

REPORT TO COUNCIL

REPORT OF: Corporate Head of Finance and Resources

REPORT NO.: CHFR35

DATE: 1 March 2007

TITLE:	BUDGET 2007/8 – Part A <ul style="list-style-type: none">• Revenue Estimates 2007/08• Capital Estimates 2007/8 – 2011/12 COUNCIL TAX SETTING – Part B
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	15 November 2006
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	BUDGET POLICY FRAMEWORK DECISION

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Cabinet Assets and Finance Portfolio Holder Councillor T Bryant	
CORPORATE PRIORITY:	Corporate Governance and All Priorities	
CRIME AND DISORDER IMPLICATIONS:	Not Applicable	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available on the Council's web site www.southkesteven.gov.uk via the local democracy link	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? N/A	Full impact assessment required? No
BACKGROUND PAPERS:	CHFR15 medium term financial strategy CHFR26 Budget 2007/2008 CHFR29 Budget 2007/2008	

1. INTRODUCTION

Part A of this report deals with the budget proposals for South Kesteven District Council for the financial year 2007/2008 for both the revenue and capital expenditure and part B of

this report deals with the setting of the Council Tax for 2007/2008 in accordance with the relevant statutory requirements.

Part A

2. RECOMMENDATIONS

Recommendations relating to Part A of this report

In considering the budgets of 2006/2007 the Cabinet at its meeting on the 12 February 2007 made the following recommendations to council. It is recommended that council:

- a. Set a general fund budget requirement of £15.137 million for 2007/2008 (inclusive of special expenses)
- b. Approve a 4.94% Council Tax increase (excluding special expenses and parish precepts) for 2007/2008 which equates to an average increase of 4.88% when including special expenses for comparative purposes.
- c. Approve the revised revenue estimate for 2006/2007; original base estimate for 2007/2008; an indicative base estimate for 2008/2009 and 2009/2010 as detailed Appendix A page 1.
- d. Approve increases for fees and charges for 2007/2008 in accordance with the fees and charges strategy and summarised in Report CHFR26 to Cabinet and provided in detail within the council's budget book.
- e. Subject to confirmation local authority business growth initiative to make provision within the revenue estimates to provide:-
 - i. an estimate to support one off bids for "invest to save" which will be allocated according to the submitted business case, the proposed efficiency and CIPFA council's priorities.
 - ii. an estimate for one off bids totalling £184,000 as identified in paragraph 5.3
 - iii. a revenue contribution to capital programme to be applied to town centre development schemes in accordance with Category A priorities.
- f. The approval of the revised capital programme for 2006/2007 and programme for 2007/2008, 2009/2010, details Appendix A page 10 - 12
- g. Authorise the capital programme funding proposals subject to an annual review of financial options by the Corporate Head of Finance and Resources, in consultation with a portfolio holder, during the preparation of the Statement of Accounts to optimise the use of the council's resources.
- h. Approve the forecast balances of revenue and capital reserves contained at Appendix A page 2
- i. Approve the adoption of prudential indicators and limits for 2007/2008 to 2009/2010 contained within part A of Appendix B to this report.
- j. Approve the treasury management strategy for 2007/2008 and the treasury prudential indicators contained within part B of Appendix B to this report.
- k. Approve the investment strategy 2007/2008 contained in the treasury management strategy (part b of appendix b) and the detailed criteria included in annex B1 to appendix B of this report.

Housing Revenue Accounts (HRA)

- I. Approve that dwelling rents are increased in accordance with government guidance. The average rent will increase by 4.1% (a maximum increase of 4.1% plus £2 for individual cases).
 - m. Approve an increase of 4.1% for garage rents and services charges.

3. BACKGROUND

3.1 The 2007/8 Budget has been drawn up to take account of the Council's various strategies and policies, in particular:

- The Corporate Plan
- The Council's priorities
- The Medium Term Financial Strategy (MTFS)
- Service Strategies

In addition the Budget has taken account of the impact of:

- The outcome of the Local Government Finance Settlement
- Budget Consultation
- Use of Resources Assessment.

The budget has been prepared on the basis of principle 4 of the Council's MTFS, "to maintain a sustainable Revenue Budget".

3.2 The Budget has been prepared at a time of organisational change; the reorganisation of officer structure; the continued redirection of resources to priority areas, providing for the third year of investment in priority areas; and the ongoing implementation of changes in the way that services are being delivered by modern technology.

3.3 Further development of integrated service planning and budget preparation has been undertaken to enable the devolvement of service budget management to Service Managers in 2007/8.

3.4 Budget Presentation

The budget presentation reflects the corporate themes allocated to Corporate Heads in the new organisational structure rather than the Development and Scrutiny Panel (DSP) format previously utilised. This will enable the devolvement of Service Budget management to Service Managers within the corporate financial strategy and enable clear accountability and responsibility for Budgets.

3.5 Capital Charges

Where Services benefit from the use of assets, the Revenue expenditure includes a charge for the use of the capital in line with standard accounting practices. There is corresponding credit shown in the General Fund summary (Appendix A page 1). A rolling programme of valuations is undertaken by the valuer to the Council to keep the asset register up to date. Any change in the use of assets, or revised valuation, or additional Capital Expenditure will affect the capital charge made to the Revenue Budget.

3.6 Prudential Code

The Council complies with the Prudential Code for controlling Local Government Capital Finance. 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.

Council's Current Financial Planning Systems demonstrate the affordability of the Capital Programme and the 2007/8 estimates have been prepared in the context of these plans and controls.

3.7 Integrated Service and Financial Planning

This is the second year of integration of service planning and financial planning. There has continued to be an increased opportunity for members and officers to be involved in the process.

The Gateway Reviews which were introduced last year have been refined to enable all members of the appropriate Development and Scrutiny Panels (DSPs) to have an input into service and financial planning through three separate Gateway Reviews at various stages of the Budget preparation process. Service planning has focussed on linking the proposals for service delivery to the Council's vision and priorities and has taken account of a current position statement to evaluate the needs for the future based, on this analysis. Action plans have been compiled with targeted outputs and outcomes, together with an assessment of the potential risks and resources required. Service planning has also had regard to the efficiency agenda with service managers identifying both cashable and non-cashable efficiencies. An assessment of the development needs and the potential procurement options for the service have also been included together with an overall assessment of potential risks.

