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REPORT TO:	COUNCIL	AGENDA ITEM: 14 - 17
DATE OF MEETING:	1 MARCH 2010	CATEGORY:
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC:
SUBJECT:	BUDGET REQUIREMENT and COUNCIL TAX LEVELS 2010/2011	REF:
WARD(S) AFFECTED:	ALL	

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## **1.0 Purpose of the Report**

- 1.1 To set out the resolutions for the Council's Budget Requirement and level of Council Tax for the financial year 2010/2011. The format of the report follows that laid down under the Local Government Finance Act 1992 and its various regulations.
- 1.2 In addition, it sets out a report under Section 25 of the Local Government Act 2003 by the Section 151 (Chief Finance) Officer, which provides an overall opinion on the robustness of the estimates included in budgets and the adequacy of Council Reserves. It also reports the Indicators required under the Prudential Code for Capital Finance.
- 1.3 The Council's budgeted spending levels for 2010/2011, the associated level of basic Council Tax and the Prudential Indicators, are those recommended by the Finance & Management Committee from its meeting on 16 February 2010.

## **2.0 Executive Summary**

- 2.1 An outline commentary of the various resolutions and the associated calculations are provided in detail below. The resolutions themselves, for approval, are set out in **Appendix A** together with the **3 Schedules** to the report. The Section 25 Report and Prudential Indicators are set out in **Section 4** (below).

**IT SHOULD BE NOTED THAT THE COUNCIL TAX LEVEL FOR THE DERBYSHIRE FIRE AND RESCUE SERVICE AND POLICE AUTHORITY WILL FOLLOW ONCE THESE HAVE BEEN SET.**

### 3.0 Detail

#### 3.1 Resolutions 1 and 2

These figures represent the total net revenue expenditure of the Council. They are not the same as the Council's Budget Requirement as this takes account of the use of reserves and includes parish precepts.

#### 3.2 Resolution 3

This is the District Council's Tax Base, which was approved by Finance and Management Committee at its meeting held on the 14 January 2010, and totaled **31,144.4**

#### 3.3 Resolution 4(a)

The amount at resolution 4(a), i.e. the Council's estimated gross expenditure for 2010/2011, plus the parish precepts as notified to the District Council under the Local Government Act 1972. It is calculated as follows.

<b>AUTHORITY/PARISH</b>	<b>£</b>	<b>£</b>
<b>South Derbyshire District Council</b>		<b>40,919,945</b>
<b>Parish Precepts</b>		
Aston-on-Trent	29,000	
Barrow-on-Trent	9,500	
Bretby	2,605	
Burnaston	12,740	
Castle Gresley	20,915	
Church Broughton	3,675	
Coton-in-the-Elms	6,318	
Dalbury Lees	2,300	
Egginton	8,200	
Elvaston	10,000	
Etwall	40,570	
Findern	14,000	
Foston & Scropton	9,000	
Hartshorne	9,600	
Hatton	20,400	
Hilton	91,035	
Linton	29,779	
Melbourne	17,975	
Netherseal	9,500	
Newton Solney	4,400	
Overseal	28,000	
Repton	14,400	
Rosliston	5,950	

Shardlow & Great Wilne	14,000	
Smisby	3,585	
Sinfin Moor (Stenson Fields)	15,000	
Ticknall	11,500	
Walton-on-Trent	6,200	
Weston-on-Trent	13,000	
Willington	35,487	
Woodville	34,000	
<b>Sub-Total – Parishes</b>		<b>532,634</b>
<b>TOTAL</b>		<b>41,452,579</b>

### 3.4 Resolution 4(b)

This is the District Council's estimated gross income for 2010/2011 from fees, charges, rents and specific government grants, and has been calculated as **£28,851,803**

### 3.5 Resolution 4(c)

This is the Council's Budget Requirement and is the difference between gross expenditure at 4(a) and gross income at 4(b). It is calculated as:

<b><u>RESOLUTION 4 (C)</u></b>	<b>£</b>
Expenditure – Item 4 (a)	41,452,579
Income – Item 4 (b)	28,822,905
<b>TOTAL</b>	<b>12,629,674</b>

### 3.6 Resolution 4(d)

This sum represents the aggregate of the amount receivable for 2010/11 in respect of:

- Government Formula Grant
- The Council's share of the estimated surplus on the Collection Fund for 2009/2010 (as reported to Finance and Management Committee on 14 January 2010). It is calculated as follows.

