

# REPORT TO COUNCIL

REPORT OF: STRATEGIC DIRECTOR – CORPORATE FOCUS  
 HEAD OF FINANCE

REPORT NO.: HOF 148

DATE: 3rd March 2011

<b>TITLE:</b>	<b>Determination of Budget requirement for 2011/12 and indicative for the 3 years thereafter – Part A</b> <ul style="list-style-type: none"> <li>• General Fund (GF) and Housing Revenue Account (HRA) estimates for 2011/12 and indicative budgets 2012/13, 2013/14 and 2014/15</li> <li>• Capital Estimates 2011/12 to 2014/15 – both GF and HRA</li> <li>• Movement in Reserves</li> <li>• 2011/12 Fees and Charges</li> <li>• Treasury Management Strategy</li> </ul> <b>Council Tax Setting – Part B</b>	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	Policy Framework Proposal	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Cllr Mike Taylor Resources and Assets Portfolio Holder	
<b>CONTACT OFFICER:</b>	Daren Turner – Strategic Director Corporate Focus Tel: 01476 406301 Email: <a href="mailto:d.turner@southkesteven.gov.uk">d.turner@southkesteven.gov.uk</a> Richard Wyles – Head of Finance Tel: 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ASSESSMENT:</b>	Carried out and appended to the report	Full impact assessment Required: N/A
<b>Equality and Diversity</b>		
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Local Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>	HOF133, HOF134, HOF135, HOF144, HOF145	

## 1. RECOMMENDATIONS

### General Fund (Revenue)

Make recommendations a. to e. to Council:

- a. to set a General Fund budget requirement of £14.612M for 2011/12 (inclusive of special expenses but excluding of parish precepts)
- b. to approve a Council Tax freeze for 2011/12 (including special expense areas)
- c. to approve the original base estimate for 2011/12 and indicative base estimates for 2012/13, 2013/14 and 2014/15 as detailed in the summary at Appendix A page 1;
- d. to approve increases in Fees and Charges for 2011/12 as set out in Appendix D
- e. to approve the movement in Revenue Reserves and the statement contained at Appendix C

### Capital and investment Programmes

Make recommendations f. to i. to Council:

- f. approve the General Fund Capital programme for 2011/12 to 2014/15 detailed at Appendix B page 1
- g. approve the indicative Housing Investment programme for 2011/12 to 2014/15 detailed at Appendix B page 2
- h. approve the Capital Financing statement detailed at Appendix B page 3
- i. to approve the Capital Reserves statement contained at Appendix C

### Housing Revenue Account (HRA)

Make recommendations j to m. to Council:

- j. to set dwelling rent increases in accordance with Government guideline rent providing an average rent of £66.03 (and an average rental increase of 6.67%)
- k. to set an increase in garage rents of 4.6%
- l. to increase service charges by 4.6%
- m. to approve the Housing Revenue Account for the year 2011/12 and indicative years 2012/13 and 2014/15 shown at Appendix A page 7

### Treasury Management and prudential indicators

Make recommendation n to Council:

- n. to approve the Treasury Management Strategy provided at Appendix E;

## 2. PURPOSE OF THE REPORT/DECISION REQUIRED

2.1 The purpose of this report is to present the Budget proposals for 2011/12 in relation to:

- Revenue and capital expenditure together with the proposed use of reserves
- Proposals regarding the setting of the Council Tax
- The level of fees and charges
- The Treasury Management Strategy for the Council

- Providing advice to Councillors on the robustness of the Budget proposals and adequacy of balances and reserves as required by the Local Government Act 2003.

2.2 Members are asked to consider the contextual information presented and to recommend to Council approval of the Council's budget for 2011/12.

### **3. Background**

#### **3.1 Context**

3.1.1 Members received an initial update of the Councils Medium Term Financial Plan (MTFP) in December 2010. At that point the Council was preparing for a much publicised cut in Formula Grant following the election of a new coalition government whose stated intention was to reduce the Public Sector Borrowing Requirement (PSBR) much quicker than the previous administration.

3.1.2 Officers at that time had been modelling an approximate 28% cut in grant over a four year period in line with the coalition government's autumn statement.

3.1.3 Members and officers have been anything but complacent in preparing for the Autumn statement and the 2011/12 comprehensive spending review (CSR). Having had the foresight to expect a period of national austerity, particularly in public sector spending, the Council have worked hard in the past 18 months or so to prepare by reducing costs, driving out efficiencies (particularly from back office services) and where possible raising income in order to protect key front line services.

3.1.4 Detail of the 2011 CSR was presented to the House of Commons by the minister on 13<sup>th</sup> December 2010. Although the size of the grant reductions for Local Government were broadly in line with predicted "worse case scenarios" the level of front loading of the cuts was unprecedented. The new two year settlements effectively reduced local government spending to what had been predicted over four years. Shire district councils, due to the nature of the services they provide were particularly badly affected losing on average 15% of grant in 2011/12 and a further 10.8% in 2012/13 compared to the national average reductions of 9.9% and 7.3%.

3.1.5 The Secretary of State announced that councils will face an average cut of 4.4%; and that no local authority would experience a decrease of more than 8.9% in 2011/12, as a result of the grant reductions. It should be noted that these % figures are based on a new calculation of 'revenue spending power' which encompasses:

- Council tax requirement
- Formula Grant
- Specific grants within the Aggregate External Finance

To ensure that no local authority has its 'revenue spending power' reduced by more than 8.9% for 2011/12 and 2012/13 only, the government has created a transition grant which is in addition to any funding floor that an authority may receive. The transition grant is being funded by £85M found from within uncommitted CLG budgets and will not be funded by other local authorities. The government has made it clear that the grant will end in 2013/14. The Council did

not directly benefit from this transition grant but is receiving floor damping of £725K in 2011/12 and a provisional £655K in 2012/13.