4. PROJECTED OUTTURN - 2006/7

4.1 The original budgets for 2006/7 have been re-aligned based on Corporate themes to enable a comparison of budget heads against projected outturn for 2006/7.

Projected outturn on the General Fund for 2006/7 financial year is summarised in the following table:

Comparison of original estimate and revised base for 2006/7

	Original estimate 2006/7 £k	Revised base 2006/7 £k	Variation £k
Corporate & Customer Services	1,974	1,871	(103)
Finance & Resources	4,399	5,228*	829
Healthy Environment	6,255	6,383	128
Partnerships & Organisational Improvement	1,286	1,015	(271)
Sustainable Communities	2,935	3,354	419
Special Expense Areas	619	632	13
Efficiencies	(250)	0**	250
Net Service Expenditure	17,218	18,483	1,265

* Reflects use of Pension reserve referred to below

** efficiencies have been shown within service areas for the revised base

4.2 The main reasons for the changes in Budget Expenditure on Services are shown below:

- The impact of settling the pension capital costs in advance of the triennial review – funded from the Current Employee's pension reserve (appendix A page 2) (shown in estimate sheets within Finance and Resources)
- The impact of realignment of budgets to reflect the new corporate structure
- The one off costs of the corporate restructuring
- The impact of the redevelopment of Welham Street Car Park on Car Parking income
- Change in accounting for support bases
- Review of salary oncost bases
- Accounting for the general fund element of the pre-Stock Transfer work (£370,000 included within Sustainable Communities and financed by the Stock Options Reserve Appendix A page 2).

4.3 Investment income is expected to be £300,000 more than the original estimate. The average interest rate assumed in the original estimate was 4.75%. Investment returns have been higher than expected as a result of the increasing base rate and amended spend profile on the capital programme

4.4 During the year the Council has approved a supplementary budget to enable the corporate restructuring to proceed whereby an additional £700,000 provision has been made available for one-off expenditure during the year to facilitate the corporate restructuring in accordance with Minute 33 of the Council, this expenditure will be financed from the Pension and Capacity Building Reserves. As a result the original base plus the supplementary budget provides an overall base of £17.918million for comparative purposes.

5. ESTIMATES 2007/8

5.1 The Budget's assumptions used in compiling the 2007/8 estimates are set out below:

- Salary Inflation for 2007/8 2.5%
- Employees efficiency estimate 2.0%
- Utility Cost increases (average) 10.0%
- Business Rate increases 3.6%
- Interest Rates 5.2%

5.2 Analysis of changes to base budget and budget pressures

The budget proposes a net service expenditure of £17.895million broken down by Service themes as follows:

Summary of Net Service Expenditure				
	Revised base 2006/7 £'000	Estimated base 2007/8 £'000	Indicative base 2008/9 £'000	Indicative base 2009/10 £'000
Corporate and Customer Services	1,871	2,267	2,257	2,336
Finance and Resources	5,228	4,501	4,244	4,416
Healthy Environment	6,383	6,842	6,976	7,125
Partnerships & Organisational Improvement	1,015	626	643	690
Sustainable Communities	3,354	3,271	3,128	3,232
Special Expenses	632	660	662	667
Efficiency Savings	0	(300)	(300)	(300)
Under allocation of Support Services	0	28	0	0
Net Service Expenditure	18,483	17,895	17,610	18,166

A balanced budget has been produced, however, current and future resources are tight reflecting the fact that the four main income streams for the Council: Government Grant, Specific grant, Fees and Charges and Council Tax are, and will continue to be constrained, at a time when ambitions and customer expectations are increasing. In addition, the Council faces pressures resulting from pay, pensions and the efficiency agenda.

In particular there are a number of key issues addressed within the 2007/8 budget:

- The impact on Car Parking income as a result of capital programme works to the Welham Street Grantham and Wharf Road Stamford
- The increase in concessionary travel usage and potential impact of proposed changes to travel scheme
- A change in accounting treatment of Communications from a front line service to support service - Partnerships and Organisational Improvement
- Salary inflation assumed at 2.5% subject to the outcome of the pay settlement
- Utility cost inflation
- Efficiency savings overall of £300,000 representing 2% of overall salary budget
- Continued investment in priorities
 - Access to Services - Corporate and Customer Services
 - Recycling – Healthy Environment
 - Communications – Partnerships & organisational improvement

- o Anti-social behaviour – Partnerships and organisational improvement shown within Partnerships and Community Development budget)

5.3 One off Budget requirements

There are a number of one off budget requirements, which have been included in the proposed budget for 2007/8. The key items are summarised below:

- Elections - holding the District Elections during May 2007 £50,000
- Leisure Procurement Options – cost of exploring options (Cabinet Minute CO96 - funding financial years 2006/7 & 2007/8) £100,000
- Arts Development - Stamford Arts Centre replacement fire alarm system £40,000

When compiling the Revenue Estimates for 2007/8 a number of bids for one-off expenditure were unable to be included within the Revenue Estimates within the current financial year. At the time of writing the Report the Council is still awaiting the Government's announcement on the level of allocation for Local Authority Business Growth Initiative (LABGI) Funding, (the second of a 3 year grant provision which is referred to within the Section on Local Government Finance below). Subject to the announcement of the level of Grant funding, which is anticipated during February, the Cabinet have requested Council to consider an amendment to the Budget to make provision within 2007/8 for the following one-off items:

Bids for One-Off Budget provision within 2007/8	
	£000
Deepings Leisure Centre Pool Handling Units Water Filtration System	49.0 12.5
Bourne Leisure Centre - Plant Upgrade	14.0
Stamford Leisure Pool - Water Filtration System	37.5
Bourne Area Office - Fire Alarm System	12.0
Wyndham Park Grantham - compost bin	14.0
Communications Priorities *	45.0
Total of One Off Bids	184.0

* to be allocated subject to the approval of a priority action plan as identified within the communications strategy to be approved by Cabinet.