<b><u>AGGREGATE OF AMOUNT RECEIVABLE</u></b>	<b>£</b>
Formula Grant	7,342,703
Surplus on Collection Fund	75,000
<b>TOTAL</b>	<b>7,417,703</b>

### 3.7 Resolution 4(e)

This figure represents the basic amount of Council Tax and is calculated by applying the formula given in Section 33(1) of the Local Government Finance Act 1992:

$$\frac{R - P}{T}$$

Where:

- R is the Council's Budget Requirement, i.e. as 4 (c) above.
- P is the Aggregate Amount Receivable, i.e. as 4(d) above.
- T is the Council Tax Base as in resolution 3(a) above.

Therefore: 
$$\frac{£12,629,674 - 7,417,703}{31,144.4}$$

$$= \underline{\underline{£167.35}}$$

### 3.8 Resolution 4(f)

This is the total of all the precepts of local precepting authorities as listed in the note to resolution 4(a) i.e. **£532,634** (as detailed in 3.3 above).

### 3.9 Resolution 4(g)

Deducting from the amount of basic council tax at resolution 4(e) the sum of the parish precepts, and dividing by the District council tax base arrives at this figure.

$$\frac{£167.35 - £532,634}{31,144.4}$$

$$= \underline{\underline{£150.25}}$$

**This represents the basic amount of council tax (at Band D level) for parts of the District's area where there are no parish precepts. The parish precepts, where applicable, are in addition to this.**

### 3.10 Resolution 4(h)

This amount represents the additional basic level of Council Tax to meet the parish precepts as set out in resolution 4(f). It is calculated by dividing the parish precept by the council tax base for that part of the Council's area, and adding the result to the council tax amount calculated in resolution 4(g) above.

<b>PARISH</b>	<b>Council Tax Base</b>	<b>Parish Precept £</b>	<b>Parish Addition Band D £: P</b>	<b>District's Basic Amount £: P</b>	<b>Total Basic Amount £: P</b>
Aston-on-Trent	677.7	29,000	42.79	150.25	193.04
Barrow-on-Trent	238.4	9,500	39.85	150.25	190.10
Bretby	408.2	2,605	6.38	150.25	156.63
Burnaston	655.0	12,740	19.45	150.25	169.70
Castle Gresley	519.7	20,915	40.24	150.25	190.49
Church Broughton	233.0	3,675	15.77	150.25	166.02
Coton-in-the-Elms	282.2	6,318	22.39	150.25	172.64
Dalbury Lees	121.5	2,300	18.93	150.25	169.18
Egginton	257.2	8,200	31.88	150.25	182.13
Elvaston	697.3	10,000	14.34	150.25	164.59
Etwall	991.3	40,570	40.93	150.25	191.18
Findern	651.9	14,000	21.48	150.25	171.73
Foston & Scropton	243.3	9,000	36.99	150.25	187.24
Hartshorne	1195.6	9,600	8.03	150.25	158.28
Hatton	888.9	20,400	22.95	150.25	173.20
Hilton	2484.4	91,035	36.64	150.25	186.89
Linton	696.5	29,779	42.76	150.25	193.01
Melbourne	1809.9	17,975	9.93	150.25	160.18
Netherseal	339.3	9,500	28.00	150.25	178.25
Newton Solney	279.9	4,400	15.72	150.25	165.97
Overseal	822.6	28,000	34.04	150.25	184.29
Repton	1009.4	14,400	14.27	150.25	164.52
Rosliston	265.5	5,950	22.41	150.25	172.66
Shardlow and Great Wilne	414.3	14,000	33.79	150.25	184.04
Smisby	117.9	3,585	30.41	150.25	180.66
Sinfin Moor (Stenson Fields)	1193.3	15,000	12.57	150.25	162.82
Ticknall	300.9	11,500	38.22	150.25	188.47
Walton-on-Trent	323.8	6,200	19.15	150.25	169.40
Weston-on-Trent	473.9	13,000	27.43	150.25	177.68
Willington	910.0	35,487	39.00	150.25	189.25
Woodville	1582.0	34,000	21.49	150.25	171.74

