
REPORT TO:	COUNCIL	AGENDA ITEMS: 14-19
DATE OF MEETING:	28TH FEBRUARY 2011	CATEGORY:
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (595811)	DOC:
SUBJECT:	BUDGET REQUIREMENT and COUNCIL TAX LEVELS 2011/2012	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:

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 2011/2012. 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 2011/2012, the associated level of basic Council Tax and the Prudential Indicators, are those recommended by the Finance & Management Committee from its meeting on 15 February 2011.

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 13 January 2011, and totaled **31,855**

3.3 Resolution 4(a)

The amount at resolution 4(a), i.e. the Council's estimated gross expenditure for 2011/2012, plus the parish precepts as notified to the District Council under the Local Government Act 1972. It is calculated as follows.

AUTHORITY/PARISH	£	£
South Derbyshire District Council		33,919,323
Parish Precepts		
Aston-on-Trent	29,000	
Barrow-on-Trent	9,000	
Bretby	2,735	
Burnaston	12,740	
Castle Gresley	20,915	
Church Broughton	4,500	
Coton-in-the-Elms	6,318	
Dalbury Lees	2,300	
Egginton	9,102	
Elvaston	6,500	
Etwall	38,905	
Findern	18,000	
Foston & Scropton	9,000	
Hartshorne	9,600	
Hatton	20,400	
Hilton	100,000	
Linton	29,769	
Melbourne	25,668	
Netherseal	9,800	
Newton Solney	4,400	
Overseal	28,000	
Repton	14,400	
Rosliston	5,950	

Shardlow & Great Wilne	16,403	
Smisby	3,694	
Sinfin Moor (Stenson Fields)	12,500	
Ticknall	11,500	
Walton-on-Trent	6,200	
Weston-on-Trent	13,500	
Willington	54,412	
Woodville	33,000	
Sub-Total – Parishes		568,211
	TOTAL	34,487,534

3.4 Resolution 4(b)

This is the District Council's estimated gross income for 2011/2012 from fees, charges, rents and specific government grants, and has been calculated as **£22,568,250**

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:

<u>RESOLUTION 4 (C)</u>	£
Expenditure – Item 4 (a)	34,487,534
Income – Item 4 (b)	22,568,250
TOTAL	11,919,284

3.6 Resolution 4(d)

This sum represents the aggregate of the amount receivable for 2011/12 in respect of:

- Government Formula Grant
- The Council's share of the estimated surplus on the Collection Fund for 2010/2011 (as reported to Finance and Management Committee on 13 January 2011). It is calculated as follows.

<u>AGGREGATE OF AMOUNT RECEIVABLE</u>	£
Formula Grant	6,462,971
Surplus on Collection Fund	102,000
TOTAL	6,564,971

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:
$$\frac{\pounds 11,919,284 - 6,564,971}{31,855}$$

= £168.08

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. **£568,211** (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.

$$\frac{\pounds 168.08 - \pounds 568,211}{31,855}$$

= £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.

PARISH	Council Tax Base	Parish Precept £	Parish Addition Band D £: P	District's Basic Amount £: P	Total Basic Amount £: P
Aston-on-Trent	695	29,000	41.73	150.25	191.98
Barrow-on-Trent	242	9,000	37.19	150.25	187.44
Bretby	410	2,735	6.67	150.25	156.92
Burnaston	674	12,740	18.90	150.25	169.15
Castle Gresley	537	20,915	38.95	150.25	189.20
Church Broughton	234	4,500	19.23	150.25	169.48
Coton-in-the-Elms	293	6,318	21.56	150.25	171.81
Dalbury Lees	122	2,300	18.85	150.25	169.10
Egginton	259	9,102	35.14	150.25	185.39
Elvaston	715	6,500	9.09	150.25	159.34
Etwell	1,010	38,905	38.52	150.25	188.77
Findern	653	18,000	27.57	150.25	177.82
Foston & Scropton	243	9,000	37.04	150.25	187.29
Hartshorne	1,220	9,600	7.87	150.25	158.12
Hatton	905	20,400	22.54	150.25	172.79
Hilton	2,597	100,000	38.51	150.25	188.76
Linton	700	29,769	42.53	150.25	192.78
Melbourne	1,851	25,668	13.87	150.25	164.12
Netherseal	343	9,800	28.57	150.25	178.82
Newton Solney	281	4,400	15.66	150.25	165.91
Overseal	840	28,000	33.33	150.25	183.58
Repton	1,022	14,400	14.09	150.25	164.34
Rosliston	270	5,950	22.04	150.25	172.29
Shardlow and Great Wilne	437	16,403	37.54	150.25	187.79
Smisby	124	3,694	29.79	150.25	180.04
Sinfin Moor (Stenson Fields)	1,195	12,500	10.46	150.25	160.71
Ticknall	315	11,500	36.51	150.25	186.76
Walton-on-Trent	326	6,200	19.02	150.25	169.27
Weston-on-Trent	484	13,500	27.89	150.25	178.14
Willington	920	54,412	59.14	150.25	209.39
Woodville	1,605	33,000	20.56	150.25	170.81

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 2011/2012, 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 2011/2012, 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 2011/2012, 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)

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.

Comments of the Chief Finance Officer

This report and that considered on 13th January 2011, 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.

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.