5.4 Special Expense Areas

This makes use of provisions under the Local Government Finance Act 1992 which provide for different amounts of council tax to be calculated for different parts eg parished and unparished areas, of the district, depending on what, if any special items related to those parts. A special item is an item which relates to only part of the district's area. Treating expenses as special expenses does not affect the overall amount that the council needs to raise through council tax across the whole of the

district. It simply means that, compared with what would happen if the expenses were not treated by the district council as special expenses, the council tax is:

- relatively lower for areas where the parish council performs the concurrent function; and
- relatively higher for areas where the district council performs the concurrent function.

The district seeks to fully recover the net expenditure of the special expense areas however, increases in the special expense precepts count towards the overall council tax capping calculation for the district. It is proposed that a full review of the special expense areas expenditure and funding is undertaken during 2007/8 to explore how the district council can achieve its objective, a report will be provided to the Cabinet at the end of the first quarter in 2007/8.

5.5 Overall General Fund Position 2007/8

The overall General Fund position for 2007/8 (Appendix A) may be summarised as follows. The total service expenditure (net of income), for 2007/8 is estimated at £17.895 million. Interest and investment income has been estimated at £800,000 based on the proposed use of Capital Resources whilst also taking into account expected movements in interest rates. Further details of the Council's investment strategy are contained in Appendix B to this report (which will be circulated separately).

In preparing the Budget consideration of the use of reserves has been taken into account. It is proposed to use the reserves as follows:-

	£k
• Pension - to cover former employee pension liabilities	65
• Building Control	35
• Capacity Building, Priority Setting & Service Improvement	476

With regard to the use of the Capacity Building, Priority Setting and Service Improvement reserve, it is proposed to utilise £476,000 for continued investment in the Council's Priorities. It is essential that the use of this reserve is kept under review to ensure it is being applied in a sustainable manner. Particular caution should be exercised where the potential use of the reserve is to grow base service budgets year on year. In addition, where investment is made on an ongoing basis to category A and B priorities any subsequent review of the level of priority should take account of the need to manage realignment of resources as required, to ensure that the prioritisation process remains sustainable.

The summary of the projected use of Reserves is attached to this report at Appendix A page 2. The Budget assumptions result in a net Budget requirement of £15.137 million (including special expense areas).

5.6 Budget Monitoring

Monthly monitoring and management of Service budgets will continue to be undertaken by Service Managers with support from Accountancy Services under the arrangements to devolve Service Budget Management. In addition, it is proposed that the Corporate Monitoring Reports will be presented to Cabinet and the appropriate DSPs to review the overall position and also to take account of cross cutting themes, such as the performance of fees and charges and investment income.

6 GENERAL FUND INCOME

6.1 Partnership Funding

The Council has historically accessed several partnership funding streams and during the year officers will continue to take advantage of any bidding and partnership opportunities that may arise in order to maximise resources available to the Council in accordance with Principle 6 of the Council's Medium Term Financial Strategy.

6.2 Fees and Charges

In accordance with Principle 11 of the Council's Medium Term Financial Strategy a revised fees and charges strategy has been adopted by the Council and proposals for the level of fees and charges for 2007/8 have been shown in detail within the Revenue estimates book in the section entitled fees and charges, these have been based on the proposals contained within report CHFR26 and as detailed in the budget book. The chart below shows the level income received from the Council's main sources of fees and charges, this is compared with the previous year. Members will notice that whilst this is an important resource base for the delivery of the Council's services there is little projected increase between the two financial years for the level of fees and charges for key services. Whilst a number of the fees and charges are statutorily determined the Council should keep under review all fees and charges in line with the Council's strategy to protect this resource base.

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6.3 Local Area Agreement (LAA)

During 2006/7 the County Council, the seven Lincolnshire Districts and other members of the Lincolnshire Strategic Partnership (LSP) have been negotiating with Government Office East Midlands regarding the development of a Local Area Agreement. The Local Area Agreement is a three year agreement, based on local Sustainable Community Strategies, that sets out the priorities for a local area agreed between Central Government, and the local areas, represented by the LSP.

The LAA is structured around four blocks: children and young people; safer and stronger communities; healthier communities and older people; and economic development and enterprise. The draft agreement refers to some mandatory pooling of partnership funding for example, that relating to the Crime and Disorder Partnership and the alignment of partners budgets in other areas.

The Government are seeking for LAAs to drive forward the principles of the Devolved Decision-making review in terms of the rationalisation of funding streams, therefore, members will need to ensure that these developments are kept under review and the potential impact of them analysed in relation to the Council's resource base.

7 CAPITAL PROGRAMME

7.1 The recommended Capital Programme (Appendix A page 10-12) provides a revised estimate for 2006/7 together with a further 3 year programme to 2009/10. It is proposed that in future years an additional year will be added to the programme to provide for a 5 year Capital Programme based on a revised estimate for the current financial year plus 4 further years.

7.2 The Programme has been compiled based on the Council's priorities, the Council's Asset Management Plan and in accordance with the Council's Capital Scoring mechanism. Bids for the Capital Programme have been assessed by members of the Capital Asset Management Group who have provided advice to the Portfolio Holder Group for Assets and Finance, in compiling the Programme. The Programme comprises of both General Fund and Housing Revenue Account (HRA) Schemes.

7.3 Revised Programme 2006/7

A revised Capital Programme for 2006/7 was approved by Council in October 2006. As part of the preparation of the Capital programme for 2007/8 a review of the current programme has taken place and the following key issues should be noted:

- No additional allocation for Disabled Facilities Grants was awarded by GOEM, therefore, the estimate for DFGs and Private Sector Renewal has been revised to £350,000 and the level of Capital Grants and contributions revised to £150,000.
- The disposal of the site at Worth Court Bourne to facilitate the development of an Extra Care Affordable Housing scheme in partnership with Lace Housing has been shown as a £425,000 contribution to affordable housing (gift of land) based on the fettered valuation of an equivalent amount being included within the capital receipts used to finance the programme.

