOR – RESOURCES AND
 ASSETS PORTFOLIO HOLDER
 COUNCILLOR T BRYANT – GOOD HOUSING
 PORTFOLIO HOLDER

REPORT NO.: HOF 225

DATE: 1ST MARCH 2013

TITLE:	Determination of Budget 2013/14 and indicative budgets to 2015/16 – General Fund, Housing Revenue Account and associated capital programmes.	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Budget Framework Proposal	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Mrs L Neal Leader of the Council Cllr Mike Taylor Resources and Assets Portfolio Holder Cllr Teri Bryant Housing Portfolio Holder	
CONTACT OFFICER:	Daren Turner – Strategic Director Corporate Focus Tel: 01476 406301 Email: d.turner@southkesteven.gov.uk Richard Wyles – Head of Finance Tel: 01476 406210 Email: r.wyles@southkesteven.gov.uk	
INITIAL IMPACT ANALYSIS:	Carried out and Referred to in the report:	Full impact assessment Required: N/A
Equality and Diversity	Yes – listed in background papers	
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council’s website: www.southkesteven.gov.uk	
BACKGROUND PAPERS	Equality Analysis – General Fund: http://moderngov.southkesteven.gov.uk/mgConvert2PDF.aspx?ID=11433 Equality Analysis – Housing Revenue Account: http://moderngov.southkesteven.gov.uk/mgConvert2PDF.aspx?ID=11434 Equality Analysis – Fees and Charges: http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=261&MId=2818&Ver=4	

	<p>HOF216: http://moderngov.southkesteven.gov.uk/mgConvert2PDF.aspx?ID=11278&ISATT=1#search=%22hof216%22</p> <p>HOF219: http://moderngov.southkesteven.gov.uk/ieListDocuments.aspx?CId=164&MID=2802#AI14948</p> <p>HOF223: http://moderngov.southkesteven.gov.uk/mgAi.aspx?ID=14948#mgDocuments</p>
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1. RECOMMENDATIONS

In relation to the General Fund (Revenue)

Make recommendations a. to c:

- a. to approve the original base estimate for 2013/14 and indicative base estimates for 2014/15 and 2015/16 and to set a General Fund budget requirement of £14.068M for 2013/14 (inclusive of special expenses) including the additional items listed at Appendix B and the savings listed at Appendix C as detailed in the summary at Appendix A page 1;
- b. to approve a Council Tax increase of £5 (for a Band D equivalent) for 2013/14 (including special expense areas) at Appendix A page 2;
- c. to approve increases in Fees and Charges for 2013/14 as set out at Appendix D

In relation to the Housing Revenue Account (HRA)

Make recommendations d to g:

- d. to set dwelling rent increases in accordance with Government guideline rent providing an average rent of £74.32 (and an average rental increase of 4.57% or £3.24 per week)
- e. to set an increase in garage rents of 2.6%
- f. to increase service charges by 2.6%
- g. to approve the Housing Revenue Account for the year 2013/14 (including the items at Appendix E in the report) and indicative years 2014/15 and 2015/16 shown at Appendix F

In relation to Capital and investment Programmes

Make recommendations h. to j:

- h. approve the General Fund Capital programme for 2013/14 to 2017/18 detailed at Appendix G page 1
- i. approve the indicative Housing Investment programme for 2013/14 to 2017/18 detailed at Appendix G page 2
- j. approve the Capital Financing statement detailed at Appendix G page 3

In relation to the Reserves and balances

Make recommendation k:

- k. To approve the use of the reserves as detailed at Appendix H.

Management and prudential indicators

Make recommendation l:

- l. to approve the Treasury Management Strategy provided at Appendix I;

Pay Policy Statement

Make recommendation m:

- m. to approve the pay policy statement shown at Appendix J

PART A

2. PURPOSE OF THE REPORT

- 2.1 The purpose of this report is to present to Council:-
- 2.2 The Budget estimates for 2013/14, revenue and capital, the level of Council tax, housing rent increase and the subsequent Treasury Management Strategy.
- 2.3 Members are asked to consider the contextual information presented and to recommend approval of the Council's budget for 2013/14.