### 3.11 Resolution 4(i)

These amounts are calculated by applying either to the basic amount of Council Tax at resolution 4(g) (no parish precept) or the basic amounts of Council Tax at resolution 4(h) (where there are parish precepts) the proportions listed in Section 5(1) of the Local Government Finance Act 1992 as they relate to the proportion allocated to Band D, as follows:

<u>Valuation Band</u>	<u>Proportion of Basic Council Tax</u>
A	$\frac{6}{9}$
B	$\frac{7}{9}$
C	$\frac{8}{9}$
D	$\frac{9}{9}$
E	$\frac{11}{9}$
F	$\frac{13}{9}$
G	$\frac{15}{9}$
H	$\frac{18}{9}$

### 3.12 Resolution 5

In issuing its precept for the financial year 2010/2011, Derbyshire County Council is required to inform the billing authority (i.e. this Council) of the total amount payable and also the amount of council tax for each valuation band.

### 3.13 Resolution 6

In issuing its precept for the financial year 2010/2011, Derbyshire Police Authority is required to inform the billing authority (i.e. this Council) of the total amount payable and also the amount of council tax for each valuation band.

### 3.14 Resolution 7

In issuing its precept for the financial year 2010/2011, Derbyshire Fire and Rescue Service is required to inform the billing authority (i.e. this Council) of the total amount payable and also the amount of council tax for each valuation band.

### 3.15 Resolution 8

This amount is calculated by adding together the amounts listed in resolution 4(i) and the amounts in resolutions 5, 6 and 7. This gives the total amount of council tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts and may also be further reduced or, in some cases, eliminated altogether by council tax benefits.

#### **4.0 THE SECTION 25 Report (under the Local Government Act 2003)**

- 4.1 The Council's Section 151 (Chief Finance) Officer is required to provide an overall opinion on the robustness of the estimates included in budgets and the adequacy of Council reserves. The commentary is set out in the sections that follow.
- 4.2 This report and that considered on 14 January 2010, highlights the risks and uncertainties surrounding the Council's financial plans and proposed actions it intends to take over the medium term to maintain a sound financial position.
- 4.3 It is considered that estimates of expenditure are prudent in that they provide for inflation and other known variations, based on the most up-to-date forecasts and available information.
- 4.4 In addition, a realistic but prudent view has been taken regarding projected income levels from fees, charges and short-term investments. This includes the on-going effects of the economic downturn, which have been assessed and taken into account based on best estimates.
- 4.5 The compilation of detailed budgets has been undertaken in conjunction with service managers. The Council has established performance and budget - monitoring arrangements in place to help ensure that Council finances are monitored effectively. This includes a quarterly report to this Committee.
- 4.6 The Council's Financial Strategy directs the Council to plan its spending over a 5-year rolling period. This provides an indication of the sustainability of spending plans and allows sufficient time in which remedial action can be implemented to address any issues.
- 4.7 The following table shows the projected level of revenue reserves over this planning period, i.e. 2010 to 2015.

<b>PROJECTED LEVEL OF RESERVES</b>	<b>MARCH 2010 £'000</b>	<b>MARCH 2011 £'000</b>	<b>MARCH 2012 £'000</b>	<b>MARCH 2013 £'000</b>	<b>MARCH 2014 £'000</b>	<b>MARCH 2015 £'000</b>
General Fund Reserves	2,348	1,846	800	228	(465)	(1,016)
Housing Revenue Account	2,319	1,879	1,453	849	759	575
Other Earmarked Reserves	170	125	125	75	100	100

- 4.8 The Council, based on the recommendation of the Section 151 Officer, has approved to set a minimum level of General Reserves of £1m on the General Fund and £1/2m on the Housing Revenue Account by 2015. This was after an assessment of the financial risks the Council faces and their potential impact upon the overall financial position.