7.4 Programme 2007/8 to 2009/10

Key areas to note in relation to the 2007/8 programme include:

HRA

- Provision for continued investment in the Council's Housing Stock to achieve the decent homes standard. Details of the Revenue Budgets for the Housing Revenue Account are provided later in this report, however, Members should note, at this point, that provision has been made for a full Stock Condition Survey, once the results of this have been analysed there is likely to be the need to revise the future year's Capital Programme to reflect priorities identified by the Survey.

General Fund

- Provision for the continued replacement of fleet vehicles as required to maintain the Fleet in good working order. The Portfolio Holder has requested a review of the Council's Fleet Management programme be undertaken, the outcome of this review will be reflected in future revision of the capital programme.
- The disposal of the site at Aire Road Grantham to facilitate the development of an Affordable housing scheme in partnership with Nottingham Community Housing has been shown as a £475,000 contribution to affordable housing (gift of land) with the fettered valuation of an equivalent amount being included within the capital receipts used to finance the programme.
- Detailed estimates have been provided for 2007/8. At this stage bids for future years have only been forthcoming in relation to an annual £1million provision for Town Centre Projects in line with the Council's Category A priorities for Town Centre Regeneration and a provision for a £500,000 annual Programme of Works to maintain the Council's Assets in line with the Asset Management Plan. A provisional allocation of the £500,000 per annum has been prepared by the Assets and Facilities Service Manager. It is anticipated that additional bids for future years, may come forward during the year, these will be subject to consideration when the Capital Programme is reviewed.
- Increased provision in future years for Disabled Facility Grants reflecting the increase in need for this service. It should be noted that Disabled Facility Grants are mandatory and currently there is some Government funding support via specified Capital Grant £213,000 for 2007/8 equivalent to 60% of the expenditure within agreed allocations. The provision within the Capital Programme (made up of £50,000 for private sector renewal and £450,000 for DFG) exceeds this allocation and therefore the balance of £57,000 will be fully supportable by the District Council in 2007/8 and similar amounts in future years (based on a continued allocation of £213,000 specified capital grant).

7.5 The detailed Capital Programme contained within the Appendix also identifies the proposed method of financing the Capital Programme which will be reviewed by the Corporate Head of Finance and Resources when preparing the Statement of Accounts for each financial year to enable the most effective form of financing to be adopted by the Council.

7.6 Based on the current projections and existing policies regarding the use of Capital Receipts, there is an estimated need for unsupported borrowing during 2007/8. Should the Council wish to avoid the need to enter into borrowing in the short-term it may consider reviewing the existing policy regarding the use of Housing Receipts. Historically the Council has adopted a policy of utilising Housing Capital Receipts for Housing purposes, including supporting the provision of affordable housing. Capital Receipts may be applied to the overall General Fund Capital Programme, as a result unsupported borrowing would not be required until 2009/10.

7.7 To enable the greatest flexibility in using the Council's resources to finance the Capital Programme it is recommended that the Council requests the Corporate Head of Finance and Resources to review the options and report back to Members once the Statement of Accounts has been produced for 2006/7 to reflect the actual spend on the Capital Programme during the current financial year, and in light of the projections for the potential Capital Receipts or the sites currently being marketed.

7.8 Forecast of Capital Receipts

In accordance with Principle 7 of the Council's Medium Term Financial Strategy "to manage the Council's assets, reserves, balances of receipts to optimise financial returns for future investment in the Council's priorities for the benefit of the community", estimates of the likely Capital Receipts to be generated during 2007/8 and subsequent years have been made based on the Council's Asset Management Plan. The likely level of receipts anticipated during 2007/8 is £4.425million (made up of £3.2m General fund and £1.225m HRA receipts) of which £2.696m will be applied to finance the Capital Programme in 2007/8; and £0.5million in each subsequent year.

7.9 To ensure that the Council optimises its Capital Receipts and returns on existing assets it is essential that all assets are kept under review in line with the Asset Management Plan and Medium Term Financial Strategy, therefore, it is proposed that regular reporting will be introduced to Cabinet on the performance of assets and in particular non-operational assets. The review of assets will identify any potential surplus assets that do not meet Council needs and may be considered for disposal.

8 TREASURY MANAGEMENT AND INVESTMENT STRATEGY

In accordance with the requirements of Local Government Act 2003 a Treasury Management Strategy is provided within Appendix B. This appendix provides

- the reporting requirements of prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities (Part A of Appendix B)
- the Treasury Strategy in accordance with CIPFA Code of Practice on Treasury Management (Part B of Appendix B)
- the investment strategy in accordance with the Department of Communities and Local Government Investment Guidance (Part B of Appendix B).

9 RESERVES AND PROVISIONS

The Local Government Act 2003 requires the Chief Financial 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 is provided at appendix A page 2 .

Justification of balances

The **General Fund balance** comprises two elements: the working balance and an amount held as a contingency against unforeseen events. A working balance is required so that the council has sufficient funds available to meet its cash flow requirements. The forecast of revenue reserves reflects the Council's policy of maintaining the General Fund balance at between 4% to 5% of gross turnover, or between 10% to 15% of net expenditure to provide adequate cover for any unanticipated expenditure or loss of income that may occur over the course of the financial year.

The **Insurance Reserve** is maintained at £500,000. This reserve is held to meet potential and contingent liabilities arising from the high level of 'self insurance' used by the Council to reduce external premiums. The insurance contract is due for renewal during 2007/8 so the balance on this reserve will be kept under review during the closure of accounts process to ensure that it remains adequate.

Whilst the Council does not currently operate a Pension policy with 'added years', the **Former Employee Pension reserve** provides for matching added years payments in respect of former employees when such a policy operated. The requirement to draw on this reserve will continue and a further contribution of £150,000 is proposed to ensure there is adequate provision in future years to reflect the fact that the pension recipients are living longer than originally estimated. Taking account of this proposed contribution, the balance as at 31st March 2007 is estimated to be £392,000 and £327,000 as at 31st March 2008.