### 3.2 South Kesteven settlement

The revenue spending power reduction is not a calculation that demonstrates the true financial impact of the grant reductions. The table below details the specific grant allocation for the Council over the 2 year period:

**Table 1**

	2010/11 (Base)	2010/11 (Govt adjusted for Conc. fares)	2011/12	2012/13 (provisional)
<b>Formula Grant (£)</b>	10.147M	9.619M	8.350M	7.369M
<b>% reduction in cash terms</b>			-13.19%	-11.75%
<b>£ reduction in cash terms</b>			-£1.269M	-£981K
<b>Total reduction over 2 year settlement</b>	<b>23.3% or £2.250M</b>			

3.2.1 Scenario planning had been undertaken by the Council for a number of months leading up to the announcement (as detailed in the Medium Term Financial Plan). As stated the levels of the reductions are *broadly* within the scenario levels the Council had expected over 4 years. However, as can be seen from table 1 above, the scale of the reduction within a 24 month period is extremely challenging and preparatory plans will now be advanced to ensure future financial stability.

3.2.2 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:

**Table 2**

Description	2010/11 £'000	2011/12 £'000
Housing Benefit Administration Grant	886	845
Homelessness	55	106
Area Based Grants:		
Community Cohesion	75	0
Climate Change	22.5	0
Concessionary Fares specific grant	398	0
Housing & Planning Delivery Grant	0	0
<b>Total Specific Grants</b>	<b>1,436.5</b>	<b>951</b>

The housing benefit administration grant is reducing by 5% per annum between 2010/11 and 2011/12 and the expectation is that the difference in funding will be met from efficiencies in the service area.

- 3.2.3 All of the area based grants have now been removed and incorporated into the overall formula grant that Authorities receive and the removal of the concessionary travel grant is in response to the transfer of responsibility to the County Council with effect from 1 April 2011.

### **3.3 Housing Revenue Account (HRA)**

- 3.3.1 Members will be aware that the most significant proposal to affect the HRA in the short term is the intention to abolish the national HRA Subsidy system, and replace it with a system of self-financed housing authorities through a debt allocation process. It is proposed to introduce this new financing system on 1 April 2012 and therefore the HRA revenue financial business plan will need updating and reviewing once the full extent of the new financing model is known. It is anticipated that the Authority will incur a debt of approximately £116M but repayments of the debt are expected to be less than the current negative subsidy payments. This scenario will assist the HRA maintain a balanced revenue account over the medium term.

The precise details of the self-financing settlement will continue to be finalised over the next year to ensure they take account of any relevant changes in economic circumstances - for example up to date valuations of each councils housing stock. Government will then confirm that the settlement is fair and sustainable and should be implemented in 2012 (subject to Parliamentary approval).

### **4. Financial forecasting of 2010/11 outturn for General Fund and Housing Revenue Account**

- 4.1 During the course of the financial year regular monthly budget monitoring is undertaken with service budget holders in order to monitor expenditure and income compared with budget prediction. A key element of this monitoring is forecasting the year end outturn position having taken into consideration the actual expenditure and anticipating the future levels of expenditure. This activity enables early indications of potential financial issues and allows remedial action to be implemented to manage the projected outcome. These discussions are further supported by monthly meetings with service heads and strategic directors when there is an opportunity to discuss both the financial and performance position.

- 4.2 General Fund – The GF is currently forecast to be circa £400K underspent at the year end. This is largely as a result of a small number of budget headings not been required as a result of sound financial management and utilising alternative budgets. Cabinet has been made aware, as part of the financial management process, further investment in Council priority areas is being considered.

Any actual under spend will be considered as part of the annual closedown of the accounts during that process a fundamental review of the Councils reserves will undertaken in line with best practice.

- 4.3 It is anticipated that the forecast outturn of the HRA will be a deficit of £416K which is below the budgeted deficit of £461K. Over the period of the budget proposals, the HRA is showing a budgeted surplus position based on the anticipated levels of income and expenditure. This projection is based on the current HRA business plan which will require re-modelling and updating once the announcements in respect of the HRA self-financing reform proposals are known.

## 5. Budget Process - Estimates for 2011/12

- 5.1 The budget assumptions used in compiling the 2011/12 estimates are set out below:

**Table 3**

Inflation Factors	Assumption (%)
Salary Inflation for 2011/12	Pay freeze except provision for <£21K
Retail Price Index	3
National Business Rate	4.5
Utility Cost increase	10
Drainage Board Levies	4.8
Fuel costs	10
Interest Rates	1.5
Salary Vacancy Factor	3
Growth in numbers of Band D equivalent properties	1

### 5.2 2011/12 budget framework

- 5.2.1 The strategy adopted, in respect of the budget process, has been a coherent and systematic review of costs across all service areas by the senior management team fully reflecting the outcomes of a wide range of initiatives that has resulted a balanced budget position with minimum service impact. This continues the strategy the Council has followed for a number of years in respect of reducing costs and introducing changes to service delivery (e.g. removal of cash offices and introducing Allpay service, review of public conveniences, review of terms and conditions for employees). The process has been underpinned by ensuring the Council priority action plans continue to be implemented with resources being allocated accordingly. These actions were agreed by Council and directly contribute to the delivery of the priority themes.

The budget process has taken into account the need to make cost savings and drive out efficiencies in order to develop a sustainable budget across the term of the MTFP. The Council has continued its established process of seeking to reduce management overheads and costs in relation to back office services. All areas of the Councils operations have contributed to the process. Specifically the approach has been to focus on internal service reviews and new ways of delivering services. This has ensured that front line services are, where possible, protected. The budget process was supplemented this year by detailed public consultation designed to establish the areas that people were most likely to agree service changes should the need arise. Members will no doubt recall the comprehensive consultation that was undertaken during the summer of 2010 which gave the Council important and detailed information on what services were most valued by our customers.

Significant cost reductions have been made in a number of areas:-

- **General budget reduction, consolidation and centralisation** – centralising key procurement activities generating financial efficiencies, sharing of back office costs and incorporating flexibility in consolidating corporate budgets resulting in an annual saving of £200K.