3. Budget Process - Estimates for 2013/14

- 3.1 The budget has been prepared in line with the Council's priorities and the corporate plan. The budget process has been managed in accordance with the Council's current medium term financial plan and incorporates the budgetary principles of continuing to protect front line services, invest in priorities and the prudent use of reserves and balances.
- 3.2 The budget assumptions used in compiling the 2013/14 estimates are set out below:

Table 1

Inflation Factors	Assumption (%)
Retail Price Index	2.6
Salary Inflation	1
National Business Rate	2.6
Utility Cost increase	8.0
Drainage Board Levies	Ranging from 1.2 - 2.6
Fuel costs	5.0
Interest Rates	1.0
Salary Vacancy Factor	3.0
Growth in numbers of Band D equivalent properties	0.7

- 3.3. Investment Income - the financial forecasts in respect of investment income over the next three years have been modelled on the following anticipated levels of interest rates (provided by the investment advisors):

Table 2

Financial Year	2013/14	2014/15	2015/16
Base Rate	0.5%	1.0%	1.5%
Money Market Rate (average mid-term point.)	1.0%	1.8%	2.6%

This information has been utilised to anticipate the potential levels of interest income the Council will receive for its investment of the reserve balances. This income will be shared between the General Fund and the Housing Revenue Account. Forecast interest due to the General fund is shown in table 3 below and at line 6 in Appendix A and at line 18 of Appendix F in respect of the HRA. Further details of the Council's investment strategy are contained in Appendix I to this report

- 3.4 The General Fund budget proposes a net service expenditure of £15.619M broken down by directorate focus as follows:

Table 3

		Original base 2012/13 £'000	Estimated base 2013/14 £'000	Indicative base 2014/15 £'000	Indicative base 2015/16 £'000
1	Community and Environment Focus	9,383	8,744	8,627	8,740
2	Corporate Focus	3,912	4,190	4,116	4,343
3	Development and Growth Focus	2,219	2,079	1,778	1,680
4	Special Expense Areas	594	606	620	632
5	Net Service Expenditure	16,108	15,619	15,141	15,395
6	Net Interest	(144)	(245)	(305)	(383)
7	Minimum Revenue Provision	186	179	172	165
8	Capital Charges	(2,566)	(2,734)	(2,623)	(2,596)
9	Revenue contribution to capital	659	1,400	500	500
10	Net movement on reserves	(216)	(258)	168	(454)
11	Local CT support grant	0	107	108	104
12	Budget Requirement	14,027	14,068	13,161	12,731

- 3.5 The proposed budgets include a number of additional items that are cost pressures, investment in assets and a continuation of allocating resources to deliver key priority outcomes. The Council commitment to fund key front line

services continues throughout the duration of the Medium Term Financial Plan. (Details of these additions are provided at Appendix B). Specific items include the resurfacing and maintenance of car parks in the district, structural repairs to the Wharf Road Grantham multi-storey car park, a further contribution towards events and festivals across the district, investment in public realm improvements and the continued enhancement of street cleansing and fly tipping removal. In response to the risks associated with the new financing regime, the Council will create a volatility fund reserve to act as a buffer against difficulties in the collection of business rates and, of equal importance, will create a hardship fund to guard against unforeseen pressures amongst vulnerable groups created by the new Council Tax support scheme. It is also proposed to pay the living wage to its lowest earning employees.

- 3.6 In order to respond to declining government support the Council has also continued to identify and deliver a number of efficiencies and savings the detail of these are at Appendix C. Those listed are enabling the council to protect front line services, respond to extra burdens and continue to invest in priority areas. This is despite the loss of in excess of £2.4M in government grant over the last four years.
- 3.7 The proposed Council Fees and charges have been compiled in accordance with the new charges strategy which sets out key principles of the methodology to be used when setting fee structures. The proposals for 2013/14 also include the introduction of new fees in respect of pre-planning advice for householders and businesses. The full details of the fees and charges for 2013/14 are shown at Appendix D.