A triennial valuation of the Pension fund is due to take place in 2007/8 and in anticipation of this it is proposed to use resource from the **Current Employees Pension reserve** to clear the outstanding capital costs of pensions for employees who have been granted early retirement since the last triennial review. The estimated capital cost is £1.259million; a contribution of £527,000 is proposed from the Capacity Building Reserve to provide for the one off costs relating to pensions arising out of the corporate restructuring as provided for within the supplementary estimate reported to Council in May 2006. The balance as at 31st March 2007 is estimated to be £1.384million, whilst providing for potential capital costs of any future early retirements the reserve will also help to protect the Council from large changes in Council Tax resulting from unanticipated rises in the employer's contribution rate following the triennial valuation.

Annual surpluses from the chargeable element of Building Control activities are set aside in the **Building Control reserve** and used to finance service improvements and offset any future deficits. The statement shows a modest use of this reserve to provide for service improvements of £35,000 per annum, giving an estimated balance as at 31st March 2007 of £377,000 and £342,000 as at 31st March 2008. It is proposed that a review of the potential use of this reserve be undertaken during 2007/8 to ensure that the use of this reserve is optimised to provide for continued service improvements.

The **Stock Option Ballot Reserve** was set up to offset any abortive costs arising from the ballot of tenants, to protect the General Fund from any impact. During 2005/6 £198,000 was offset against this reserve and the abortive costs accrued in the current financial year will be offset against this balance during the closure of accounts process these are currently estimated at £370,000. It is proposed that the remaining balance estimated at £432,000 be allocated to the Capacity building reserve, as a result the balance on this reserve will be nil as at 31st March 2007 and the reserve will be closed.

The **Capacity building, priority setting and service improvement reserve** – there was a planned £500,000 use of this reserve during 2006/7 with a supplementary estimate proposing to utilise a further £700,000 relating to one off costs of implementing the new corporate structure. However, taking account of better than anticipated performance on investments and the overall spending patterns on the General Fund it is anticipated that £700,000 will be utilised to support the one off costs of the corporate and customer services restructure (made up of £527,000

transfer to current employees pensions reserve and £173,000 to finance other one off costs contained within the revised base for 2006/7). In addition, it is anticipated that as part of the closure of accounts process it will be possible to make a contribution to the reserve of £403,000 subject to the outturn position on the General Fund overall. Taking account to these movements it is estimated that the balance as at the 31st March, 2007, will be £1.513m. It is anticipated in future years that this reserve will need to be utilised to support the one off costs of delivering the Council's Priorities and service improvements, it is proposed that in these instances applications to draw on the reserve will be assessed on the basis of the business case and fit with priorities.

Capital Reserve – It is anticipated that the £5.057million balance on the General Fund Capital Reserve will be fully utilised to finance the delivery of the Capital Programme in the current financial year, resulting in a nil balance as at 31st March 2007. The Capital Programme is providing investment in the Council's priorities, for example: Recycling and the introduction of Wheeble bins and Town Centre Development in Grantham with the development of the Welham Street Car Park.

HRA Major Repairs Reserve – This is a mechanism whereby the Council is required to account for the resources provided through the Major Repairs Allowance, which is provided through Housing Revenue Account Subsidy and is available to fund capital expenditure on HRA assets. During 2006/7 there will be a contribution to the reserve of £3.449million Major Repairs Allowance (MRA) but the current capital programme will require the use of £7.432million to finance it, leaving a balance as at 31st March, 2007 of £5.141million. The balance as at 31st March 2008 will be reduced to £2.598million after taking account of the notified amount of MRA due and the use of the reserve to finance proposed capital programme. Members will note that based on the submitted capital programme, it is anticipated that the Major Repairs Reserve will be fully utilised by 31st March 2010, at this stage it is anticipated that the Council will need to enter into borrowing to support the ongoing Housing Revenue Account capital programme.

The Working balance on the HRA – The submitted estimates show a deficit year on year on the HRA resulting in a reducing working balance in future years. However, in the current financial year reduced net cost of services against the original estimate has resulted in an estimated increase in the working balance to £6.502million, but the working balance is anticipated to be reduced to £6.046million at the end of 2007/8. It will be necessary to keep this situation under review and model the impact over the 30 year life of the business plan, prior to entering into future commitments arising out of the current work of the working group looking into options for future service improvements and the peer review due to be undertaken in 2007/8.

Useable Capital Receipts Reserve – This reserve is utilised to finance the capital programme and the balance brought forward contains both receipts from the sale of General Fund assets and the sale of HRA properties under the Right to Buy. It is estimated that the balance will be £3.624million as at 31st March 2007 and £5.353million as at 31st March 2008, this reflects the proposals in the report CHFR20 to Cabinet and subsequent report CHFR21 to Council, relating to the review of the Capital Programme 2006/7 and proposals to utilise Housing receipts as a temporary internal financing source to support the General Fund programme and make the resource available for housing purposes in the future once anticipated General Fund receipts are received during 2007/8.

Historically, Housing receipts have been used for Housing purposes, including support the provision of affordable housing. Paragraph 7.7 above explains that based on the current projections and existing policies regarding the use of Capital Receipts, there is an estimated need for unsupported borrowing during 2007/8. Should the Council wish to avoid the need to enter into borrowing in the short-term it may consider reviewing the existing policy regarding the use of Housing Receipts. Useable capital receipts may be applied to the overall General Fund Capital Programme; as a result unsupported borrowing would not be required until 2009/10.

To enable the greatest flexibility in using the Council's resources to finance the Capital Programme it is recommended that the Council authorise the funding proposals subject to an annual review of the financing options by the Corporate Head of Finance and Resources, in consultation with the Portfolio Holder, during the preparation of the Statement of Accounts.