- **Management realignment and restructure and vacancy management** - reducing management costs by over £300K by focussing staffing resources at priority delivery. Vacancy management including the removal of posts has released additional annual savings of £280K.
- **Service reviews etc** – customer feedback from the consultation exercise (noted in para. 5.2.1. above) supported the reduction of green waste collections in the winter months when demand for the service is minimal. However, the public favoured further investment in street cleansing and as a result resources will be diverted away from green waste collection in the winter months toward additional litter picking and highway verge maintenance in key areas. The public also indicated that reducing missed bin collections from 2 to 1 per week would not cause major dissatisfaction.

5.2.2 The Council, as is the case in most years, has also had to accommodate some growth in costs in a number of areas, as well as a loss of income. These costs which exceed £350k, are in addition to the assumptions laid out in table 3 above and include:-

- Increased health and safety inspections for water testing, and additional election costs relating to individual voter registration.
- The implementation of the new Leisure contract specifically costs relating to annual maintenance budgets.
- Increases in business rates for the Council's own property portfolio, which will be paid to central government.
- Loss of income as a result of the economic downturn e.g. hospital contributions to CCTV and increase in the VAT rate.

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

**Table 4**

Financial Year	2011/12	2012/13	2013/14	2014/15
Base Rate	0.70%	1.70%	3.1%	4.0%
Money Market Rate (average.)	1.5%	2.5%	3.5%	4.3%

- 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. As the spending plans of the reserves progress then there will be a corresponding reduction in the amount of interest income that will be received. Scenario planning in respect of continuing investment, forecast interest rates and potential for borrowing will be a feature of the medium term and will be undertaken within the framework of the Treasury Management Strategy.

5.2.5 Despite the severity of the grant reduction and the cost pressures faced in the pursuance of it's day to day business the Council continues to invest in its stated priorities, budgets this year will include :-

- an annual contribution of £26k to the South Lincolnshire Community Voluntary Service. The SLCVS provides support and development to a range of community and voluntary groups in South Kesteven as well as placing people interested in volunteering with groups.
- a provision of £140K in respect of economic development initiatives that will be utilised to fund schemes and projects which will benefit across the district particularly the market towns of Grantham and Stamford. Cabinet has recommended that this allocation is used to fund the proposed reduction in car parking tariffs in the short stay car parks in Grantham and Stamford.
- the Council has been successful in securing a grant contribution, to support services for the homeless, of £106k for each of the years 2011/12 and 2012/13 (the 2010/11 level for South Kesteven was £55,000). This specific grant is used to financially support the rent deposit scheme, Women's Aid support service and a mediation service. Other areas will include a court desk service at Grantham County Court.
- increased budget for further investment in street cleansing and highway verge litter picking. This was an area specifically highlighted from the budget consultation work undertaken.

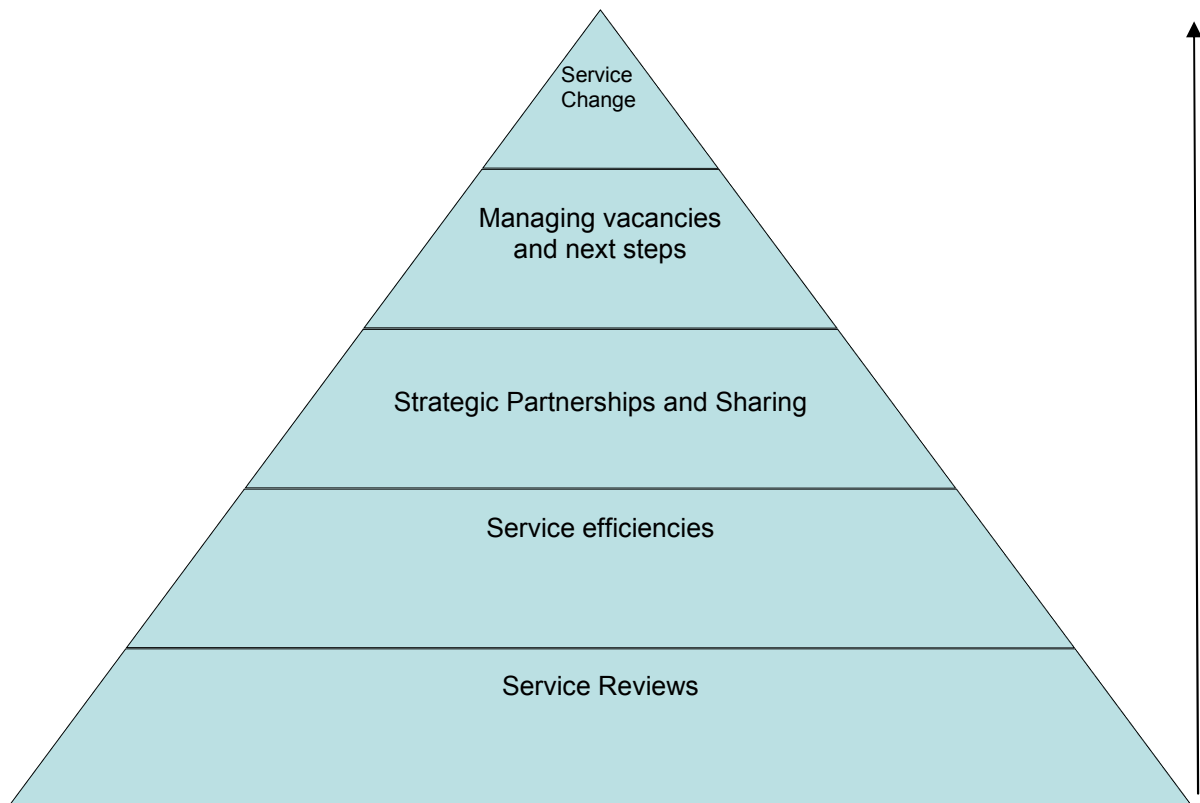
5.2.6 Other Base Budget Changes:-

- Concessionary travel – this budget heading has been removed from 2011/12 following the transfer of the service to the County Council. All associated costs with the provision of this service have removed from the budget framework.
- The Council has entered into a leisure contract with Leisure in the Community to operate all of the leisure premises for a 5 year contract (with an option to break after 2 years). This non-profit making organisation has been successful in being awarded mandatory rate relief on the leisure premises.
- Following the withdrawal of museum services in Grantham and Stamford by Lincolnshire County Council, budgets have been updated to reflect the loss of income in respect of Stamford museum and any on-going financial liabilities the Council may now incur. However, discussions are currently underway with voluntary groups in order to provide support to enable the services to continue.