4. The District's basic amount of Council Tax 2013/14

- 4.1 The calculation of the Council's basic amount of Council Tax is made by deducting from the £14.068M budget requirement (including special expense areas, but excluding parishes), the external support that will be received from the Government in the form of projected Formula Grant £8.024M (including all specific grants - council support scheme, council tax freeze grant for 2011/12 and homelessness grant). Government has also announced a provisional settlement for 2014/15 of £6.992M (inclusive of all specific grants). This represents a further reduction of £1.032M when comparing to 2013/14. However it should be noted that this figure could change depending on the RPI figure prevailing at September 2013.
- 4.2 Following the Government's announcement regarding council tax proposals for 2013/14, South Kesteven has been identified as having a low quartile council tax base charge and therefore has the opportunity to increase its Council Tax by a maximum of £5 for 2013/14 (based on a Band D charge). Therefore, the average band D charge for South Kesteven, should this option be taken, will increase to £127.47 (£139.62 including SEA's) representing a 3.7% increase. The financial position after these 2 years will be informed by the comprehensive spending review that will take place in 2014.

5. Future outlook

- 5.1 The forecast opening requirements for 2014/15 and 2015/16 (£13.161M and £12.731M respectively) are included in the attached summary (Appendix A). This shows further forecast decreases of £907K in 14/15 and £430K in 15/16 which will be necessary to meet the reduced levels of funding anticipated from Government. The overall reduction in the four year period is 9%. Future Council Tax increases

will be subject to the referendum principles, the Council will seek to continue to drive out savings and efficiencies in order to protect front line services. However given the size and speed of the grant reductions and the risks associated with the business rates retention scheme the Council must begin to consider, as part their Financial Strategy refresh, the use (as many Councils have) of New Homes Bonus and balances to supplement the General Fund in the short to medium term.

6 Housing Revenue Account

- 6.1 The introduction of self-financing has presented the opportunity to review our approach to delivering housing services, enhance our investment in existing stock (where appropriate) and increase the amount of affordable housing stock within the district (either managed both inside and outside the HRA ring fence). In response to fundamental change in financing and changes introduced by the Localism Act the Council has embarked on a programme of housing related projects, including a wide ranging review of policies, plans and strategies which will ensure that services continue to improve whilst at the same time making the best use of our housing assets.
- 6.2 Cabinet on 18th February 2013 received a report with respect to the budget proposals for the Housing Revenue Account. Those draft budget proposals enable key areas of activity to be carried out including:
- Letting homes , managing and supporting tenancies;
 - Engaging and involving tenants in service delivery;
 - Ensuring that properties meet the decent homes standard (97% currently do)
 - Providing a timely and effective responsive repairs service;
 - Continuing to improve the energy efficiency of the stock and attracting external funding;
 - Ongoing investment in improving access to sheltered schemes and communal areas of accommodation;
 - Acquisition and/or development of additional homes within the HRA
- 6.3 The completion of a strategic review of HRA assets and management options and the appraisal of options for enabling and development of affordable housing are key projects that will contribute to a fundamental review of the existing HRA Business Plan during the course of 2013.
- 6.4 Rent Proposals - The Council's current policy is to keep in line with the Government's guidance on rent restructuring. This policy allows the Council to continue to invest significant sums in its housing service and assets.
- 6.5 Existing policy is to establish the percentage local authority rent by applying RPI inflation at the previous September, plus 0.5% "real growth" and a convergence factor to reflect the number of years to rental convergence.
- 6.6 The September 2012 inflation figure was 2.6% and the draft determination is based upon convergence within three years, by 2015/16.
- 6.7 The actual rent is calculated on a property by property basis using these parameters. This has produced an average increase for SKDC tenants of 4.57% (£3.24 per week). At the level of individual dwellings, the percentage increase will depend upon each property's proximity to its target, with increases varying

between 3.10% and 6.57%. In cash terms, the average rent will be £74.32 with a minimum of £50.17 and a maximum of £106.82. Consultation has been undertaken with tenants via the District Wide Tenants' Panel on 23rd January 2013 with respect to the proposed increases and no specific concerns were raised. All tenants are being contacted and details of their specific rent increase will be provided.

