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|------------------------|--|---------------------|
| REPORT TO: | COUNCIL | AGENDA ITEM: |
| DATE OF MEETING: | 27th FEBRUARY 2012 | CATEGORY: |
| REPORT FROM: | CHIEF EXECUTIVE | OPEN |
| MEMBERS CONTACT POINT: | CHIEF FINANCE OFFICER KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk | DOC: |
| SUBJECT: | COUNCIL TAX SETTING 2012/13 | REF: |
| WARD(S) AFFECTED: | ALL | TERMS OF REFERENCE: |

1.0 Recommendations

- 1.1 That the formal council tax resolution at **Appendix 1** is approved.
- 1.2 That the report of the Section 151 (Chief Finance) Officer at **Appendix 3** is noted.
- 1.3 That the Prudential Indicators detailed in **Appendix 4** are approved.

2.0 Purpose of the Report

- 2.1 To set out the statutory resolutions to enable the Council to calculate and set the Council Tax for 2012/13. This is in accordance with regulations under the Local Government Finance Act 1992, amended by the Localism Act 2011.
- 2.2 In addition, the report also sets out a statement under Section 25 of the Local Government Act 2003 by the Section 151 (Chief Finance) Officer. This gives an overall opinion on the robustness of the estimates included in approved budgets and the adequacy of Council Reserves. This report was considered and noted by the Finance and Management Committee on 14th February 2012.
- 2.3 The report also sets out the Prudential Indicators required under the Code for Capital Finance including the Council's Statutory Borrowing Limit under Section 3 (1) of the Local Government Act 2003. The Indicators take into account the debt take-on and effects of the new self-financing regime for the Housing Revenue Account.

- 2.4 These indicators are those recommended by the Finance and Management Committee from its meeting on 14th February 2012. They form part of the Treasury Management (Borrowing and Investment) Strategy also approved by that Committee for 2012/13.
- 2.5 The Council Tax for District (South Derbyshire) Services is based on budgeted spending levels for 2012/13, as recommended by the Finance & Management Committee from its meeting on 14th February 2012.
- 2.6 The report is set out in the following sections / appendices:
- **Section 3: Executive Summary** – summarising the proposed council tax level for South Derbyshire residents including charges set by other precepting authorities, together with an explanation of the technical resolutions.
 - **Appendix 1:** The formal Council Tax resolution to meet statutory requirements.
 - **Appendix 2:** The detailed Tax Base, Precept and Band D rates for Parish Councils.
 - **Schedules A to C:** These detail the level of council tax by preceptor and by band, aggregated for each part of the District.
 - **Appendix 3:** The report of the Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003.
 - **Appendix 4:** The Prudential Indicators as recommended by Finance and Management Committee which will govern the Council's Treasury Management activities for 2012/13.
 - **Appendix 5:** A Glossary of Terms associated with Council Tax Setting.

NOTE

The Precept and Tax Rate figures for the Police and Fire Authorities will not be set until 23rd February 2012. An updated Schedule B, the completed Schedule C, together with updated Sections 3.7 to 3.9 in the main report, will be circulated before the Council meeting

3.0 Executive Summary

- 3.1 The Localism Act 2011 has made changes to the Local Government Finance Act 1992 and now requires the billing authority (in this case South Derbyshire District Council) to calculate a Council Tax Requirement (CTR) for the year, not its Budget Requirement (BR) as previously.
- 3.2 This is largely a technicality arising out of the abolition of “Capping” under the Localism Act 2011. Capping placed limits on an increase in a council’s budget from year to year. This has been replaced by a test of “excessiveness” on an increase in council tax from year to year.

Precepts

- 3.3 The precept levels of other precepting bodies have been received and these are detailed below.

Parish Councils

- 3.4 Parish Council precepts for 2012/13 as notified to the Council under Section 41 of the Local Government Finance Act 1992 are detailed in **Appendix 2** and total £573,929.
- 3.5 The increase in the average Band D Council Tax for Parish Councils is 0.2% and results in an **average** Band D Council Tax figure of £26.83 for 2012/13 (£26.79 in 2011/12).

Derbyshire County Council

- 3.6 Derbyshire County Council met on 3rd February 2012 and set their precept at £34,643,395. This results in a Band D Council Tax of £1,077.22, the same rate as 2011/12.

Derbyshire Police Authority

- 3.7 Derbyshire Police Authority met on 23rd February 2012 and set their precept at £5,271,446. This results in a Band D Council Tax of £163.74, the same rate as 2011/12.