### **5.3 Approach for 2012/13 and beyond**

5.3.1 The Council will continue to work hard to reduce costs and drive out efficiencies, this will allow Members to continue to shift resources to, and invest in, priority areas whilst keeping Council Tax at reasonable levels. The Council is alive to the fact that CSR 2011 is only a two year settlement, not three as had previously been the case. The Council has no reason to believe that the current trend of formula grant reduction will not continue and is cognisant of the fact that the transitional grant put into the formula grant system at the last moment is not available after 2012/13. Strategic Management Team and Cabinet members are

developing a programme of change which will generate further cost reductions etc over the term of the MTFP. The basis of the programme will be to protect priority front line services; the model below demonstrates the approach.

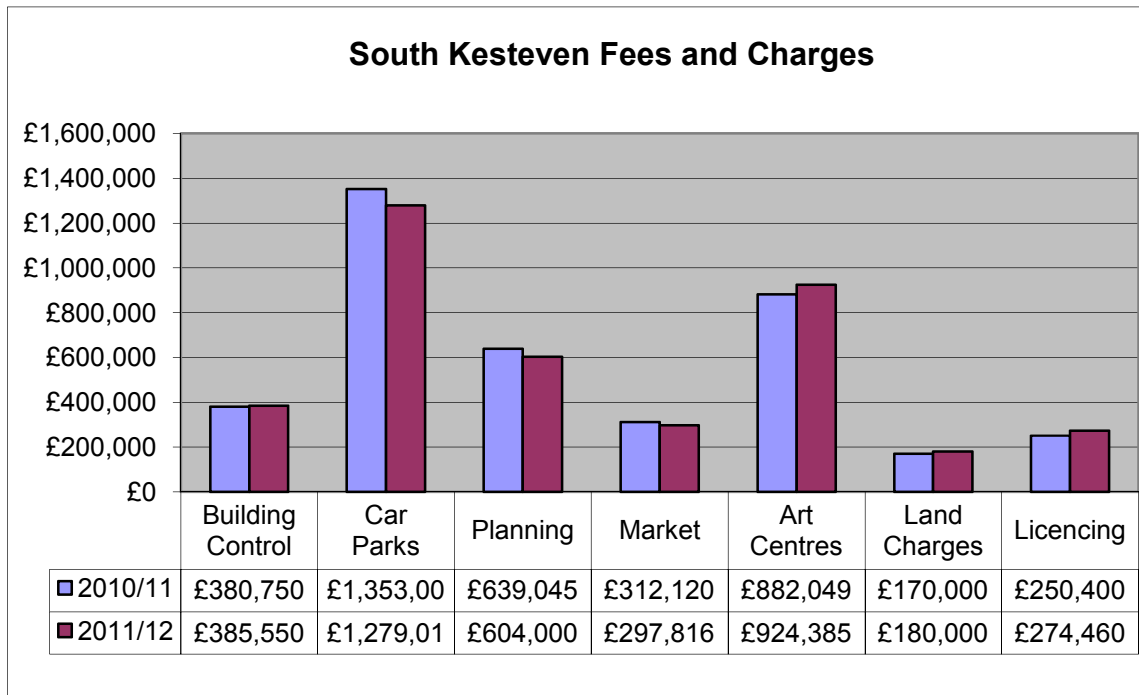


## **6 Special Expense Areas (SEA)**

- 6.1 Special Expense Areas make use of provisions under the Local Government Finance Act 1992 which provide for different amounts of council tax to be calculated for different parts e.g. parished and unparished areas of the district, depending on what, if any, special items relate 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.
- 6.2 The district seeks to fully recover the net expenditure of the special expense areas and the proposed budget for 2011/12 has been prepared on the basis of full recovery of costs. It should be noted that increases in the special expense precepts count towards the overall council tax capping calculation for the district.

## **7. Fees and Charges**

- 7.1 In accordance with the Fees and Charges Strategy, proposals for the level of fees and charges for 2011/12 are shown in detail at Appendix D and have been based on the proposals contained within report HOF134. All fees and charges were discussed and proposed by the Resources PDG working group. The chart below shows the level of income budgeted to be received from the Council's main sources of fees and charges; this is compared with the previous year budget.

**Table 5**

7.2 Members will notice that the majority of key income areas are under pressure as a result of the national economic climate, close monitoring will continue to be undertaken. Any services that experience a reduction in income levels will undergo a review of expenditure headings in order to align the operational costs of delivering the service with the volumes of activity. The council through its Resources PDG, will implement a fundamental review of all fees and charges in the next financial year.

## **8 Overall General Fund Position 2011/12**

8.1 The budget proposes a net service expenditure of £16.950m broken down by priority focus area as follows:

**Table 6**

<b>Summary of Net Service Expenditure</b>					
	Original base 2010/11 £'000	Estimated base 2011/12 £'000	Indicative base 2012/13 £'000	Indicative base 2013/14 £'000	Indicative base 2014/15
Community and Environment Focus	9,040	8,856	9,052	9,322	9,343
Corporate Focus	5,273	4,359	3,767	3,795	3,996
Development and Growth Focus	3,388	3,170	2,927	2,784	2,792
Special Expense Areas	576	565	578	593	609
<b>Net Service Expenditure</b>	<b>18,277</b>	<b>16,950</b>	<b>16,324</b>	<b>16,494</b>	<b>16,740</b>

8.2 The overall General Fund position for 2011/12 is shown at Appendix A page 1. The total service expenditure (net of direct income) for 2011/12 is estimated at £16.950M. Interest and investment income has been estimated at £230K 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 E to this report.