- 6.8 Changes by Government to the level of housing benefit being paid to social housing tenants is likely to impact on a proportion of South Kesteven's working age tenants who are considered to be under-occupying their existing properties. During the course of 2012/13 information has been provided generally to all tenants through Skyline and more recently individuals, who are likely to be affected, have received letters indicating the extent of the financial impact on their household. Advice and support is being provided to existing tenants who require more information or assistance with managing this issue including potential changes in accommodation. Provision has been made in 2013/14 budgets for potential loss of rent support and advice is available and the actual impact of this national policy will be monitored during the year.
- 6.9 The Housing Revenue Account summary is shown at Appendix F and reflects the proposed rent increase and includes a number of savings and efficiencies as well as additional items. Specifically these include the introduction of a flat roofs replacement programme, major voids refurbishments, asbestos removal for void properties, and a replacement door entry system programme. These are detailed at Appendix E.

7. Reserves and Balances

- 7.1 The Local Government Act 2003 requires the Chief Financial Officer, (section 151 officer), to report on the adequacy of financial reserves when consideration is given to the General Fund budget requirement for the year. Under the Local Government Finance Act 1988, all balances held by the Council are at the direct disposal of the General Fund with the exception of the Housing Revenue Account balance, the Collection Fund or any funds held in trust. A statement showing the forecast balances of revenue and capital reserves and their movements is provided at Appendix H.
- 7.2 It is proposed to introduce a new reserve entitled 'Business Rate and Council Tax Support Volatility Reserve' (line 8) which should be utilised should the Authority not be able to collect its forecast business rates during the year. The amount in the reserve is the equivalent amount between the projected business rates collectable and the level when the Government safety net mechanism will apply.
- 7.3 The General Fund working balance is required so that the council has sufficient funds available to meet its cash flow requirements and to protect services against unforeseen events that have a financial consequence and are not included in the budget framework. The forecast of revenue reserves reflects the Council's policy, as set out in the Medium term financial plan and maintains the General Fund balance at just under 15% of net expenditure.
- 7.4 The HRA has 2 specific reserves; namely the working balance and the Major Repairs Reserve. The working balance is intended to provide financial support to the HRA should any significant unforeseen costs arise during the financial year. The Major Repairs Reserve is the primary source of funding for the HRA capital

programme and is proposed to be utilised to fund the investment in the housing stock over the next 5 years.

- 7.5 It is also proposed to introduce 2 specific reserves for the HRA as part of the budget framework for 2013/14. A reserve is to be created that will be ring fenced in order to repay the £25m maturity loan (that was taken as part of the self financing of the HRA) in 2019/20 (line 21). Annual surplus contributions will be made to the reserve in order to build up the necessary level of balance. A further reserve will be introduced under the heading of 'HRA improvement reserve' (line 23). This reserve will be utilised on a service investment basis whereby service improvement and transformation projects can be financed that will, in the longer term, deliver improved services to tenants and the potential to improve the sustainability of the HRA. Details of these reserves can be found at Appendix H to the report.

8. Capital Programme 2013/14 - 2017/18

- 8.1 The recommended Capital Programme (Appendix G) provides a forecast outturn of £8.340M and an indicative 5 year programme totalling £36.282M. This is a significant and ambitious capital programme in terms of number of projects and level of investment and demonstrates the Council's continued commitment to enhancing the district and its amenities and infrastructure.

8.2 General Fund Programme

- 8.3 The primary focus of the Capital Programme will be in relation to the delivery of the Council's stated priorities with particular emphasis on the 'Grow the Economy' priority. Specifically this includes an allocation of funding contribution of £1.5M towards the delivery of the Southern Quadrant Relief Road. The remaining elements of the capital programme have been developed based on the delivery of improvements and investments in Council assets as identified in the Asset Management Plan and other key corporate strategies.

