

ADDENDUM TO AGENDA ITEM 6 TO COUNCIL

REPORT OF: Portfolio Holder for Assets and Finance on behalf of Cabinet

REPORT NO.: CHFR91

DATE: 3 March 2008

TITLE: Budget 2008/9 Part A
Council Tax Setting Part B

1. INTRODUCTION

- 1.1 Part A updates the recommendations to Agenda Item 6 to reflect the proposed change to the General Fund Budget Requirement and level of Council Tax increase and Part B provides the revised recommendations in accordance with the relevant statutory requirements. The changed recommendations are highlighted in bold type.

PART A

2 RECOMMENDATIONS

In considering the budgets of 2008/2009 the Cabinet makes the following recommendations to council. It is recommended that council:

General Fund Revenue Estimate

- a) set a General Fund budget requirement of £15.755m for 2008/9 and an indicative target of £16.247m for 2009/10 and £16.766m for 2010/11 (inclusive of special expenses).;
- b) set a Council Tax increase of 4.38% for 2008/9 (4.44% inclusive of Special Expenses).
- c) approve the revised revenue base estimate for 2007/08; original base estimate for 2008/09: and indicative base estimates for 2009/10 and 2010/11 as detailed in the revised summary on page 1) of the addendum to the budget book;
- d) approve the revised Treasury Management Strategy provided at Appendix A;
- e) approve increases in Fees and Charges for 2008/09 (in accordance with the Council's Fees and Charges Strategy) and as set out in pages 143 to 180 of the budget book
- f) approve a revised joining fee of £20 for the Green Waste Collection Scheme applicable to new entrants with effect from 1st April 2008
- g) agree that the earlier decision to give notice to Lincolnshire County Council to withdraw District Council support from the Dial A Ride project is not rescinded.
- h) take into account in future years Special Expense Areas (SEAs) under/overspending balances when setting the level of the Council Tax for SEAs using a de-minimus level of 10% with effect from the Closure of Accounts for 2007/8.
- i) create specific reserves for each of the SEAs to enable contributions to be made to the reserve at outturn and as part of the future council tax setting process to provide for asset renewal in future years.

- j) **approve the forecast balances of Revenue and Capital Reserves contained at revised page xi) of the budget book;**
- k) delegate to the Section 151 Officer, in agreement with the Portfolio Holder for Finance and Assets, agreement of the final Pension Pool contribution rate following attendance at a seminar to present the Actuary's valuation report.

Capital Programme

- l) approve the revised Capital Programme for 2007/08 and Programme for 2008/09 to 2010/11 detailed in pages 140-142(2) of the budget book
- m) 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 to optimise the use of Council resources.
- n) review the policy on the use of Housing Capital Receipts to enable them to be applied to finance the Council's overall capital programme in the most financially Corporate Head of Finance and Resources in consultation with the Portfolio Holder for Finance and Assets, subject to the view that in the longer term the capital resources made available to the Council as a housing authority are used for housing purposes.

Housing Revenue Account (HRA)

- o) set dwelling rent increases in accordance with Government guideline rent, but with a cap on individual rent increases, with no rent being increased by more than "Rent + RPI @ 3.91%+ 0.5% + £2" and no rent being reduced resulting in an average increase of 7.79%, providing an average rent of £59.06 per week (based on 52 weeks).
- p) **set an increase in Garage rents of 4.4%.**
- q) increase service charges by 3.9% (RPI Sept 2007)

Priority Plans

- r) approve the Priority Plans, attached at appendix D to report CHFR88 Cabinet (Agenda item 4 on 11th February 2008), as part of the approval of the Budget proposals

3. Statement by Chief Finance Officer

- 3.1 My comments in report CHFR91 still stand, however, in compliance 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.

I add the following comments regarding the proposed change to budget based on a council tax increase of 4.38% (4.44% inclusive of special expenses).

- 3.2 I can advise that the proposed change in budget and associated Council Tax increase are robust in their formulation. In proposing an increase of 4.38% rather than 4.95% the Cabinet are proposing to reduce the contribution to General Fund working balance as referred to in paragraph 10.2 of the main report by £28k to £172k providing a working balance of £2.131m. This is a marginal change and will result in the working

balance being 11.8% of estimated net service expenditure which will still ensure that the Council adheres to its general fund balance policy in 2008/9 and future years. Having analysed the risks to the budget and taking account of my updated comments on risk set out below I can confirm that the proposed level of working balance will remain adequate.

3.3 Risks to the budget

I update below my comments, (as shown in bold) in the circulated report, in relation to two of the risks I identified, firstly that the Government will cap the level of Council Tax increase for Local Authorities and secondly the impact on the use of reserves. These comments now reflect the proposed change in Council Tax increase. I believe the Council has adequate cover to mitigate against these and other previously identified risks.

- 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 2004/5, 2005/6 and 2006/7. There is an indication from the Minister that it is expected that Council Tax increases will be kept substantially below 5%.

