

Committee:	COUNCIL	Agenda Item
Date:	19th February 2008	12
Title:	District Council Budget Requirement and Council Tax 2008/09	
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Summary

1. The report sets out the statutory information and recommendations necessary to determine the District Council Budget Requirement and the 2008/09 Council Tax (subject to paragraph 4 below).
2. The General Fund Budget has been recommended for approval to Council by Finance and Administration Committee at its meeting on 7th February 2008, and forms the basis for determination of the level of Council Tax for 2008/09.
3. The recommendations from Finance and Administration Committee quantify the District Council's Budget Requirement for 2008/09. This report deals only with the formal process of determining the Council Tax for 2008/09.
4. Essex County Council and Essex Fire Authority met on the 12th and 13th February 2008 respectively and Essex Police Authority meets on the 18th to consider its budget and precepts. The elements of this report and recommendations relating to the Police Authority are therefore provisional at the time of writing this report. Officers will table updated data and recommendations for the Police Authority to the Council meeting, if this is necessary.

Recommendations

5. The recommendations are set out within the body of the report because of the statutory format of the wording.

Background Papers

6. Budget working papers, Committee and Council reports.

Impact

Communication/Consultation	No specific public consultation has been carried out in respect of the 2008/09 budget process.
Community Safety	No specific implications.
Equalities	No specific implications.
Finance	This report deals with the Council's total General Fund Budget, and the setting of the Council Tax for 2008/09.
Human Rights	No specific implications.
Legal implications	The setting of a legal budget reflects the Council's formal approval to spend
Sustainability	No specific implications.
Ward-specific impacts	No specific implications.
Workforce/Workplace	Staff/Union consultation has taken place relating to staffing issues.

Budget process

7. On 7th February 2008 the Finance and Administration Committee approved the following recommendations to this meeting:

- **Approval be given to the contributions from Earmarked Reserves in 2007/08 and 2008/09**
- **Any amount received for 2008/09 from the new Housing and Planning Delivery Grant in excess of £200k is returned to the PFI Special Grant Reserve, up to the previously transferred amount**
- **The General Fund contribution to the District Election Reserve for 2008/09 is deferred and that contributions re-commence in 2009/10**
- **A figure of £19k is appropriated from the Housing Needs Survey Reserve to the General Fund in 2008/09**
- **The Housing Needs Survey is closed and the balance on the Reserve of £25k is transferred to the General Fund**
- **This Council's maximum net cost will be £250k for the G2 Airport costs, and if partner income falls below £250k, then the gross expenditure of £500k will be reduced by the same amount**

- **A Council Tax increase for 2008/09 of £6.48 (4.79%) based on a District Council Budget Requirement of £8,431,849 plus Parish Council Precepts of £1,748,273.**
8. **For members information the General Fund Revenue Budget Summary agreed at Finance and Administration Committee is attached at Appendix 1.**
 9. **For Members information the full report submitted to Finance and Administration Committee is attached at Appendix 2.**
 10. There are a number of assumptions which officers wish to bring to the attention of members which were taken into account in the preparation of the 2008/09 Budget, and these are set out below:
 - No budget has been included for the Local Authority Business Growth Incentives (LABGI) Scheme. A possible new scheme may be introduced in 2009/10.
 - An expenditure budget of £500,000 has been included for the G2 airport costs. To offset this cost, £250,000 income from partners has been forecast, leaving a net £250,000 cost to this Authority. It is **RECOMMENDED** that, this Council's maximum net cost will be £250,000 and if partner income falls below £250,000, then the gross expenditure of £500k will be reduced by the same amount.
 - The Budget includes a provisional sum of £200,000 for the new Housing and Planning Delivery Grant which is due to start later in 2008. As there has been only £200k included, it is **RECOMMENDED** that any amount received for 2008/09 from the new Housing and Planning Delivery Grant in excess of £200k, is returned to the PFI Special Grant Reserve, up to the previously transferred amount.
 - The 5% savings (vacancies) factor included in the Original Budget for 2007/08 has been retained and has been deducted from each service. For the Authority as a whole this amounts to around £500,000 and as the Council has just been through a very strict redundancy process, it is likely to be very difficult to achieve this level of savings in the next financial year. A review of all Base Budgets is therefore necessary.
 - Within Paragraph 15 of the Finance and Administration Committee report, there are a number of changes to the principals for charges within the new Fees and Charges. At this stage it is difficult to forecast the effects in the first year.
 - The budget for Investment Interest Income has been forecast based on the views coming out of the City, and take into account the recently confirmed Base Rate cut to 5.25%. A lower level of rates is expected later in 2008/09. However the Council does have some investments placed out up to a year at higher fixed rates, which will help offset today's fall in the base rate.