8.4 Housing Investment Programme (HIP)

- 8.5 The proposed 5 year programme currently focuses on delivery of the decent homes programme together with a range of additional estates management projects. In addition to this, the proposed programme brings forward opportunities for enabling and delivering more affordable housing and are important areas of work for the early part of 2013. The development of additional affordable housing within the HRA could include a range of potential approaches some suitable for the short term and others forming part of a medium to long term approach:

- Consideration of small scale in-fill and garages sites
- Larger scale development potentially in partnership with developers, RSLs or community trusts
- Remodelling of existing stock
- Purchase of new build or RTB buy back opportunities
- Acquiring land

- 8.6 Self financing arrangements now give the Council the opportunity through in year HRA surpluses and existing reserves to deliver the above, £1m in 2013/14 and an estimated further £2m in 2014/15 will be set aside to fund housing schemes. Existing Council sites have been assessed for suitability and those that present

opportunities for new build development that could be achieved with this proposed allocated sum and within a two year time frame have been brought forward. Allocations have been made at line 7 of the programme of £1M in 2013/14 and £2M in 2014/15 shown at Appendix G.

8.7 155 properties were improved during 2012/13 by fitting external cladding which levered in £800K of external funding. A total of £4.9m will be spent on a large-scale upgrade programme over 2 years which will result in 700 homes in urban and rural areas being insulated. £1.4m is being funded through the HRA capital programme split equally in 2013/4 and 2014/15 with the balance of the funding being externally grant aided

8.8 Proposed Financing of the Capital Programme

8.9 The detailed capital programme contained at Appendix G also identifies the proposed method of financial the capital programme, which will be reviewed when preparing the Statement of Accounts for each financial year to enable the most financially advantageous form of financing for the Council. In respect of the General fund it is proposed to utilise existing reserves and together with a revenue contribution of £1.4M in 2013/14 (thereafter an annual contribution of £500K) as shown at line 17 of the Capital Financing Statement. In respect of HIP it is proposed to utilise the Major Repairs Reserve and a revenue contribution of £1M in 2013/14.

9. Prudential Code

9.1 The Council complies with the Prudential Code for controlling Local Government capital. The key objectives of the code are to ensure that:

- Capital Investment Plans are affordable, prudent and sustainable
- All external borrowings and other long term liabilities are within prudent and sustainable levels
- Treasury Management decisions are taken in accordance with good practice and in a manner that supports prudence, affordability and sustainability
- The Local Authority is accountable for decisions made
- It supports local strategic planning, local asset management planning and proper option appraisal.

9.2 The Council's current financial planning systems demonstrate the affordability of the capital programme and the 2013/14 estimates have been prepared in the context of these plans and controls.

10. Treasury Management and Investment Strategy

10.1 In accordance with the requirements of Local Government Act 2003 a Treasury Management Strategy is provided within Appendix I outlining the Council's prudential indicators for 2013/14 – 2015/16 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements as required by the Local Government Act 2003.

- The reporting of the prudential indicators setting out the expected capital activities as required by the CIPFA Prudential Code for Capital Finance in Local Authorities (Appendix I Section 1);

- The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year (Appendix I Section 1);
- The treasury management strategy statement which sets out how the Council's treasury service will support the capital decisions taken above in accordance with the CIPFA Code of Practice on Treasury Management (Appendix I Section 2);
- The investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss (in accordance with the CLG investment guidance) (Appendix I Section 3);

11. Collection Fund

- 11.1 All relevant transactions associated with Council Tax are shown in the Collection Fund.
- 11.2 To comply with CIPFA's Best Value Accounting Code of Practice authorities are required to forecast the outturn on the Collection Fund as at 31st March each year in order to distribute this amount to precepting bodies in the following financial year (together with any remaining unallocated surplus from previous years).
- 11.3 For this financial year SKDC has forecast the outturn for 2012/13 and in 2013/14 will distribute this forecast together with the remaining surplus from the 2011/12 outturn. Remaining surplus (or deficit) from previous years occurs when there is a difference between the forecast for that year and the actual outturn.
- 11.4 Any surplus or deficit arising from Council Tax transactions is shared between South Kesteven District Council, Lincolnshire County Council and Lincolnshire Police (the precepting bodies) in proportion to their demands on the Collection Fund.
- 11.5 The accumulated surplus on the Collection Fund at 31st March 2012 was £41K of which £12K will have been distributed during 2012/13. The forecast outturn for 2012/13 is a surplus of £317K. A breakdown of the £317K which will be distributed during 2013/14 is:

Table 4.