Derbyshire Fire and Rescue Authority

- 3.8 Derbyshire Fire and Rescue Authority met on 23rd February 2012 and set their precept at £2,162,333. This results in a Band D Council Tax of £67.17, the same rate as 2011/12.

Overall Council Tax level 2012/13

- 3.9 The recommendations of the Finance and Management Committee for District Council services are set out in the formal Council Tax Resolution in **Appendix 1**. If this resolution is approved, the total Band D Council Tax for 2012/13 will be as follows:

| Overall Band D Council Tax | 2011 /12 £:p | 2012 /13 £:p | Increase £:p | Increase % |
|--------------------------------------|-----------------|-----------------|-----------------|---------------|
| South Derbyshire District Council | 150.25 | 150.25 | 0.00 | 0.0% |
| Derbyshire County Council | 1,077.22 | 1,077.22 | 0.00 | 0.0% |
| Derbyshire Police Authority | 163.74 | 163.74 | 0.00 | 0.0% |
| Derbyshire Fire and Rescue Authority | 67.17 | 67.17 | 0.00 | 0.0% |
| Sub-total | 1,458.38 | 1,458.38 | 0.00 | 0.00 |
| Parish Council (Average) | 26.79 | 26.83 | 0.04 | 0.2% |
| TOTAL | 1,485.17 | 1,485.21 | 0.04 | 0.00 |

The Resolutions

3.10 An explanation of the resolutions in **Appendix 1** is provided below.

Resolution 1 - Council Tax Base

3.11 This is the District Council's Tax Base, which was approved by the Finance and Management Committee at its meeting held on the 12th January 2012, and totaled **32,194**. This is known as **Item T**.

3.12 An analysis by Parish is shown in **Appendix 2**.

Resolution 2 – The Council Tax Requirement (CTR)

3.13 This is the amount of revenue expenditure to be met from council tax. It is the Council's Band D rate (excluding Parishes) multiplied by its council tax base, as follows:

- $£150.25 * 32,194 = £4,837,149$

Resolution 3 (a)

3.14 This is the Council's estimated gross expenditure for 2012/13, including the Housing Revenue Account and Parish Precepts and totals £50,140,026.

Resolution 3 (b)

3.15 This is the Council's estimated income for 2012/13. It includes all fees and charges, together with housing rents, government grants, contributions from reserves and the estimated surplus on the Collection Fund. The total is £44,728,948.

Resolution 3 ©

3.16 This is the difference between 3 (a) and 3 (b), i.e. £5,411,078 and is known as **Item R**. It represents the CTR for the year of £4,837,149 (Resolution 2) together with Parish Precepts of £573,929 (detailed in Appendix 2).

Resolution 3 (d)

3.17 This is the basic amount of Council Tax for 2012/13, including Parish Precepts and is item R divided by item T. i.e.

- £5,411,078 / 32,194 = £168.08

Resolution 3 (e)

3.18 This is the total amount of Parish Precepts as detailed in Appendix 2, i.e. £573,929.

Resolution 3 (f)

3.19 This is the basic amount of Council Tax for areas where no Parish Precept applies.

$$\frac{\pounds 168.08 - (\pounds 573,929 / 32,194)}{32,194}$$
$$= \underline{\underline{\pounds 150.25}}$$

Resolutions 4 and 5

3.20 These confirm the precepts levied by Parish Councils together with those notified to the Council by the County, Police and Fire authorities. The equivalent tax rates by band (categories of property) are shown in **Schedules A and B**.

Resolution 6

3.21 This is the aggregate amount of council tax for South Derbyshire as detailed in **Schedule C**.

Resolution 7

3.22 Schedule 5 of the Localism Act 2011, introduced a new requirement, making provision for a referendum to be held if an authority increases its Council Tax by an amount exceeding principles determined by the Secretary of State.

3.23 The Secretary has determined that for 2012/13, a Council Tax will be deemed excessive if, compared with 2011/12, the increase exceeds:

- 4% for the Greater London Authority, police authorities and single purpose fire and rescue authorities.
- 3.5% for other principal authorities.

- 3.24 South Derbyshire is a principle authority. As shown in the table in **paragraph 3.9**, the Council's tax rate will not increase following the recommendation of the Finance and Management Committee on 14th February 2012, to freeze the current rate.
- 3.25 Therefore, under the principles set out by the Secretary of State, the Council's increase is not excessive.
- 3.26 It should be noted that Parish Councils are not subject to these restrictions for 2012/13.