10 COLLECTION FUND

All transactions associated with Council Tax are shown in the Collection Fund. The legislation requires a calculation to be made of the estimated surplus or deficit on the Collection Fund as at 31st March 2007 in order to distribute these amounts in 2007/8.

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.

It is estimated there will be a surplus of £39,000 on the Council Tax Collection Fund at 31st March 2007.

Since 2004/5 Council billing authorities have had the powers to reduce the discount on second homes from 50% to a minimum of 10%, this has the effect of generating additional income, for the billing authority and the precepting authorities (the County Council and the Police Authority). In 2005/6 the discount was reduced to the minimum 10%. The County Council and the Police Authority agreed that the additional income would be spent within the district on agreed schemes of mutual benefit.

As South Kesteven excluded the additional tax base from its submission to the County Council, it was agreed that the grant for 2005/6 would be paid during 2006/7. The amount due from the County Council is £64,000 and £78,000 for 2005/6 and 2006/7 respectively. It is estimated that the amount for 2007/8 will be £77,642 , this will be used to continue to the work of the Local Strategic Partnership including the employment of a Local Strategic Partnership Co-ordinator.

11 LOCAL GOVERNMENT FINANCE SETTLEMENT 2007/8

Report CHFR26 presented details of the provisional Local Government Settlement for 2007/8. The final announcement was made on 18th January 2007. The allocation of Formula Grant for 2007/8 is for the second of a two year settlement and the figures have remained unchanged. The main features of the system are summarised below.

Formula Grant

Formula Grant is the name for the cash that the Council receives from the Government. The Council's entitlement to Formula Grant is based on the following elements:

SKDC's Formula Grant from the Government in 2007/8		
	2006/7 £million	2007/8 £million
Relative Needs assessed by ascribing values to a range of demographic indices	3.2160	3.266
Relative Resource Amount A deduction, calculated by assessing the authority's taxbase in relation to its population	(2.2130)	(2.411)
Central Allocation Paid on a population based formula	8.3000	8.837
Floor Damping Provides protection to those authorities whose entitlement would otherwise fall below increase announced by the Government (and paid for by reducing the entitlement of authorities whose increase is more	(0.0308)	(0.066)
FORMULA GRANT	9.272	9.626

The allocation of £9.626million is as previously anticipated within the Medium Term Financial Strategy forecast. This amount will be paid partly in the form of re-distributed National Non-Domestic Rates, £8.243million and partly in Revenue Support Grant £1.383million, representing an increase of 3.82% on the level of grant for 2006/7.

No change has been anticipated to the Formula Grant for 2008/9 in line with the prudent projections contained within the MTFS until the outcome of the Comprehensive Spending Review 2007 and the three year allocation of Formula Grant is announced later in 2007.

This is the final year of an initial two year settlement; in the future the Government will introduce a three year settlement. The three year settlement will reflect the outcome of the Comprehensive Spending Review 2007 currently been undertaken by the Government, details of which are due to be reported in the summer. The forecast is for a tough settlement for the three years, particularly for district councils. Also the Pre-Budget Statement in December included an efficiency requirement of 3% cashable savings from the public sector for the three years commencing 2008/9.

Specific Grants

Specific grants continue to provide an important source of funding for Local Government, the specific grants notified as payable to South Kesteven District Council are summarised below.

Specific Grants payable to SKDC in 2007/8	
Description	£'000
Housing Benefit Administration Grant	745
Planning Delivery Grant – 1 st Tranche	28
Smoke free legislation implementation Grant	52
Waste Performance and efficiency grant*	109
Total Specific Grants (announced at time of writing report)	934

*The Council has been informed that this allocation will be made to the LAA and Lincolnshire County Council as administering body believe that this will be made available to SKDC.

At the time of writing the report, the Council is still awaiting the announcement of the second year of a three year allocation for Local Authority Business Growth Initiative Grant, which is due in February. No provision has been made within the estimates for this grant currently, however, it is anticipated that the level of grant may be substantial, reflecting the Business Growth within the district, an update will be provided at the meeting. The cabinet has recommended the Council that the grant be used for the following three purposes, subject to the amount of grant announced:

- To provide an estimate within budgets 2007/8 to support one-off bids for "Invest to Save", which will be allocated to services according to the business case, the efficiency proposed and fits with the Council's priorities
- To provide an estimate within budget 2007/8 for One-off bids for budget as identified within paragraph 5.3. of this report.
- To provide a revenue contribution to the capital programme to be applied to Town Centre Development schemes, in accordance with the Council's Category A priority.

12. Budget Consultation

12.1 The Council consulted on its budget proposals during December and January, via its online survey. The online survey closed on 31st January. In addition, the Local Forums held during January and early February were also used for consultation on the budget proposals, including a joint consultation meeting with Lincolnshire County Council and Lincolnshire Police Authority held at Bourne. An analysis of the results for the online survey and budget consultation meetings is set out below:

Online Consultation

- 18 responses received results are analysed as follows:

o Option A increase Council Tax by 5% per Band D property	45%
o Option B increase Council Tax by 2.5% per Band D	11%
o Option C no increase in Council Tax	44%
- The question was asked do you think SKDC offers value for money, 34% responded yes and 56% responded no. It should be stressed that with only 18 responses being received it is not a statistically sound survey result.

Local Forum Meetings

- Rural South – Support for proposed increase of 4.94%
- Rural North – Support for proposed increase of 4.94%
- Grantham – Support for proposed increase of 4.94%
- Deepings - Recommended an increase of 2.5%
- Bourne – 51% present felt that the proposed increase was too expensive and 49% felt the increase was about right.
- Stamford – Support for proposed increase of 4.94%.