## **9 The District's basic amount of Council Tax 2011/12**

- 9.1 The calculation of the Council's basic amount of Council Tax is made by deducting from the Budget Requirement £14.612million (including special expense areas, but excluding parishes), the external support that will be received from the Government from Formula Grant £8.291million, together with a surplus of £30K on the Collection Fund.
- 9.2 The result is divided by the Council Tax Base of 46,744.4. The proposed band D Council Tax is £122.76 (excluding parishes), representing a council tax freeze for 2011/12 in respect of the district council element of the Council tax demand.
- 9.3 The Government is seeking to introduce powers for residents that will enable excessive increases to be vetoed through a local referendum (a key proposal within the Localism Bill). In the meantime the Government is prepared to take capping action against councils that propose excessive council tax rises. The capping threshold is likely to be set 2.5% for 2011/12. Therefore it is clear that the government fully expects all authorities to take up the offer of a council tax freeze equivalent of 2.5% in order to qualify for the Council Tax freeze grant as any increase over that threshold would appear to be at risk of capping.

## **10 Housing Revenue Account 2011/2012**

- 10.1 Budget were compiled in line with the existing Housing business plan. The budget aims to deliver a balanced HRA by 2014/15. This will be achieved by aligning its expenditure anticipated income levels. No additional one off investments have been required, the HRA this year has shifted resources to fund items such as the national digital upgrades. The revenue account continues to accommodate direct revenue contributions to financially support the capital programme, this will total £1.0m in 2011/12 – over the four years the total contribution is anticipated to be £5.5M.
- 10.2 The draft Subsidy Determination 2011/12, which was published on 5<sup>th</sup> November, 2010, is to be the last one issued under the old system, and has been constructed using similar parameters to those used in earlier years. Existing policy is to establish the percentage local authority average guideline 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.
- 10.3 The September 2010 inflation figure was 4.6% and the draft determination is based upon convergence within five years, by 2015/16. This has produced an average guideline rent increase of 6.8%. The uplift applied to the allowances is the GDP inflator, currently estimated at 1.9%. However, because of the way the Government's formulae operate, the unit Maintenance and M.R.A. allowances are the same as last year whilst the Management allowance has increased by 2.8%.
- 10.4 Guideline rent is the notional figure used in the HRA Subsidy calculations, whilst actual rent is that which is actually charged to the tenants. The actual rent is calculated on a property by property basis using the same parameters as the Government has used for guideline rent. This has produced an average increase of 6.67%. At the level of individual dwellings, the percentage increase will depend upon each property's proximity to its target, with increases varying between 4.02%

and 9.27%. In cash terms, the average rent will be £66.03 with a minimum of £45.51 and a maximum of £94.87. Garage rents and service charges are proposed to be increased in line with inflation of 4.6%.

## **11 Reserves and Provisions**

11.1 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 is provided at Appendix C.

### 11.2 Existing Balances

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 MTFP, of maintaining the General Fund balance, at between 4% to 5% of gross turnover, or at between 10% to 15% of net expenditure.

The Council will hold additional reserves and provisions as required. These are reviewed at regular intervals to determine whether they should remain and ensure they reflect the priorities and any budget risks.

Other reserves currently held include:-

- The **Insurance Reserve** - will be utilised during 2010/11 to meet the costs in respect of any planning determination appeals. This is estimated to be in the region of £100K and this use is in accordance with the Council policy.
- The **Employees Pension Reserve** - is held to protect the Council from large increases in employer's contribution rate following the actuaries triennial valuations and related issues. Any changes in employer contribution rates as a result of the findings of the Public Service Pensions Commission (chaired by Lord Hutton) are likely to see reductions in funding requirements. Although adequate for its current purposes this reserve will be reviewed in lieu of the "Hutton" findings at the end of the financial year.
- Any 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. Following a review of the service it is anticipated the modest surplus contributions will be made to the reserve of the period of the budget. However, this will be subject to review following the recent introduction of a new structure of fees and charges.
- The **Priority Themes and service improvement reserve** – The balance on this reserve is forecast to be £2.190M as at 31 March 2011. However this forecast does not reflect any contributions that may be made to the reserve as a result of the outturn position for the financial year 2010/11. The budget proposals for 2011/12 include a net contribution to the reserve of £422K. As the Council's emphasis has changed to invest to save initiatives this reserve will be reviewed during the closure of accounts process.

- The **Working balance of the HRA** – The working balance on the HRA is projected to be £7.402M as at 31<sup>st</sup> March 2011 and will be utilised over the budget period to contribute towards financing the capital programme in order to reduce it to a level of approximately £5M in accordance with the policy established in the previous budget report (CHFCS25). This balance is set at an appropriate level in order to meet any in-year unforeseen costs that may arise. This level will be kept under review in accordance with the financial position of the HRA.
- **HRA Major Repairs Reserve (MRR)** – 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. A contribution of £3.673M will be made to the reserve from MRA but a contribution from the reserve of £5.491M will be necessary to finance the capital programme leaving a projected balance as at 31<sup>st</sup> March 2012 of £3.586M subject to the final outturn position on the capital programme. Thereafter the use of the reserve reflects the proposed capital programme for the remaining period.
- **Special Expense Reserve** – This reserve (which is made up of individual SEA reserve balances) is utilised to financially support transactions and future spending proposals in respect of the special expense areas. The reserve will be used during 2011/12 to finance specific spending proposals in respect of the Grantham SEA.

### 11.3 Movements in Reserves

The summary of the projected use of reserves is attached to this report at Appendix C. After adjusting for accounting entries that do not impact on the taxpayer and taking into consideration the reserve movements the budget requirement is £14.671M (including special expense areas).

As part of its drive to reduce costs and find innovative ideas to release efficiencies a specific set aside will be made from reserves in the form of an invest to save fund. This provision is available for developing alternative service delivery that does not compromise service quality but can demonstrate clear financial savings over a period of time following one-off set up costs. These proposals will be prepared utilising a business case template detailing clear service proposals, financial implications and performance outcomes.