The Council is recommended to resolve as follows:

1. It be noted that on 12th January 2012, the Finance and Management Committee calculated the Council Tax Base 2012/13:
 - (a) For the whole area as 32,194 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended by the Localism Act 2011).
 - (b) For dwellings in those parts of its area to which a Parish Precept relates as shown in **Appendix 2**.
2. Calculate that the Council Tax Requirement for the Council's own purpose for 2012/13 (excluding Parish Precepts) is £4,837,149.
3. That the following amounts be calculated for the year 2012/13 in accordance with Sections 31 and 36 of the Localism Act 2011:
 - (a) £50,140,026

Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £44,728,948

Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
 - (c) £5,411,078

Being the amount by which the aggregate of 3(a) above exceeds the aggregate of 3(b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (d) £168.08

Being the amount at 3(c) above (Item R) all divided by Item T (1a above) calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish Precepts).
 - (e) £573,929

Being the aggregate amount of all Parish Precepts referred to in Section 34 (1) of the Act.

(f) £150.25

Being the amount at 3 (d) above less the result given by dividing the amount at 3 (e) above by Item T (1a 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 Parish Precept relates.

4. To note that Parish Councils have issued precepts to the Council in accordance with Section 41 of Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in **Schedule A** of this Appendix.
5. To note that the County Council, the Police Authority and the Fire and Rescue Authority, have issued Precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in **Schedule B** of this Appendix.
6. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in **Schedule C** of this Appendix, as the amounts of Council Tax for 2012/13 for each part of its area and for each of the categories of dwellings, this being the aggregate of Schedules A and B.
7. That in accordance with Section 52ZB of the Local Government Finance Act 1992, the Council determines that the amount of council tax shown at 3 (f) above of £150.25 being unchanged from 2011/12 is not excessive and therefore there is no requirement for a local referendum.

APPENDIX 2

ANALYSIS OF PARISH PRECEPTS, TAX BASE AND BAND D RATES

| Parish | Precept 2011/12 £ | Precept 2012/13 £ | Tax Base 2011/12 | Tax Base 2012/13 | Band D 2011/12 £ | Band D 2012/13 £ |
|--|----------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Aston-on-Trent | 29,000 | 29,000 | 695 | 691 | 41.73 | 41.97 |
| Barrow-on-Trent | 9,000 | 9,000 | 242 | 239 | 37.19 | 37.66 |
| Bretby | 2,735 | 3,544 | 410 | 410 | 6.67 | 8.64 |
| Burnaston | 12,740 | 12,740 | 674 | 677 | 18.90 | 18.82 |
| Castle Gresley | 20,915 | 20,915 | 537 | 538 | 38.95 | 38.88 |
| Church Broughton | 4,500 | 4,725 | 234 | 241 | 19.23 | 19.61 |
| Coton-in-the-Elms | 6,318 | 6,318 | 293 | 297 | 21.56 | 21.27 |
| Dalbury Lees | 2,300 | 2,300 | 122 | 122 | 18.85 | 18.85 |
| Egginton | 9,102 | 9,102 | 259 | 261 | 35.14 | 34.87 |
| Elvaston | 6,500 | 10,000 | 715 | 718 | 9.09 | 13.93 |
| Etwall | 38,905 | 37,183 | 1,010 | 1,022 | 38.52 | 36.38 |
| Findern | 18,000 | 18,000 | 653 | 657 | 27.57 | 27.40 |
| Foston & Scropton | 9,000 | 9,000 | 243 | 245 | 37.04 | 36.73 |
| Hartshorne | 9,600 | 9,600 | 1,220 | 1,217 | 7.87 | 7.89 |
| Hatton | 20,400 | 20,400 | 905 | 903 | 22.54 | 22.59 |
| Hilton | 100,000 | 105,000 | 2,597 | 2,658 | 38.51 | 39.50 |
| Linton | 29,769 | 29,800 | 700 | 709 | 42.53 | 42.03 |
| Melbourne | 25,668 | 28,743 | 1,851 | 1,888 | 13.87 | 15.22 |
| Netherseal | 9,800 | 10,100 | 343 | 346 | 28.57 | 29.19 |
| Newton Solney | 4,400 | 4,400 | 281 | 284 | 15.66 | 15.49 |
| Overseal | 28,000 | 28,000 | 840 | 845 | 33.33 | 33.14 |
| Repton | 14,400 | 14,400 | 1,022 | 1,027 | 14.09 | 14.02 |
| Rosliston | 5,950 | 5,950 | 270 | 269 | 22.04 | 22.12 |
| Shardlow & Great Wilne | 16,403 | 16,403 | 437 | 434 | 37.54 | 37.79 |
| Smisby | 3,694 | 3,694 | 124 | 126 | 29.79 | 29.32 |
| Sinfin Moor (Stenson Fields) | 12,500 | 7,500 | 1,195 | 1,207 | 10.46 | 6.21 |
| Ticknall | 11,500 | 11,500 | 315 | 309 | 36.51 | 37.22 |
| Walton-on-Trent | 6,200 | 6,200 | 326 | 326 | 19.02 | 19.02 |
| Weston-on-Trent | 13,500 | 13,000 | 484 | 483 | 27.89 | 26.92 |
| Willington | 54,412 | 54,412 | 920 | 925 | 59.14 | 58.82 |
| Woodville | 33,000 | 33,000 | 1,605 | 1,637 | 20.56 | 20.16 |
| TOTAL PRECEPTS / AVERAGE BAND D | 568,211 | 573,929 | 21,522 | 21,711 | 26.79 | 26.83 |

