

CITY COUNCIL – 6 MARCH 2006

REPORT OF THE DEPUTY LEADER

BUDGET FOR THE YEAR 2006/2007

This budget report sets out the proposals for 2006/2007, in a layout governed by statute.

In summary the report recommends the following (as endorsed by Executive Board on 21st February 2006):-

- 1 the approval of the Treasury Management Strategy for 2006/2007 which includes the Investment Strategy and the Prudential Indicators
- 2 Approval of the Capital Programme for 2006/2009
- 3 a net budget requirement of £226,384,070
- 4 a City council tax at Band D for 2006/2007 of £1,185.58

The report also notes

- 1 a Nottinghamshire and City of Nottingham Fire and Rescue Authority precept at Band D for 2006/2007 of £60.85.
- 2 a Nottinghamshire Police Authority precept at Band D for 2006/2007 of £132.24.

Members are advised that the report should be read in conjunction with the contents of the budget pack, circulated under separate cover, particularly the **Treasury Management**

- Strategy Statement 2006/2007, The Medium Term Financial Plan – Capital Programme 2006/2009 and Medium Term Financial Plan – General Fund Revenue Budget 2006/2007.

Consultation

A full consultation process has been undertaken as part of the development of the proposals set out in the report and appropriate action has been taken in response to representations received.

Treasury Management Strategy

Treasury Management is regulated by the Code of Practice on Treasury Management in Public Services (the Code). Members formally adopted the current version of the Code in February 2002. The code requires an annual strategy report to be submitted to members and this was approved by Executive Board on 21st February 2006.

The Treasury Management Strategy submitted to Executive Board includes the Investment Strategy and a series of Prudential Indicators as required by the Local Government Act 2003 which have been included separately within the budget packs circulated to all members.

Capital Programme 2006/09

The capital programme 2006/09 was considered by Executive Board on 21st February 2006. Based upon current assumptions (as detailed in the report) the programme is estimated to total £329.8m, over the three year period. The estimated revenue implications for this programme have been included in the General Fund budget 2006/2007 and the Medium Term Financial Plan.

Net Budget Requirement and the Council Tax for 2006/2007

The revenue estimates for the various City Council portfolios for the year ending 31st March 2007 have been included

separately within the budget packs which have been circulated to all members.

The Local Government Act 2003 requires that the City Council's s151 officer reports to members on the robustness of the budget estimates and the adequacy of the City Council's reserves. This statement was included as section 17 within the report entitled Medium Term Financial Plan – General Fund Revenue Budget 2006/2007, which was presented to Executive Board on 21st February 2006. A copy of this report has been included, for information, within the separate budget pack circulated to all members.

The 2003 Act requires the s151 officer's statement to be taken into account when decisions are made about the calculations set out below and, having consulted with senior finance officers, he is able to conclude both that the budget proposals presented to members are robust and that the current level of reserves is adequate in the context of the City Council's approach to risk management.

The gross expenditure of Portfolios, including contingencies, and the gross income of Portfolios, including use of reserves, are shown below.

	General Fund £	Housing Revenue £	Total £
Gross Expenditure	727,381,516	89,816,290	817,197,806
Gross Income	500,997,446	89,816,290	590,813,736
Net Expenditure	226,384,070	0	226,384,070

The legislation governing the setting of council tax is contained in the Local Government Finance Act 1992. Section 33 requires a billing authority to calculate the basic

amount of its council tax, which in the City Council's case is the council tax applicable to Band D dwellings in its area.

The calculation is made in accordance with a formula

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

R is the amount of the City Council's budget requirement for 2006/07, calculated in accordance with section 32 of the Act. The budget requirement represents the estimated net expenditure on the General Fund for 2006/2007 after the use of reserves. The Executive Board at its meeting on 21st February 2006 determined the budget requirement to be £226,384,070.

P represents the aggregate of the following sums:-

- Estimate of Formula Grant £139,431,380.
- It is estimated that there will be no deficit on the 2005/2006 Collection Fund.

The total value of **P** is therefore:-

	£
Estimate of Formula Grant	139,431,380
Estimated 2005/2006 Collection	
Fund deficit	0
	<hr/>
	139,431,380

T is the amount calculated by the City Council as its council tax base for 2006/2007. In January 2006 the council tax base for 2006/2007 was determined by the Executive Board as 73,341.9 equivalent Band D properties.