## **General Fund**

- 4.9 The above table shows that the level of reserves on the General Fund is projected to fall below the minimum by March 2012, eventually turning negative by 2015. The reliance on reserves to fund a budget deficit, exacerbated by the need to generate capital resources as highlighted throughout this budget round, is clearly unsustainable.
- 4.10 Therefore, in order to achieve a sound and stable financial position, it is critical that the Council adheres to the time frame for delivering efficiency targets by October 2010 in order that they can be built into the MTFP. It is noted that actions are already in place to achieve this, but the timing, especially concerning capital resources, is critical.

## **HRA**

- 4.11 The overall HRA reserve is projected to remain above the minimum level of £1/2m over this planning period. However, as this report highlights, the HRA is also operating with a budget deficit and the reserve balance falls below the minimum level by 2016.
- 4.12 This is not as critical as the General Fund position and it is noted that a review of the current business plan will be undertaken later in 2010 in light of the ongoing deficit.
- 4.13 It is also noted that the current uncertainty and volatility of the national funding system (including the potential effects of the Government's rent restructuring policy) does make planning more difficult.

## **Risk**

- 4.14 The Council's financial plan is subject to risk, where many factors such as government funding and interest rates for instance, are outside the control of the Council. In addition, demand for service improvements and new capital investment are likely to put further pressure on the current financial position.
- 4.15 The budget and projections included in the MTFP allow to a certain extent for known variations, some growth due to development, together with assumptions regarding public sector pay and grant settlements.
- 4.16 It is clear that the Council continues to face a tough period financially. Having been affected by the economic downturn, decisions expected later in 2010, in particular those relating to the level of revenue support grant from 2011/12, could have a significant effect (either way) on the financial stability of the Council.

4.17 This means that reviewing existing spending levels, considering alternative options and constantly striving for greater value for money continue to be as important as ever. Therefore, the recommendation regarding cashable savings should be fully endorsed.

### **Consultation and Provision of Information**

4.18 The information and proposals contained in this report, together with further details on where the Council spends its money, have been presented across the District. Specifically, this has been undertaken via:

- Local area forums
- A business rate consultation forum (at a Special Finance Committee 25/01/10)
- “Have Your Say” forum on the Council’s website

4.19 In addition, the proposals have been subject to the Council’s scrutiny process. A separate report by the Overview and Scrutiny Committee was included on the Agenda.

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**GENERAL FUND ESTIMATES OF INCOME & EXPENDITURE and COUNCIL  
TAX LEVELS 2010/2011**

**TO RESOLVE**

1. That the revised general fund revenue estimates (net expenditure) for the financial year commencing 1 April 2009 is approved in the sum of £12,411,451 (as approved by Finance & Management Committee on 16 February 2010).
2. That the general fund revenue estimates (net expenditure) for the financial year commencing 1 April 2010 are approved in the sum of £12,651,307 (as approved by Finance & Management Committee on 16 February 2010).
3. That it be noted that at a meeting of the Finance and Management Committee held on 14 January 2010 the Council calculated the following amounts for the financial year commencing 1 April 2010 in accordance with Regulations made under Section 33 (5) of the Local Government Finance Act 1992.
  - (a) 31,144.4 being the amount calculated by the Council, in accordance with Regulation 3 of The Local Authorities (Calculation of Council Tax Base) Regulations 1992, as its council tax base for the year.
  - (b) Part of the Council's area - parish of

Ash	24.2
Aston-on-Trent	677.7
Barrow-on-Trent	238.4
Barton Blount	31.5
Bearwardcote	12.7
Bretby	408.2
Burnaston	655.0
Calke	10.1
Castle Gresley	519.7
Catton	20.8
Cauldwell	46.6
Church Broughton	233.0
Coton-in-the-Elms	282.2
Dalbury Lees	121.5
Drakelow	61.8
Egginton	257.2
Elvaston	697.3
Etwall	991.3