- The Dry Recyclable Disposal changes are only at a trial stage at the present time.
- Because of the shortage of senior finance staff time, the Medium Term Financial Strategy (MTFS) has not yet been updated for the next three years. This will be brought to members at the Finance and Administration Committee on 27th March 2008.

COUNCIL TAX CALCULATIONS

Calculation of the Budget Requirement

11. In essence the Budget Requirement for the financial year is the budgeted net revenue expenditure after allowing for contributions to and from reserves and balances. It is the amount to be met from Revenue Support Grant, Redistributed National Non-Domestic Rates and Council Tax Income.
12. A budget requirement may include "Special Items" chargeable only in that part of the area to which they relate. Special Items (amounts in respect of Parish Precepts for Uttlesford) are the items that give rise to different amounts of Council Tax for different parts of the District.
13. In calculating the Council's Budget Requirement, regulations allow the Council to anticipate, in accordance with the prescribed rules, the issue of a precept by a local precepting authority where that authority has not at the time issued a precept for the financial year, but did issue a precept for the previous financial year. No anticipated precepts have been made for 2008/09.
14. The Budget Requirement excludes any amount payable or receivable in respect of amounts estimated to be surpluses or deficits on the Collection Fund forecast as at the 31st March 2008.

Surplus on the Collection Fund

15. The 2007/08 calculation for the estimated balance on the Collection Fund as at 31st March 2008 was completed on 15th January 2008 as required by Government Regulations. As reported to Finance and Administration Committee on 7th February 2008 there is an estimated surplus of £6,278 due to this Council based on its share of total precepts issued by the major precepting authorities in 2007/08. There is no balance on the Community Charge element of the Collection Fund.

Calculation of the Billing Authority's Council Tax

16. Sections 32 to 36 of the Local Government Act 1992 require each Billing Authority to calculate its own amount of Council Tax for each category of dwelling in its area, reflecting its Budget Requirement. For this purpose, dwellings in a category are all the dwellings listed in the same valuation band in each part of the Authority's area to which all the local precepts relate.
17. Section 32 of the 1992 Act requires the Council to calculate its Budget Requirement before 11th March in the preceding financial year.

18. The Council's Budget Requirement will include amounts in respect of Parish/Town Councils.
19. Sections 33 to 36 of the 1992 Act provide for the calculation of the Council's tax in accordance with specified formulae. These formulae take into account the Budget Requirement, RSG, Redistributed NNDR, the Council's share of any estimated Collection Fund surplus/deficit for the preceding financial year and the Council Tax Base.

Demand on the Collection Fund

20. Section 97 of the Local Government Finance Act 1988 requires the Council to calculate its own demand on the Collection Fund. The calculation is to be made by reference to the basic amount of the Tax and to the Council Tax Base.
21. The key aspects of the operation of the Collection Fund under Council Tax regulations are:
 - Revenue Support Grant, Redistributed Non-Domestic Rates and any additional grant are payable to all receiving authorities (Districts, County Councils, Police and Fire Authorities) and are paid into the General Fund, and not the Collection Fund.
 - Precepts of Parish/Town Councils are met from this Council's General Fund, and not from the Collection Fund, and
 - Any surplus or deficit relating to Council Tax from the previous financial year is not to remain in the Collection Fund but is to be shared between the District and County Councils and the Police and Fire Authorities. Each authority's share is relative to the size of its precept and is to be taken into account in the calculation of the Council Tax for the year following the year for which the surplus/deficit has been estimated.
 - However any Community Charge difference is to benefit or be borne solely by the District Council and likewise has to be taken into account in the calculation of the District Council Tax. These calculations have to be made on 15th January for Council Tax and by 15th February for Community Charge. It is estimated that there will be a total surplus for Council Tax on the Collection Fund at 31st March 2008 of £46,745.