Precepting Body	Distribution (£)
South Kesteven District Council	37,000
Lincolnshire CC	238,000
Lincolnshire Police	42,000
Total Surplus on Collection Fund	317,000

12 Statement by Chief Finance Officer (S151 officer)

- 12.1 The 2013/14 Budget and indicative budgets for 2014/15 to 2015/16 have been drawn up to take account of the Council's various strategies, policies and the financial context, in particular:
- The Corporate Plan

- The Medium Term Financial Plan (MTFP)
- Service Strategies and Plans
- Asset Management Strategy
- The economic context and recent grant announcements
- The 2012/13 forecast outturn

The MTFP was last reviewed and updated in December 2010. In order to reflect the massively changing environment in which the Council operates which includes; the continuing economic down turn, the rapidly reducing government grant contribution and the shift to funding from retained business rates the Council will refresh its MTFP and develop a strategy that will lay out how it will manage its resources in the coming five years. The current budget framework proposals have been prepared within the context of the existing MTFP, and the recent national grant settlements.

12.2 The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer must report on:

- the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves

12.3 **Comments of Financial Services**

12.4 In recommending the budget to the Council, the Cabinet must take account of the advice of the Chief Finance Officer in respect of the above. For 2013/14 it can be confirmed that the budget presented to the Cabinet is robust in its formulation and the level of reserves is adequate for the organisation.

13. **Issues arising from impact analysis**

13.1 An impact analysis has been undertaken and is available as background papers.

14. **Risks to the budget**

14.1 In formulating my opinion a number of risks and factors have been taken into account.

- a. The **funding from Central Government for the General Fund for future years.** The grant settlement has been announced for 2013/14 and a provisional amount for 2014/15. However the funding from Central Government in the form of the revenue support grant will diminish as the Council will become more dependent on local business rates collection and retention. Future funding levels will be largely dependent on the ability of the Council to increase its business rates base and the associated collection of business rates due. This provides both opportunities and risks to the Authority from a financial perspective.
- b. The impact of the **economic climate** will place higher demand on particular services in relation to social care and well being, specifically benefit advice and support and homelessness. This may create additional resource pressures in these service areas.

- c. **Investment Income and fees and charges** – the forecast in respect of investment income is included in the budget proposals and shows an improvement over the three year period. Given the current volatility in respect of the economic market there is a risk of investment income not achieving this level. A number of fee incomes have been included in the proposed budgets which, in themselves, carry a level of risk not being achieved due to the economic climate.
- d. **Council Tax Support scheme** – With effect from 1st April 2013, the Council will be directly responsible for the implementation of its local policy with respect to the administration of the Council Tax support scheme. These changes are being introduced in the context of a 10% reduction in grant award whilst adhering to the national compliance of protecting prescribed vulnerable groups. There is a risk that the policy could have a detrimental impact on particular groups and that demand for support could exceed the allocated grant for the scheme. In this scenario the Council will be financially liable to continue to allocate reductions in accordance with its scheme policy.
- e. **The Actuary review of the Pensions Fund** is due in 2014 which is expected to recommend a number of proposals to reduce the deficit on the fund, one of the anticipated recommendations will be in relation to an increase in employer contribution rates.
- f. **Rental income** – with the introduction of the bedroom tax and the Local Tax support scheme there will be extra emphasis on the collection of rent from tenants to ensure the current rental collection performance is achieved. This is particularly relevant in the context of the Housing Business Plan financial model in order to ensure the ambitious plans are financially affordable and delivered.

15 Comments of Legal and Democratic Services

The budget forms part of the Council's Budgetary Framework. Members should have regard to the comments of the Strategic Director – Corporate Focus as the Council's Chief Financial Officer which are set out in section 12 above when making their recommendations to Council in accordance with the Local Government Act 2003. Any budget must be set in accordance with the Budget and Policy Framework Procedure Rules as set out at part 4 of the Constitution.