13 The District's basic amount of Council Tax 2007/8

- 13.1 The calculation of the Council's basic amount of Council Tax is made by deducting from the Budget Requirement £15.137million (including special expense areas, but excluding parishes), the external support that will be received from the Government from Formula Grant £9.626million, together with any surplus on the Collection Fund.
- 13.2 The result is divided by the Council Tax Base of 44,366.3. The basic amount of Council Tax of £110.88 equates to the charge on properties in band D in SKDC but excluding special expense areas and parishes, an increase of 4.94%.
- 13.3 The Government has reserved powers to cap local authority budget requirements where it judges authorities to have set excessive increases. Capping action was taken against 14 authorities in 2004/5, against 9 authorities in 2005/6 and against 2 authorities in 2006/7. The Government announced in December 2005 that average increases in Council tax should be less than 5% for 2007/8. The cost of re-billing is estimated at £60,000. A specialist at the Department of Communities and Local Government has advised the Council that whilst Parish precepts are not taken into account when considering capping, special expense area precepts are. In addition, they advised that Council Tax levels should be kept down and therefore Ministers may consider the impact of parish precepts in the future.

14 Housing Revenue Account (HRA)

- 14.1 Housing Revenue Account Subsidy Determination - The HRA budget has been prepared taking account of the HRA subsidy determination issued on 19th December 2006. This is the second of a two year settlement and there have been no major changes in methodology.
- 14.2 The Management and Maintenance allowance has been increased by 3.7% for South Kesteven compared to a national increase of 2.3%.
- 14.3 The Guideline rent for South Kesteven is £54.97 an increase of 7.1%, the average rent (after capping) for 2007/8 for South Kesteven is £54.81, an increase of 6.4% compared to the national average of 5.6%. The Rental Constraint Allowance introduced by the Government in 2006/7 has been repeated. This compensates, in year, for the difference in rent assumed in the Subsidy and authority rent caused by the impact of the 5% cap on rent increases. The compensation calculation was confirmed on 5th October 2006, the new allowance added £0.11m to the subsidy payable for 2006/7 and the allowance has increased to £0.32m for 2007/8.
- 14.4 Taking account of all relevant factors, South Kesteven's total subsidy for 2007/8 will amount to a negative £4.73million, a decrease of £0.32million (7.3%) on 2006/7, (any change in subsidy, should be offset by an approximately equal and opposite change in expenditure or income should any of the base information change for example charges for capital).
- 14.5 The Department of Communities and Local Government have recommended a 4.1% rent increase for 2007/8 based on 3.6% RPI or items inflationary element plus 0.5% real cash increase. Individual rents are not to be increased by more than 4.1% plus £2 from 2006/7. Sorry to say the Cabinets decision in January to approve an indicative rent increase of 4.1% or a maximum of 4.1% + £2.00 in individual cases, the tenant compact has been consulted and has supported the proposals.

14.6 Garage rents are set locally, but in past years have followed the guideline rent increase to avoid charge erosion. Thus, it is proposed to increase garage rents and all other service charges by 4.1% in line with the rental proposals used within the subsidy determination.

14.7 Analysis of HRA budget proposals – The proposed budget for 2007/8 provides for some additional posts based on the phase 2 structure proposals contained within the draft 2007/8 budget submitted last year. The proposed budget also contains some provision to be allocated, subject to the outcome of the Working Group looking into the options for the HRA and the Peer review the outcome of both should be known by mid Summer. This allocation will also be subject to a review of the impact of the proposals on the 30 year HRA business plan.

14.8 The 2007/8 also provides for a full stock condition survey to be undertaken. A review of the capital programme and revenue estimates for repair and maintenance will be undertaken in light of the results of the survey. However, based on current proposals it is estimated that the Major Repairs Reserve will be fully utilised by 2009/10 at which time it is anticipated borrowing will be required to support future improvements as referred to in paragraph 9.10 above.

14.9 Overall, the submitted estimates show a deficit year on year on the HRA resulting in a reducing working balance in future years. A more detailed analysis is contained in paragraph 9.11 above. It will be necessary to keep this situation under review and model the impact over the 30 year life of the business plan, prior to entering into any ongoing future commitments arising out of the current work of the working group looking into options for future service improvements and the peer review due to be undertaken in 2007/8.

15 Statement by Chief Finance Officer

15.1 The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the Council's case the Corporate Head of Finance and Resources must report on:

- (a) the robustness of the estimates made for the purposes of the budget calculations, and
- (b) the adequacy of the proposed financial reserves.

15.2 In recommending the budget to council, the Cabinet has taken account of the advice of the Corporate Head of Finance and Resources in respect of the above. For 2007/8 I can advise that the budget presented to the council is robust in its formulation and the level of reserves is adequate for the organisation.

15.3 Risks to the budget

In formulating my opinion the following risks and factors have been taken into account.

- a. The Government will cap the level of Council Tax increase for Local Authorities. The Government has reserve capping powers and has used them in each of the last three years. There is an indication from the Minister that it is expected that Council Tax increases will be kept below 5%.

South Kesteven is a low taxing Council being in the lowest 30 in the Country. The proposed increase of 4.88% for a band D inclusive of special expenses will be in line with the Government target. Given no Government guidance on capping any resultant impact from capping measures would need to be found from balances. The cost of re-billing if capping did occur would be £60,000.

- b. The estimates assume that efficiency savings of £300,000 will be found during 2007/8. Careful monitoring will be required to ensure savings are forthcoming.
- c. The Capital programme for 2007/8 continues to be maintained at the relatively high level established in 2006/7, when compared to recent years. It will be necessary to actively review levels of capital receipts to ensure reliance on borrowing is minimised.
- d. Most specific grants come to an end at the end of the financial year 2007/8. However, there are ongoing discussions between Local Government and Central Government regarding the challenges of the Comprehensive Spending Review 2007 (CSR07). Therefore, it will be necessary to keep under review the potential impact of the CSR07 on the Council's budget requirement for the future.
- e. Fees and charges provide a significant income stream for the Council, these will need to continue to be kept under review, particularly to take account of any impact from the Lyons review.
- f. The impact of the court judgement on the treatment of VAT on car parking income continues to be monitored for future years Council Tax assessments.
- g. With regard to the use of the Capacity Building, Priority Setting and Service Improvement reserve, it is proposed to utilise £476,000 for continued investment in the Council's Priorities. It is essential that the use of this reserve is kept under review to ensure it continues to be applied in a sustainable manner. Particular caution should be exercised where the potential use of the reserve is to grow base service budgets year on year. In addition, where investment is made on an ongoing basis to category A and B priorities any subsequent review of the level of priority should take account of the need to manage realignment of resources as required, to ensure that the prioritisation process remains sustainable.
- h. The Housing Revenue Account will require a review once the Working Group has made its proposals and also to take account of any recommendations of the Peer Review. The impact of any proposals will be modelled over the 30 year life of the business plan, prior to entering into any ongoing future commitments arising out of the current work of the working group looking into options for future service improvements and the peer review due to be undertaken in 2007/8.