Application of the formula $(R-P)/T$ thus gives a basic amount of Council tax of

$$\frac{(\underline{\pounds 226,384,070} - \underline{\pounds 139,431,380})}{73,341.9} = \pounds 1,185.58$$

This represents the City Council's council tax for a Band D property. Application of the factors specified in the Act gives the following City Council council taxes for each valuation band: -

<u>Band</u>	<u>Factor</u>	<u>City Council council tax</u> £
A	6/9	790.39
B	7/9	922.12
C	8/9	1,053.85
D	1	1,185.58
E	11/9	1,449.04
F	13/9	1,712.50
G	15/9	1,975.97
H	18/9	2,371.16

The City Council, as billing authority, is required under section 30 of the Act to set council taxes for its area. In the City Council's case these will represent the aggregate of the City Council's council taxes as shown above and also those of Nottinghamshire Police Authority and the Nottinghamshire and City of Nottingham Fire and Rescue Authority, which have now been formally notified.

The impact of the proposals in the council tax is provided below.

Band	Agreed City Council Tax	Police Authority precept	Fire Authority precept	Aggregate Council Tax
	£	£	£	£
A	790.39	88.16	40.57	919.12
B	922.12	102.85	47.33	1,072.30
C	1,053.85	117.55	54.09	1,225.49
D	1,185.58	132.24	60.85	1,378.67
E	1,449.04	161.63	74.37	1,685.04
F	1,712.50	191.01	87.89	1,991.40
G	1,975.97	220.40	101.42	2,297.79
H	2,371.16	264.48	121.70	2,757.34

IT IS RECOMMENDED that the City Council, having had regard to the statement of the s151 officer and the consultation process, resolves as follows:

- (1) that the overall Treasury Management Strategy for 2006/2007, including the Investment Strategy for 2006/2007 and the Prudential Indicators be approved;
- (2) that the Capital Programme 2006/2009 be noted;
- (3) that the revenue estimates for 2006/2007 be approved;
- (4) that it be noted that, in January 2006, the Council calculated the amount of 73,341.9 as its council tax base for the year 2006/07 in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33(5) of the Local Government Finance Act 1992;

- (5) that the following amounts be now calculated by the Council for the year 2006/07 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992 (“the Act”):-
- (a) £817,197,806 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) £590,813,736 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) £226,384,070 being the amount by which the aggregate at (5)(a) above exceeds the aggregate at (5)(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year;
 - (d) £139,431,380 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the estimated formula 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, increased by the amount of the sums which the Council estimates will be transferred in the year from its Collection Fund to its General Fund in accordance with section 97(3) of the Local Government Finance Act 1988, reduced by the amount of any sum which the Council estimates will be transferred from its General Fund to its Collection Fund pursuant to the Collection Fund (Community Charges) directions under section 98(5) of the Local Government Finance Act 1988 made on 7th February 1994 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 Collection Fund (Community Charges) directions under section 98(4) of the Local Government Finance Act 1988 made on 7 February 1994;

(e) £1,185.58 being the amount at (5)(c) above less the amount at (5)(d) above, all divided by the amount at (4) 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) Valuation Bands

A	B	C	D	E
£790.39	£922.12	£1,053.85	£1,185.58	£1,449.04

F	G	H
£1,712.50	£1,975.97	£2,371.16

being the amounts given by multiplying the amount at (5)(e) 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;

(6) that the functions of the City Council with regard to council tax, non-domestic rate and residual poll tax, including their collection and recovery, continue to be exercised by the Executive Board;

(7) that it be noted that, for the financial year 2006/2007, the Nottinghamshire Police Authority has issued the following amounts in precepts in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings shown below:-

A	B	C	D	E
£88.16	£102.85	£117.55	£132.24	£161.63

F	G	H
£191.01	£220.40	£264.48

- (8) that it be noted that, for the financial year 2006/2007, the Nottinghamshire and City of Nottingham Fire and Rescue Authority has issued the following amounts in precepts in accordance with Section 40 of the Local Government Finance Act 1992 (which has been amended by the Local Government Act 2003 to include Combined Fire Authorities), for each of the categories of the dwellings shown below:-

A	B	C	D	E
£40.57	£47.33	£54.09	£60.85	£74.37
F	G	H		
£87.89	£101.42	£121.70		

- (9) that the Council in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the council tax for the year 2006/2007 for each of the categories of dwellings shown below:-

A	B	C	D	E
£919.12	£1,072.30	£1,225.49	£1,378.67	£1,685.04
F	G	H		
£1,991.40	£2,297.79	£2,757.34		

- (10) that notice be published in accordance with the provisions of section 96(1) of the Local Government Finance Act 1992.

COUNCILLOR MICHAEL EDWARDS
DEPUTY LEADER