South Kesteven is a low taxing Council being 34th lowest in the country (based on 2007/08 council tax). The proposed increase of **4.38%** for a band D inclusive of special expenses is below the Government's previous 5% cap threshold. Given there is 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 has been evaluated as £78.5k.**

- b. Reserves – the Reserves statement (page xi of the budget book) shows a total projected net use of **£16,146million** from 1st April 2007 to 31st March 2011 the period covered by the revised estimate for 2007/8 and the three year budgets for 2008/9 to 2010/11. This represents a **54.6%** reduction in the level of overall reserves (combined General Fund and HRA) during the period. It is essential that the use of reserves is kept under review to ensure they can continue to be applied in a sustainable manner. Particular caution should be exercised where any potential use of the reserve is to grow base service budgets year on year. This has not been the case in preparing the current three year proposals for the General Fund. 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.

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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 2008/9 in accordance with relevant statutory requirements based on an increase of **4.38% (4.44% inclusive of Special Expenses)**.

2 RECOMMENDATIONS

The requirements are set out in paragraphs 32 to 36 of the Local Government Finance Act 1992 and 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 2008/9 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended)
 - a) **£75,946,000** 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) £58,938,000 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) **£17,008,000** 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) £9,936,000 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) **£156.32** being the amount at c) above less the amount at d) above, all divided by the Council's tax base of 45,237.70 as recorded in minute 74 of the cabinet meeting of 3 December 2007, in accordance Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2008/2009.
 - f) £1,836,000 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
 - g) **£115.74** 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 3 December, 2007 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)

Part of the Council's area**Band D equiv.**

Grantham	159.30
Stamford	176.49
Bourne	146.52
Deeping St James	156.78
Market Deeping	231.66
Allington	158.58
Ancaster	162.99
Aslackby & Laughton	139.68
Barholm & Stow	124.47
Barkston & Syston	136.35
Barrowby	158.22
Baston	134.46
Belton & Manthorpe	119.34
Billingborough	138.87
Bitchfield & Bassingthorpe	115.74
Boothby Pagnell	119.61
Braceborough & Wilsthorpe	135.09
Burton Coggles	123.39
Careby,Aunby & Holywell	123.12
Carlby	150.39
Carlton Scroop & Normanton	169.56
Castle Bytham	130.68
Caythorpe	146.43
Claypole	136.26
Colsterworth,Gunby, Stainby and North Witham	145.17
Corby Glen	137.16
Counthorpe & Creeton	115.74
Denton	128.70
Dowsby	147.60
Dunsby	121.77
Edenham	134.64
Fenton	122.94
Folkingham	139.86
Foston	151.29
Fulbeck	138.60
Greatford	139.50
Great Gonerby	145.44
Great Ponton	153.63
Haconby	117.00
Harlaxton	157.77
Heydour	135.00
Honington	115.74
Horbling	115.74
Hougham	135.99
Hough-on-the-Hill	153.90
Ingoldsby	127.53
Irnham	119.07
Kirkby Underwood	127.71
Langtoft	162.09
Lenton,Keisby & Osgodby	119.61
Little Bytham	146.88
Little Ponton & Stroxton	123.93
Londonthorpe & Harrowby Without	131.85
Long Bennington	152.46

Marston	141.84
Morton	129.96
Old Somerby	132.21
Pickworth	115.74
Pointon & Sempringham	148.41
Rippingale	159.75
Ropsley, Humby, Braceby & Sapperton	130.23
Sedgebrook	140.85
Skillington	149.67
South Witham	162.09
Stoke Rochford & Easton	143.82
Stubton	132.03
Swayfield	134.91
Swinstead	142.29
Tallington	133.92
Thurlby	134.01
Toft, Lound & Manthorpe	115.74
Uffington	128.97
Welby	131.58
Westborough & Dry Doddington	132.21
West Deeping	138.42
Witham-on-the-Hill	139.86
Woolsthorpe	139.50
Wyville-cum-Hungerton	139.23

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 74 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 2008/9 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 £
681.18	794.71	908.24	1021.77	1248.83	1475.89	1702.95	2043.54

- k) That it be noted that for the year 2008/9 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 £
156.90	183.05	209.20	235.35	287.65	339.95	392.25	470.70

- 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 2008/9 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 45,237.7 was approved at the Cabinet meeting held on 3 December 2007 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 2008/9 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 15 February 2008, as follows:

Total Council Tax Requirement	£234,826,390.00
SKDC precept element	£46,222,524.78
Band D tax	£1,021.77

- 3.5 Lincolnshire Police Authority will determine its Council Tax requirement at a meeting to be held on 27th February 2008, as presented below (an addendum to this report will be circulated to members, following confirmation by Lincolnshire Police Authority).

Total Council Tax Requirement	£54,088,876.01
SKDC precept element	£10,646,692.70

Band D tax

£235.35

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

Council Tax Details 2008/9				
	2007/8 Band D	2008/9 Band D	Increase £	Increase %
Lincolnshire County Council	£987.21	£1021.77	34.56	3.5
Lincolnshire Police Authority	£131.58	235.35	103.77	78.9%
South Kesteven District Council	£110.88	£115.74	4.86	4.38
South Kesteven + Special Expenses	£123.15	£128.63	5.48	4.44
South Kesteven + Special Expenses + Parishes	£146.48	£156.32	9.84	6.71

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 THE S151 OFFICER

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

6 COMMENTS OF MONITORING OFFICER

- 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.

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