In addition, a realistic but prudent view has been taken regarding projected income levels from fees, charges and short-term investments. This includes the likely effects of future central government funding in the form of Formula Grant and the New Homes Bonus.

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.

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.

Table 8 shows the projected level of revenue reserves over this planning period, i.e. 2011 to 2016.

PROJECTED LEVEL OF RESERVES	MARCH 2011 £'000	MARCH 2012 £'000	MARCH 2013 £'000	MARCH 2014 £'000	MARCH 2015 £'000	MARCH 2016 £'000
General Fund Reserves	3,132	2,302	1,998	1,570	1,174	499
Housing Revenue Account	2,157	1,509	976	715	222	- 313
Other Earmarked Reserves	535	200	205	210	195	195

The Council, based on the recommendation of the Chief Finance 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 2016. This was after an assessment of the financial risks the Council faces and their potential impact upon the overall financial position.

General Fund

The above table shows that the level of reserves on the General Fund are now expected to remain at a sufficient level in the shorter-term due mainly to budget savings already identified to address the loss of central government funding. However, they are still projected to fall well below the minimum level of £1m by March 2016.

Although the projected budget deficit is reducing, the Council's budget over the next 5-years still depends on drawing down reserves each year. Clearly, the reliance on reserves to fund a budget deficit is not sustainable.

Therefore, in order to achieve a sound and stable financial position, it is critical that the Council adheres to the time frame for delivering the next round of budget/efficiency savings by October 2011 in order that they can be built into the MTFP. It is noted that actions are already in place to achieve this.

HRA

The overall HRA reserve is projected to fall below the minimum level of £1/2m by 2014. This position is a lot more critical than previously estimated. Again it is noted, that the current HRA Business Plan is being reviewed to ensure that the HRA remains sustainable.

It is important that this work is completed by the planned date of June 2011. In addition, the details of the final self-financing proposals will need to be considered very carefully.

Risk

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.

The budget and projections included in the MTFP allow for known variations, some growth due to development, together with assumptions regarding public sector pay and grant settlements.

It is clear that the Council continues to face a tough period financially. Having been affected by a significant loss of central government funding, it is considered that this will continue to affect the financial stability of the Council.

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 further budget/efficiency savings should be fully endorsed.

Consultation and Provision of Information

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.
- Consultation with the Community and Voluntary Sector, including a Special Finance Committee on 24th January.
- Meetings with members of the local business community.

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

GENERAL FUND ESTIMATES OF INCOME & EXPENDITURE and COUNCIL TAX LEVELS 2011/2012

TO RESOLVE

1. That the revised general fund revenue estimates (net expenditure) for the financial year commencing 1 April 2010 is approved in the sum of £12,539,372 (as approved by Finance & Management Committee on 15 February 2011).
2. That the general fund revenue estimates (net expenditure) for the financial year commencing 1 April 2011 are approved in the sum of £11,879,144 (as approved by Finance & Management Committee on 15 February 2011).
3. That it be noted that at a meeting of the Finance and Management Committee held on 13 January 2011 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) 31,855 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
Aston-on-Trent	695
Barrow-on-Trent	242
Barton Blount	32
Bearwardcote	13
Bretby	410
Burnaston	674
Calke	10
Castle Gresley	537
Catton	21
Cauldwell	48
Church Broughton	234
Coton-in-the-Elms	293
Dalbury Lees	122
Drakelow	63
Egginton	259
Elvaston	715
Etwall	1,010

Findern	653
Foremark	35
Foston & Scropton	243
Hartshorne	1,220
Hatton	905
Hilton	2,597
Hoon	23
Ingleby	49
Linton	700
Lullington	65
Marston-on-Dove	16
Melbourne	1,851
Netherseal	343
Newton Solney	281
Osleston and Thurvaston	123
Overseal	840
Radbourne	50
Repton	1,022
Rosliston	270
Shardlow and Great Wilne	437
Smisby	124
Stanton-by-Bridge	118
Sinfin Moor (Stenson Fields)	1,195
Sutton-on-the-Hill	63
Swadlincote	9,378
Swarkestone	92
Ticknall	315
Trusley	42
Twyford and Stenson	68
Walton-on-Trent	326
Weston-on-Trent	484
Willington	920
Woodville	1,605

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 2011 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

- (a) £33,919,323 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) £22,568,250 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) £11,351,073 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) £6,564,971 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) £168.08 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) £568,211 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	41.73
Barrow-on-Trent	37.19
Bretby	6.67
Burnaston	18.90
Castle Gresley	38.95
Church Broughton	19.23
Coton-in-the-Elms	21.56
Dalbury Lees	18.85
Egginton	35.14
Elvaston	9.09
Etwall	38.52
Findern	27.57
Foston & Scropton	37.04
Hartshorne	7.87
Hatton	22.54
Hilton	38.51
Linton	42.53
Melbourne	13.87
Netherseal	28.57
Newton Solney	15.66
Overseal	33.33
Repton	14.09
Rosliston	22.04
Shardlow and Great Wilne	37.54
Smisby	29.79
Sinfin Moor (Stenson Fields)	10.46
Ticknall	36.51
Walton-on-Trent	19.02
Weston-on-Trent	27.89
Willington	59.14
Woodville	20.56

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 2011 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 2011 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 2011 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 2011 for each of the categories of dwellings shown.