16 Appendices:

- Appendix A – Revenue Estimate 2013/14 and indicative budgets 2014/15, and 2015/16
- Appendix B – General Fund Additional Items
- Appendix C – General Fund Savings and efficiencies
- Appendix D – Fees and Charges
- Appendix E – HRA Additional Items
- Appendix F – HRA Summary Account
- Appendix G – Capital Programme
- Appendix H – Reserves and balances
- Appendix I – Treasury Management Strategy
- Appendix J – Pay Policy Statement

COUNCIL TAX SETTING - PART B

1 INTRODUCTION

The purpose of this part of the report is to set the level of Council Tax for 2013/14 in accordance with relevant statutory requirements.

2 RECOMMENDATIONS

The requirements are set out in paragraphs 32 to 36 of the Local Government Finance Act 1992, as amended (the "Act") it is necessary for the Council to adopt the following formal recommendations:-

- 1) That the following amounts be calculated by the Council for the year 2013/14 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended)
 - a) £83,806,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act (including special expense and parish precepts).
 - b) £68,455,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act.
 - c) £15,351,000 being the amount by which the aggregate at a) above exceeds the aggregate at b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
 - d) £7,798,000 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non-Domestic Rates and Revenue Support Grant increased by the amount of the sum to be transferred from the Collection Fund to the General Fund
 - e) £172.50 being the amount at c) above less the amount at d) above, all divided by the Council's tax base of 43,786.7 as recorded in minute 38 of the cabinet meeting of 21 January 2013, in accordance Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2013/2014.
 - f) £1,971,500 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - g) £127.47 being the amount of e) above, less the result given by dividing the amount of f) above by the Council's tax base relating to special items as set on 21 January 2013, calculated by the Council in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for year for dwellings in those parts of its area to which no special item relates.

<u>Parish</u>	<u>Adjusted Band D Equivalents</u>
	No.
Grantham combined	10,295.8
Stamford combined	6,513.9
Bourne Combined	4,686.1
Allington	339.9
Ancaster	539.7
Aslackby	102.1
Barholm & Stowe	35.1
Barkston and Syston combined	248.2
Barrowby	677.3
Baston	517.3
Belton & Manthorpe	195.4
Billingborough	444.4
Bitchfield	55.4
Boothby Pagnell	60.9
Braceborough & Wilsthorpe	133.7
Ropsley, Humby, Braceby, Sapperton combined	312.0
Burton Coggles	37.2
Careby	64.0
Carlby	204.1
Carlton Scroop and Normanton combined	121.7
Castle Bytham	290.9
Caythorpe & Frieston	505.0
Claypole	490.1
Colsterwoth, Gunby & Stainby, North Witham combined	699.2
Corby Glen & Birkholme	380.8
Counthorpe & Creeton	31.9
Deeping St James	2,314.6
Denton	117.7
Dowsby	59.4
Dunsby	43.3
Stoke Rochford and Easton combined	80.5
Edenham	103.8
Fenton	56.5
Folkingham	277.7
Foston	205.4
Fulbeck	209.8
Greatford	124.8
Great Gonerby	738.2
Great Ponton	124.8
Haconby & Stainfield	183.7
Harlaxton	313.9

<u>Parish</u>	<u>Adjusted Band D Equivalents</u>
Heydour	145.9
Honington	66.2
Horbling	155.5
Hougham	75.4
Hough-on-the-Hill	157.8
Ingoldsby	108.6
Irnham	99.1
Kirkby Underwood	81.4
Langtoft	714.2
Lenton	65.6
Little Bytham	103.5
Little Ponton & Stroxton	66.7
Londonthorpe & Harrowby without combined	1,627.1
Long Bennington	856.4
Market Deeping	1,955.8
Marston	145.3
Morton & Hanthorpe	775.2
Old Somerby	84.8
Pickworth	72.3
Pointon	190.9
Rippingale	325.7
Sedgebrook	139.7
Skillington	126.0
South Witham	445.3
Stubton	72.3
Swayfield	142.4
Swinstead	80.2
Tallington	188.8
Thurlby	770.9
Toft Lound & Manthorpe	130.4
Uffington	300.9
Welby	74.1
Westborough & Dry Doddington	144.8
West Deeping	115.5
Witham-on-the-Hill	94.8
Woolsthorpe	134.4
Wyville cum Hungerton	16.7

being calculated by adding to the amount at (g) above the amounts of special item relating to dwellings in those parts of the Council's area, divided in each case by the individual tax bases as recorded in minute 40 in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which special item relates.