## 12 Capital Programme 2011/12 - 2014/15

12.1 The recommended Capital Programme (Appendix B pages 1-3) provides a forecast outturn for 2010/11 of £8.685M and an indicative 4 year programme totalling £32.481M for the financial years 2011/12 to 2014/15. This is a significant capital programme in terms of projects and financial investment and the Council will need to ensure it has sufficient capacity to ensure the delivery of the programme in the timescales proposed.

### 12.2 Housing Investment Programme (HIP) 2010/11 Forecast outturn

The forecast outturn in respect of the housing investment programme is £5.322M compared with the budget of £8.205M which is a variance of £2.883M. The main

headings that require the projected underspends to be carried over into the 2011/12 capital programme are:

- Heating and ventilation £300K
- Kitchens and bathrooms £700K
- Electrical rewires £220K

### 12.3 General Fund 2010/11 Forecast outturn

The forecast outturn is anticipated to be £3.363M compared with the original budget of £6.082M. The funding for Grantham Growth initiatives will be incorporated into the 2011/12 budget proposals to fund specific projects and the underspend in respect of better homes grant will be utilised to finance future capital expenditure in accordance with the grant conditions.

## 13 Programme 2011/12 to 2014/15

13.1 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 Strategy and 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 Resources and Assets Portfolio Holder, in compiling the programme. The Programme comprises of both General Fund and Housing Revenue Account (HRA) Schemes. The capital programme for the HRA has been compiled using the data from the 100% stock condition survey which has been analysed in order of priority of need and ensuring the Council meets the decent homes standard in 2010. The full details of the HRA business plan and financial model have been approved by Cabinet at its meeting on 4 January 2010.

Key areas to note in relation to the 2011/12 programme include:

### 13.2 Housing Investment Programme (HIP)

The investment in the Council's housing stock over the period of the capital programme has been formulated utilising the detailed stock condition survey that has been undertaken. The spending profile reflects the desire to achieve 'decent homes standard' and maintain the standard over the period of the capital programme and equates to a spending level of £20.9M. The programme also includes a number of projects that will enable the Council to deliver quality housing provision and estate management. However it should be noted that the overall financing of the capital programme will become extremely challenging in the medium term and the spending plans will need to be developed in accordance with available spending and affordability levels. Three new schemes have been included in the programme for 2011/12 these are:-

- Refurbishment of Bin Stores, Earlesfield Estate
- Refurbishment of Homeless Units
- Hard Wiring of fire alarms

### 13.3 General Fund Programme

The emphasis of the General Fund 2011/12 capital programme remains with the 'Good for Business' priority. The £4.582M programme has largely been compiled on the basis of delivering this key priority.

- 13.3.1 The development of Bourne core area has been identified as a key priority for some time. Full scheme proposals have now been drawn up and assessed. The proposed capital programme now includes £2.350M over the next two financial years which will deliver a mixed scheme of retail and residential within the core area.
- 13.3.2 A number of key initiatives are proposed for 2011/12 as part of the Grantham Growth priority including a contribution of £200K towards the Station approach development and £170K for public realm improvements. In order to support and develop the economic viability of the market towns in South Kesteven a new annual allocation of £80K has been included for retail enhancements.
- 13.3.3. From 2012/13 onwards, specific capital budgets have been incorporated to enable available development land in key strategic locations to be serviced and brought forward to the market to stimulate economic activity. This proposal will be progressed during 2011/12 in order to identify the sites that can benefit from this allocation.
- 13.3.4 The development of a community access point in Bourne which will bring together key public services within one centre providing customers access to a wide range of services and information will continue to be funded through the programme. The continuation of this project supports the 'Customer First' priority.
- 13.3.5 The remaining elements of the capital programme have been developed based on delivery of improvements and investments in Council assets as identified in the Council's Asset Management Plan. All these areas have undergone a fundamental review during the 2011/12 budget round.

#### **14 Proposed method of financing the Capital Programme**

- 14.1 The detailed Capital Programme contained within Appendix B also identifies the proposed method of financing the Capital Programme which will be reviewed when preparing the Statement of Accounts for each financial year to enable the most effective form of financing to be adopted by the Council.
- 14.2 In respect of the capital programme the summary financing statement has been prepared for the General Fund and the Housing Revenue Account. In respect of the General Fund it is proposed to utilise the capital receipts reserve, grant funding and the specific capital reserve together with a contribution from revenue. There is no immediate borrowing requirement within the timescale of the capital programme. In respect of the HRA capital programme the financing of the programme will be met from the Major Repairs Reserve (MRR) together with a contribution from revenue. This will also ensure the HRA working balance is reduced in accordance with the current policy of maintaining a working balance of £5M.
- 14.3 The Council policy in respect of the use of the useable capital receipts reserve is to use the housing capital receipts to contribute towards the financing of both the General Fund and the Housing Revenue Account but the non-housing capital receipts would be used only to finance the General Fund programme. It is proposed to continue this policy in order to ensure the financing of the Council's overall capital programme is the most financially advantageous for the Council as a whole.

#### 14.4 Forecast of Capital Receipts and Capital Reserves

- 14.4.1 The Useable Capital Receipts 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 anticipated that the reserve will be used during the medium term in order to contribute towards the financing of the capital programme reducing the balance to a projected balance of £3.268M as at 31 March 2015.
- 14.4.2 It is anticipated that £1.383M of the Capital Reserve will be used during 2010/11 to contribute towards the funding of the General Fund Capital programme leaving a balance of £420K as at 31 March 2011. Thereafter the reserve will be fully utilised during 2011/12. At this stage there are no further contributions anticipated to the reserve as the future financing of the capital programme will be met from useable capital receipts reserve, external grant contributions and revenue contributions. However, it is proposed that this be reviewed during the closure of accounts process in order to ensure the financing of the programme is the most financially advantageous for the Authority.
- 14.4.3 Estimates of the likely capital receipts to be generated during 2011/12 and subsequent years have been projected based on the Council's Asset Management Plan. The anticipated level of capital receipts during the current financial year has not been achieved due to the difficult economic climate and the inability to realise the forecasted valuations. However it remains an important part of the capital financing decision making process and realistic and achievable levels of receipt forecasts have been incorporated into the financial model. The anticipated level of receipts during 2011/12 is £940K (made up of £840K General fund and £100K HRA receipts) of which will be applied to finance the capital programme in 2011/12. Details of the capital reserves are laid out in Appendix C attached.