Findern	651.9
Foremark	33.9
Foston & Scropton	243.3
Hartshorne	1,195.6
Hatton	888.9
Hilton	2,484.4
Hoon	22.9
Ingleby	49.0
Linton	696.5
Lullington	62.8
Marston-on-Dove	14.0
Melbourne	1,809.9
Netherseal	339.3
Newton Solney	279.9
Osleston and Thurvaston	121.9
Overseal	822.6
Radbourne	49.5
Repton	1,009.4
Rosliston	265.5
Shardlow and Great Wilne	414.3
Smisby	117.9
Stanton-by-Bridge	114.4
Sinfin Moor (Stenson Fields)	1,193.3
Sutton-on-the-Hill	59.8
Swadlincote	9,131.5
Swarkestone	88.2
Ticknall	300.9
Trusley	37.9
Twyford and Stenson	66.4
Walton-on-Trent	323.8
Weston-on-Trent	473.9
Willington	910.0
Woodville	1,582.0

Being the amounts calculated by the Council in accordance with Regulation 6 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

4. That the following amounts now be calculated by the Council for the financial year commencing 1 April 2010 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

- (a) £41,452,579      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) £28,822,905      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) £12,629,674      being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its Budget Requirement for the year.
  
- (d) £7,417,703      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, revenue support grant or additional grant reduced by the amount of the sums which the Council estimates will be transferred in the year from its general fund to its collection fund in accordance with Section 97(4) of the Local Government Finance Act 1988 and increased by the amount of any sum which the Council estimates will be transferred from its collection fund to its general fund pursuant to the Local Authorities (Alteration of Requisite Calculations and Funds) (England) Regulations 1994.
  
- (e) £167.35          being the amount at 4(c) above less the amount at 4(d) above all divided by the amount at 3(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year.
  
- (f) £532,634          being the aggregate amount of all special items referred to in Section 34(1) of the Act.
  
- (g) £150.25          being the amount at 4(e) above less the result given by dividing the amount at 4(f) above by the amount at 3(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates.

(h) **Part of the Council's area - parish of:**

	£
Aston-on-Trent	42.79
Barrow-on-Trent	39.85
Bretby	6.38
Burnaston	19.45
Castle Gresley	40.24
Church Broughton	15.77
Coton-in-the-Elms	22.39
Dalbury Lees	18.93
Egginton	31.88
Elvaston	14.34
Etwall	40.93
Findern	21.48
Foston & Scropton	36.99
Hartshorne	8.03
Hatton	22.95
Hilton	36.64
Linton	42.76
Melbourne	9.93
Netherseal	28.00
Newton Solney	15.72
Overseal	34.04
Repton	14.27
Rosliston	22.41
Shardlow and Great Wilne	33.79
Smisby	30.41
Sinfin Moor (Stenson Fields)	12.57
Ticknall	38.22
Walton-on-Trent	19.15
Weston-on-Trent	27.43
Willington	39.00
Woodville	21.49

Being the amounts given by adding to the amount at 4(g) above the amounts of the special item of items relating to dwellings in those parts of the Council's area mentioned above, divided in each case by the amount at 3(b) above, calculated 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 one or more special items relate.

- (i) Those amounts specified in **Schedule 1** to this resolution being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion 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.

5. That it be noted that for the financial year commencing 1 April 2010 Derbyshire County Council have stated the amounts detailed in **Schedule 2** to this resolution in 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.
6. That it be noted that for the financial year commencing 1 April 2010 Derbyshire Police Authority have stated the amounts detailed in **Schedule 2** to this resolution in a precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown.
7. That it be noted that for the financial year commencing 1 April 2010 Derbyshire Fire and Rescue Authority have stated the amounts detailed in **Schedule 2** to this resolution in a precept issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwelling shown.

**IT SHOULD BE NOTED THAT THE COUNCIL TAX LEVEL FOR THE DERBYSHIRE FIRE AND RESCUE SERVICE AND POLICE AUTHORITY WILL FOLLOW ONCE THESE HAVE BEEN SET.**

8. That, having calculated the aggregate in each case of the amount at 4(i), 5, 6 and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts detailed in **Schedule 3** to this resolution as the amounts of council tax for the financial year commencing 1 April 2010 for each of the categories of dwellings shown.