Setting the Amounts of Council Tax

22. Section 30 of the 1992 Act requires the Council to set the amounts of Council Tax for each band of dwelling before 11th March in the preceding financial year.
23. For each category of dwellings, the amount of Council Tax is the aggregate of:
 - the amount of tax that this Council has calculated for that category
 - the amount of tax that Essex County Council has calculated for that category

- the amount of tax that Essex Police Authority has calculated for that category. **This is to be considered at the Police Authority meeting on 18th February 2008**
- the amount of tax that Essex Fire Authority has calculated for that category.

24. For the purpose of Section 30, dwellings in a category are thus all the dwellings in a valuation band in part of the Billing Authority's area to which the same precepts relate.

25. The calculation of the Budget Requirement is required to be made by the Council, and cannot be delegated to a committee.

26. This Council has resolved that recommendations will be made by the Finance and Administration Committee. The Council is requested to set the Council Tax using that recommended Budget Requirement (District and Parish). The amount of Council Tax to be set is that calculation plus the Essex County Council, the Essex Police Authority and the Essex Fire Authority calculations.

27. It is now RECOMMENDED that

- 1) it be noted that the Tax Base for the financial year 2008/09 has been calculated in accordance with the Local Government Finance Act 1992 and associated regulations, as follows:
 - a. 31,914 being the amount calculated by the Council as its Council Tax Base for the year;

b. Part of the Council's area

Parish	Tax Base
Arkesden	188.5
Ashdon	357.3
Aythorpe Roding	108.6
Barnston	386.2
Berden	218.4
Birchanger	359.7
Broxted	224.4
Chickney	22.7
Chrishall	245.0
Clavering	588.2
Debden	370.7
Elmden & Wenden Lofts	293.7
Elsenham	947.4
Farnham	190.8
Felsted	1,232.7
Great Canfield	201.8
Great Chesterford	597.8
Great Dunmow	3,432.3
Great Eastern & Tilty	429.6
Great Hallingbury	342.5
Hadstock	156.0
Hatfield Broad Oak	561.6
Hatfield Heath	840.9
Hempstead	209.0
Henham	561.5
High Easter	332.9
High Roding	195.4
Langley	172.4
Leaden Roding	268.5
Linsdell	112.6
Littlebury	394.8
Little Bardfield	130.4

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Little Canfield	190.0
Little Chesterford	102.9
Little Dunmow	886.4
Little Easton	217.6
Little Hallingbury	712.1
Manuden	293.4
Margaret Roding	76.9
Newport	940.5
Quendon & Rickling	278.8
Radwinter	250.6
Saffron Walden	5,921.1
Sampfords, The	371.5
Sewards End	202.3
Stansted	2,371.4
Stebbing	636.2
Strethall	15.2
Takeley	1,155.9
Thaxted	1,169.2
Ugley	204.5
Wendens Ambo	195.9
White Roding	169.9
Wicken Bonhunt	103.8
Widdington	241.4
Wimbish*	532.2

Total 31,914.0

Being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations as amended, 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;