#### 15. Prudential Code

- 15.1 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.
- 15.2 The Council's current financial planning systems demonstrate the affordability of the capital programme and the 2011/12 estimates have been prepared in the context of these plans and controls.

#### 16 Treasury Management and Investment Strategy

16.1 In accordance with the requirements of Local Government Act 2003 a Treasury Management Strategy is provided within Appendix E outlining the Council's prudential indicators for 2011/12 – 2014/15 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 E Annex A);
- The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year (Appendix E Annex A);
- 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 E Annex B);
- 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 E Annex B);

16.2 A review of the Treasury Management strategy has taken place in conjunction with the Council's treasury management advisors to ensure the strategy provides a framework for effective, efficient treasury management activity and ensure the Council's exposure to risk is minimised. Whilst it is widely acknowledged that exposure to risk cannot be removed, good governance and scrutiny arrangements help to ensure the exposure is minimised. The Council's arrangements in respect of robust monitoring and reporting of treasury management activities are based on best practice. Specifically, Governance and Audit Committee ensure the governance and scrutiny function is undertaken on behalf of the Council and during the past year has received specific treasury management training and receives regular quarterly reporting information.

## **17 Collection Fund**

17.1 All transactions associated with Council Tax are shown in the Collection Fund.

17.2 To comply with CIPFA's Best Value Accounting Code of Practice authorities are required to forecast the out-turn on the Collection Fund as at 31<sup>st</sup> 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).

17.3 For this financial year SKDC has forecasted the out-turn for 2010/11 and in 2011/12 will distribute this forecast together with the remaining surplus from the 2009/10 out-turn. Remaining surplus (or deficit) from previous years occurs when there is a difference between the forecast for that year and the actual out-turn.

17.4 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.

- 17.5 The accumulated surplus on the Collection Fund at 31<sup>st</sup> March 2010 was £559K of which £298K will have been distributed during 2010/11. The forecast out-turn for 2010/11 is a deficit of £6k. This leaves a total of £255K for distribution in 2010/11. This will be distributed as follows:

	<b>£K</b>
Lincolnshire County Council	193
Lincolnshire Police	32
South Kesteven District Council	<u>30</u>
<b>Total Surplus on Collection Fund</b>	<b>255</b>

- 17.6 The amounts due to Lincolnshire County Council and Lincolnshire Police will be distributed on a pro rata basis, utilising the precept mechanism.
- 17.7 The council tax income budget for 2010/11 was produced based on an anticipated increase in tax base of 1.0% rather than the previous year's prediction of 1.1%. These changes have been made to try to keep the Collection Fund close to a breakeven position, rather than generating large surpluses. These changes have resulted in a forecast of a small deficit in 2010/11.
- 16.8 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 of 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.
- 16.9 The amount due from the County Council for 2010/11 is £82K and from the Police Authority is £14K. It is estimated that the amount for 2011/12 will be £93K, and £16K respectively. This will be used to continue the work of the Local Strategic Partnership including the employment of a Local Strategic Partnership Co-ordinator.

## **18 Statement by Chief Finance Officer (s151 officer)**

- 18.1 The 2011/12 Budget and indicative budgets for 2012/13 to 2014/15 have been drawn up to take account of the Council's various strategies, policies and the financial context, in particular:
- The Corporate Plan
  - The Council's priority theme action plans
  - The Medium Term Financial Plan (MTFP)
  - Service Strategies and Plans
  - The economic context and recent grant announcements
  - The 2010/11 forecast outturn

The medium term financial plan (MTFP) was reviewed and updated in December 2010 to reflect the current financial climate and the framework in

which the Council's budgets are allocated. It sets out how the Council is responding to the significant changes to the financial climate over the next 4 financial years. The budget framework proposals have been prepared within the context of the MTFP, the HRA business plan and the recent national grant settlements

18.2 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:

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

18.3 In approving the budget, Council must take account of the advice of the Chief Finance Officer in respect of the above. For 2011/12 I can advise that the budget presented to Council is robust in its formulation and the level of reserves is adequate for the organisation.

## 19 **Risks to the budget**

19.1 In formulating my opinion the following risks and factors have been taken into account. (Appendix F provides a financial analysis of these risks and potential impact on the Council). The analysis shows that the Council has sufficient cover ratio based on the analysis of impact and likelihood.

- a. The **grant settlement from Government** has been for the financial years 2011/12 and 2012/13 only. Indicative budgets have been prepared for a four year period and therefore include 2013/14 and 2014/15 where no grant settlements figures have been given, Therefore it is expected that these 2 years will need to be fundamentally reviewed and updated to reflect the grant settlements for those years and the financial and economic climate at that time.
- 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. **Fees and Charges income** – The report has identified a continued shortfall in the projected income levels for next year based on the current year's forecasting. The income forecasts will need to be carefully monitored to identify any further reduction in levels and whether there is any identified improvement in the future years. In the absence of any improvement then the costs associated with these services will require reviewing. A further risk is potential withdrawal of income received from partners or shared service providers in the medium term as they review their spending priorities.
- d. **Investment Income** – 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.