16 Comments of the Monitoring Officer

The budget forms part of the Council's Budgetary and Policy Framework. Members should have regard to the comments of the Corporate Head of Finance and Resources as the Council's Chief Financial Officer which are set out in section 15 when considering the budget proposals in accordance with the Local Government Act 2003

17 Summary and Conclusion

17.1 Overall it has been possible to produce a balanced budget. However, current and future resources are tight. This particularly reflects the fact that the four main income streams for the Council:

- Government Grant,
- Specific grant,
- Fees and Charges and
- Council Tax

are, and will continue to be constrained, at a time when ambitions and customer expectations are increasing. The Council also faces budgetary pressures from pay, pensions and the efficiency agenda with proposed Government targets of 3% per annum with effect from 2008/9. Members will also note that subject to the delivery of the projected Capital Programme the Council is planning to fully utilise its Capital Reserve, having the impact of reducing its overall General Fund Reserves to around a half of the opening balance for the year, this will not be able to be repeated in future years and will also have an impact on the Council's interest earning capacity.

17.2 In addition, the potential standstill impact of the Comprehensive Spending Review 2007 for District Councils, together with the potential outcome of the Lyons Review will mean that, when taken together with the above factors, the Council will need to be serious about reviewing its Priorities and support bases during 2007/8 to enable a review of the Medium Term Financial Strategy to redirect resources as required to continue to provide a sustainable budget. The Portfolio Holder for Assets and Finance will look to work with the Cabinet Portfolio Holders and Councillors to lead a fundamental review of spending plans, aspirations and priorities to inform the review of Medium Term Financial Strategy.

End of Part A

Council Tax Setting – (Part B)

1. INTRODUCTION

The purpose of this part of the report is to set the level of Council Tax for 2007/8 in accordance with relevant statutory requirement (based on an increase of 4.94% (excluding special expenses and 4.88% (inclusive of special expenses).

2. RECOMMENDATIONS

The requirements are set out in paragraphs 32 to 36 of the Local Government Act 1992 and it is necessary for the Council to adopt the following formal recommendations:-

- (a) That the following amounts be calculated by the Council for the year 2007/8 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended).
 - a) £69,976,000 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.
 - b) £53,804,000 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) £16,172,000 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) £9,673,000 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) £146.48 being the amount at c) above less the amount at d) above, all divided by the Council's tax base of 44,366.3 as recorded in minute 74 of the cabinet meeting of 4 December 2006, in accordance Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2007/2008.

- f) £1,580,000 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- g) £110.88 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 4 December, 2006 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.
- h) That the amounts stated in column B of Appendix 'A' to this resolution be 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 detailed in Appendix 'A', divided in each case by the individual tax bases as recorded in minute - by the Council 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) That 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 2007/8 Lincolnshire County Council has stated the following amounts as a precept issued to the Council in accordance with Section 40 of the Local Government Act, 1992, for each of the categories of dwellings shown below:-

Valuation Band

A £	B £	C £	D £	E £	F £	G £	H £
658.14	767.83	877.52	987.21	1,206.59	1,425.97	1,645.35	1,974.42

- k) That it be noted that for the year 2007/8 Lincolnshire Police Authority has stated the following amounts as a precept issued to the Council in accordance with Section 40 of the Local Government Act 1992, for each of the categories of dwellings shown below:-

Valuation Band

A £	B £	C £	D £	E £	F £	G £	H £
TBA							

I) 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' as the levels of Council Tax for the year 2007/8 for the categories of dwellings shown in the Appendix 'A'.

1.0 Background

1.1 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 the District Council's share of Council Tax are then deducted from the spending requirement to give a Demand on the Collection Fund.

1.2 The Council's tax base of 44,366.3 was approved at the Cabinet meeting held on 4 December 2006, and the budget requirements 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.

1.3 The Council Tax Bill for 2007/8 includes the requirements of Lincolnshire County Council and the Lincolnshire Police Authority which are responsible for setting their own Council Tax levels.

1.4 Lincolnshire County Council determined its Council Tax requirement at the meeting held on 16th February, 2007, as follows:-

Council Tax Requirement £222,965,561 (Total) £43,798,866.02 (SKDC precept element)

Band 'D' Tax £987.21

1.5 Lincolnshire Police Authority will determine its Council Tax requirement at the meeting to be held on 21 February, 2007 as presented below (an addendum to this report will be circulated to members following confirmation by Lincolnshire Police Authority)

Council Tax Requirement TBA (to be announced)

Band 'D' Tax TBA

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

<u>Council Tax Increase 2007/2008</u>					
	2006/2007	2007/2008			
	Band 'D'	Band 'D'	increase	increase	
Lincolnshire County Council	£944.73	£987.21	£42.48	4.5%	
Lincolnshire Police Authority	£125.37	TBA	TBA	TBA	
South Kesteven District Council	£105.66	£110.88	£5.22	4.94%	
SKDC + Special Expenses				4.88%	
SKDC + Special Expenses + Parishes				5.41%	

2.0 Setting the Council Tax

2.1 The Local Government 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'**.

3. COMMENTS OF S151 OFFICER

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

4. COMMENTS OF MONITORING OFFICER

The Local Government Act 1992 sets out the requirements placed upon the Council in relation to making formal recommendations relating to the setting of Council Tax.

Contact Officer:
 Sally Marshall
 Corporate Head of Finance and Resources
 01476 406511
 s_marshall@southkesteven.gov.uk