*Wimbish includes 196.4 M.O.D. Band D equivalent properties

- 2) To approve that the following amounts be now calculated by the Council for the year 2008/09 in accordance with Section 32 to 36 of the Local Government and Finance Act, 1992:
- a) £41,681,182 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 (**The Council's expenditure, including parish precepts**)
 - b) £31,501,060 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 (**gross income, including contributions from reserves**)
 - c) £10,180,122 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2 (b) above, calculated by the Council, in accordance with Section 32 (4) of the Act, as its Budget Requirement for the year (**net expenditure, including Parish Precepts**).
 - d) £4,071,758 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, increased by the amount of the sums which the Council estimates will be transferred from its Collection Fund to its General Fund in accordance with Section 97 (3) of the Local Government Finance Act 1988 (Council Tax Surplus)
 - e) £191.40 being the amount at 2(c) above, less the amount at 2(d) above, divided by 1(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) £1,748,273 being the aggregate amount of all special items referred to in Section 34 (1) of the Act (Parish Precepts)

g) £136.62 being the amount at 2(e) above less the result give by dividing the amount at 2(f) above by the amount at 1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of it's Council Tax for the year for dwellings in those parts of to which no special item relates;

h) Part of the Council's area

Parish	£
Arkesden	175.35
Ashdon	176.57
Aythorpe Roding	155.04
Barnston	179.34
Berden	168.67
Birchanger	178.07
Broxted	176.73
Chickney	136.62
Chrishall	185.60
Clavering	152.77
Debden	171.69
Elmden & Wenden Lofts	164.37
Elsenham	183.06
Farnham	168.07
Felsted	169.07
Great Canfield	160.53
Great Chesterford	183.46
Great Dunmow	223.24
Great Eastern & Tilty	180.85
Great Hallingbury	168.74
Hadstock	175.08
Hatfield Broad Oak	166.89
Hatfield Heath	161.90
Hempstead	171.55

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Parish	£
Henham	207.86
High Easter	156.15
High Roding	171.49
Langley	165.62
Leaden Roding	157.10
Linsdell	136.62
Littlebury	191.19
Little Bardfield	155.79
Little Canfield	151.88
Little Chesterford	154.60
Little Dunmow	170.46
Little Easton	177.98
Little Hallingbury	167.51
Manuden	160.48
Margaret Roding	164.58
Newport	192.44
Quendon & Rickling	176.07
Radwinter	168.94
Saffron Walden	228.79
Sampfords, The	169.59
Sewards End	180.37
Stansted	191.02
Stebbing	181.26
Strethall	136.62
Takeley	188.53
Thaxted	196.49
Ugley	176.72
Wendens Ambo	187.41
White Roding	166.05
Wicken Bonhunt	136.62
Widdington	178.95
Wimbish	157.29

being the amounts given by adding to the amount at 2(g) above to the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(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) Appendix 3 shows the breakdown over the valuation bands for those parts of the area in which Special Items relate, and:

being the amounts given by multiplying the amounts at 2(g) and 2(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 (**Council Tax relating to the District Council and Parish Council Precepts**).

3) It be noted that for the year 2008/09 the major precepting authorities have stated the following amounts in precepts 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:

Precepting Authority	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Essex CC	697.74	814.03	930.32	1,046.61	1,279.19	1,511.77	1,744.35	2,093.22
Essex Fire	46.52	48.44	55.36	62.28	76.12	89.96	103.80	124.56
Essex Police	81.48	95.06	108.64	122.22	149.38	176.54	203.70	244.44
Prop. of Band D (Ninths)	6	7	8	9	11	13	15	18

The Police Authority figures are subject to approval on Monday, 18th February 2008 and any changes will be reported to members at the meeting.

Appendix 4 shows the breakdown over the valuation bands for those parts of the area in which Special Items relate, and in addition, includes the major precepting bodies, to show the full Council Tax for 2008/09.

- 4) having calculated the aggregate in each case of the amounts at 2(i) and 3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, hereby sets the amounts (**shown in Appendix 4**), as the amounts of Council Tax for the year 2008/09 for each of the categories of dwellings for each parish area.
- 5) authorise the publication of the amounts
- 6) authorise the appropriate officer to demand the amounts in accordance with the Council Tax (Administration and Enforcement) Regulations 1992.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
The Council does not set a legal budget for 2008/09.	The approval of this report will confirm the budget. (Level 1)	Level 4 if the Budget is not approved at this meeting.	Finance and Administration Committee has recommended this Budget to the Council for approval.