- e. The future financial viability of the **Housing Revenue Account** will need to be updated and reviewed following the detailed announcements in respect of the new self financing system. In addition the HRA business plan will need to reflect the potential changes to the financial viability of the HRA and spending plans updated accordingly.
- f. **Community based budgeting** is being piloted in 16 authorities and includes Lincolnshire County Council. Focusing on services to families with complex needs, improving the lives of older people (excellent ageing project) and flood risk management, specific funding previously controlled by national and local public bodies will be managed by a county-wide Board. From April 2011 Lincolnshire County Council will become the accountable body, holding the money for all relevant public services. The concept will be that Government funding will be sent directly to Lincolnshire and managed through the county council. There is a financial risk that funding currently being awarded to the District Council will be diverted towards this new funding structure.
- g. **Reserves** – The Reserves statement attached at appendix C shows a significant reduction between 1 April 2010 and 31 March 2015. 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. In addition, where investment is made on an ongoing basis to support 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. **Council tax setting levels** – capping powers will be utilised for the setting of the 2011/12 council tax levels and the Council will be exposed to the risk should it decide to set a council tax higher than the 2.5% level that the Government has indicated would be permissible.
- i. The **Housing Revenue Account** will require an annual review to reflect the changing financial environment in which it needs to operate and to ensure the business plan remains fit for purpose. The HRA will need to balance tenant needs and expectations in the context of its financial situation and have due regard to any anticipated changes to the housing subsidy arrangements.
- j. The costs associated with any planning application appeals will need to be met by the Council and will need to be financed from the **insurance reserve**.

## 20

### Comments of the Monitoring Officer

The budget forms part of the Council's Budgetary Framework. Members should have regard to the comments of the Strategic Director – Daren Turner as the Council's Chief Financial Officer which are set out in section 13 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.

**21**      **Appendices:**

- Appendix A – Revenue Estimate 2011/12 and indicative budgets 2012/13,  
2013/14 and 2014/15
- Appendix B – Capital Estimates 2011/12 to 2014/15
- Appendix C – Reserves Statement
- Appendix D – Fees and charges 2011/12
- Appendix E – Treasury Management Strategy
- Appendix F – Ratio analysis

**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 2011/12 in accordance with relevant statutory requirements (based on a zero council tax increase).

### **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 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (as amended)
  - a) £89,525,000 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) £73,504,000 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) £16,021,000 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) £8,380,000 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) £163.46 being the amount at c) above less the amount at d) above, all divided by the Council's tax base of 46,744.4 as recorded in minute 42 of the cabinet meeting of 6 December 2010, in accordance Section 33(1) of the Act, as the basic amount of its Council Tax for the year 2011/2012.
  - f) £1,902,222 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
  - g) £122.76 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 6 December, 2010 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.**

<b><u>Parish</u></b>	<b><u>Band D Equivalents</u></b>
	No.
Grantham	11118.9
Stamford	7077.1
Bourne	4908.1
Allington	360.9
Ancaster	590.5
Aslackby & Laughton	114.2
Barholm & Stow	36.5
Barkston & Syston	261.4
Barrowby	732.0
Baston	538.3
Belton & Manthorpe	205.9
Billingborough	487.3
Bitchfield & Bassingthorpe	56.6
Boothby Pagnell	64.2
Braceborough & Wilsthorpe	136.1
Ropsley, Humby, Braceby & Sapperton	334.9
Burton Coggles	39.6
Careby, Aunby & Holywell	70.1
Carlby	211.6
Carlton Scroop & Normanton	127.9
Castle Bytham	303.8
Caythorpe	540.3
Claypole	510.4
Colsterworth, Gunby & Stainby & N. Witham	723.3
Corby Glen	405.3
Counthorpe & Creeton	34.6
Deeping St James	2436.9
Denton	120.8
Dowsby	61.7
Dunsby	46.1
Stoke Rochford & Easton	87.2
Edenham	115.0
Fenton	54.1
Folkingham	299.4
Foston	215.3
Fulbeck	220.1
Greatford	125.5
Great Gonerby	804.2
Great Ponton	134.4
Haconby	191.6
Harlaxton	339.1

Heydour	154.1
Honington	71.3
Horbling	168.4
Hougham	81.1
Hough on the Hill	165.6
Ingoldsby	117.9
Irnham	105.5
Kirkby Underwood	83.4
Langtoft	757.5
Lenton, Keisby & Osgodby	66.6
Little Bytham	115.8
Little Ponton & Stroxtun	72.8
Londonthorpe & Harrowby Without	1736.7
Long Bennington	885.2
Market Deeping	2046.3
Marston	150.3
Morton	824.0
Old Somerby	93.0
Pickworth	77.8
Pointon & Sempringham	201.5
Rippingale	343.8
Sedgebrook	142.3
Skillington	137.6
South Witham	491.4
Stubton	74.7
Swayfield	146.0
Swinstead	92.2
Tallington	199.7
Thurlby	817.9
Toft, Lound & Manthorpe	138.5
Uffington	314.9
Welby	80.0
Westborough & Dry Doddington	153.7
West Deeping	125.2
Witham on the Hill	100.0
Woolsthorpe	151.2
Wyville cum Hungerton	19.5

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 49 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 2011/12 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**

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

- k) That it be noted that for the year 2011/12 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**

<b>A £</b>	<b>B £</b>	<b>C £</b>	<b>D £</b>	<b>E £</b>	<b>F £</b>	<b>G £</b>	<b>H £</b>
<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>	<b>TBC</b>

- 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 2011/12 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 46,744.4 was approved at the Cabinet meeting held on 6 December 2010 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 2011/12 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 11th February 2011, as follows:

Total Council Tax Requirement	£251,720,294.04
SKDC precept element	£49,815,039.64
Band D tax	£1,065.69

3.5 Lincolnshire Police Authority will determine its Council Tax requirement at a meeting to be held on 22nd February 2011, as presented below (if there are changes to the proposed figures an addendum will be circulated to members):

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:

<b>Council Tax Details 2011/12</b>				
	2010/11 Band D	2011/12 Band D	Decrease £	Decrease %
Lincolnshire County Council	1065.69	1065.69	0.00	0.00
Lincolnshire Police Authority	179.28	TBC	TBC	TBC
South Kesteven District Council	122.76	122.76	0.00	0.00
South Kesteven + Special Expenses	134.62	134.62	0.00	0.00
South Kesteven + Special Expenses + Parishes	163.82	163.46	0.36	0.22

#### **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.