- i) The amounts on the attached schedule (Appendix A to Part B), being the amounts given by multiplying the amounts at g) above and h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in valuation Band 'D', calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.
- j) That it be noted that for the year 2013/14 Lincolnshire County Council has stated the following amounts as a precept issued to the Council in accordance with Section 40 of the Local Government Finance Act, 1992, for each of the categories of dwellings shown below:-

Valuation Band

A £	B £	C £	D £	E £	F £	G £	H £
710.46	828.87	947.28	1065.69	1302.51	1539.33	1776.15	2131.38

- k) That it be noted that for the year 2013/14 Lincolnshire Police Authority has stated the following amounts as a precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Valuation Band

A £	B £	C £	D £	E £	F £	G £	H £
126.72	147.84	168.96	190.08	232.32	274.56	316.80	380.16

- l) That, having calculated the aggregate in each case of the amounts at i), j) and k) above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the amounts in Appendix B to part B as the levels of Council Tax for the year 2013/14 for the categories of dwellings shown in Appendix A to part B.

3 BACKGROUND

- 3.1 The Council's budget requirement has been recommended by the Cabinet and is dealt with in Part A of this report. Parish precepts are added to the District Council's net expenditure requirement. Government support and adjustments to Collection Fund relating to Community Charge and District Council's share of Council Tax are then deducted from the spending requirement to give a Demand on the Collection Fund.
- 3.2 The Council Tax Base of 43,786.7 was approved at the Cabinet meeting held on 21 January 2013 and the budget requirement will be spread by reference to the

tax base previously approved, taking into account the precepts of individual Parishes recoverable over the Parish tax base.

3.3 The Council Tax bill for 2013/14 includes the requirements of Lincolnshire County Council and the Lincolnshire Police Authority which are responsible for setting their own Council Tax levels.

3.4 Lincolnshire County Council determined its Council Tax requirement at the meeting held on 22nd February 2013, as follows:

Total Council Tax Requirement	TBC
SKDC precept element	TBC
Band D tax	TBC

3.5 Lincolnshire Police and Crime Panel considered the Police Commissioners proposals its meeting held on 7th February 2013. The Police Commissioner is required to set his final precept by the end of February (an addendum will be circulated at the Council meeting when the figures have been confirmed):

Total Council Tax Requirement	TBC
SKDC precept element	TBC
Band D tax	TBC

3.6 The overall increases for Band D tax payers, by Authority, are shown in the table below:

Council Tax Details 2013/14				
	2012/13 Band D	2013/14 Band D	Increase £	Increase %
Lincolnshire County Council	1065.69	1065.69	0	0
Lincolnshire Police Authority	186.39	190.08	3.69	1.98
South Kesteven District Council	122.76	127.47	4.71	3.84
South Kesteven + Special Expenses	134.62	139.62	5.00	3.71
South Kesteven + Special Expenses + Parishes	164.33	172.50	8.17	4.97

4 SETTING THE COUNCIL TAX

4.1 The Local Government and Finance Act 1992 requires the Council to set Council Tax across the 8 valuation bands, and all precepting Parishes. The levels of overall Council Tax by Parish are attached at Appendix B to part B.

5. COMMENTS OF FINANCIAL SERVICES

5.1 The financial implications of this section are included in Part A of the report above.

6 COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

6.1 The Local Government Finance Act 1992 sets out the requirements placed upon the Council in relation to making formal recommendations relating to the setting of Council Tax and the Council's responsibilities as a billing authority.