Section 25 Report (under the Local Government Act 2003)

- a. 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.
- b. It has been updated following the decision of the Finance and Management Committee to freeze Council Tax at its meeting on 14th February 2012.

Comments of the Chief Finance Officer

- c. The consolidated budget reports to the Finance and Management Committee on 12th January and 14th February 2012 highlighted the risks and uncertainties surrounding the Council's financial plans. In particular, they referred to future Government grant levels and the continuing effects of the economic situation. The reports also set out proposed actions the Council intends to take over the medium term to maintain a sound financial position.
- d. It is considered that estimates of expenditure are prudent in that they provide for inflation and other known variations, together with provisions that recognise potential cost pressures due to the Growth of the District. The Budget for 2012/13 and forward projections are based on the most up-to-date economic forecasts for inflation and interest rates, etc.
- e. 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 (or its replacement) and the New Homes Bonus.
- f. The compilation of detailed budgets has been undertaken in conjunction with service managers, including a zero based approach for 2012/13. 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 the Finance and Management Committee.
- g. The Council's Financial Strategy directs the Council to plan its spending over a 5-year rolling period for the General Fund and 10 years for the Housing Revenue Account. 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 in a planned and timely manner.
- h. The following table shows the projected level of revenue reserves over this planning period, i.e. 2012 to 2017.

Projected Level of Revenue Reserves

| FUND | MARCH 2012 £'000 | MARCH 2013 £'000 | MARCH 2014 £'000 | MARCH 2015 £'000 | MARCH 2016 £'000 | MARCH 2017 £'000 |
|--------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General Fund Reserves | 3,095 | 2,545 | 2,165 | 1,933 | 1,534 | 926 |
| Housing Revenue Account | 1,927 | 1,958 | 1,592 | 1,264 | 1,089 | 1,007 |
| Other Earmarked Reserves | 2,435 | 2,285 | 2,135 | 1,985 | 1,835 | 1,685 |

- i. 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, following the implications of self-financing, £1m on the Housing Revenue Account (this was previously £1/2m).

General Fund

- j. The table above shows that the level of reserves on the General Fund is currently healthy compared to the minimum target of £1m. Over the MTFP, reserves will be drawn down to finance an on-going budget deficit and to allow for certain provisions as follows:
- Pay and Grading Review - one off costs
 - Additional Support for the Community Sector
 - District Election (May 2015)
 - Provision for Land Charges Refunds (Property Searches)
 - Statutory Place Survey (or replacement) - Bi-annually
 - Capital Funding (2016/17)
- k. With the implications of the council tax freeze now built into the MTFP, the reserve balance will fall to just under £1m by 2016/17, with a budget deficit forecast at approximately £338,000.
- l. As reported, it is the continuing medium term deficit that is considered to be the main issue on the General Fund. Although the Council usually spends within budget, this cannot be guaranteed. Therefore, the medium term position may not be sustainable and carries an inherent risk.

HRA

- m. The overall financial situation for the HRA appears much more positive. If the current projected interest rate can be secured for the approved funding package under self-financing, this will enable the stock investment needs to be fully delivered. It will also allow, in the longer-term, the debt to be repaid in accordance with the Business Plan.
- n. Current reserves will be utilised in the first 5-years of self-financing eventually reducing to just over £1m by 2017 – the revised minimum level.

- o. That reserve should then remain flat and ring-fenced as a contingency. In accordance with the approved strategy, surpluses generated in the Business Plan are then set-aside to repay debt in accordance with the maturity profile.

Earmarked Reserves

- p. The Council also maintains several reserves that are used to meet one-off/known commitments or to defray expenditure over a number of years, for example, the Vehicle Renewals Fund or Grounds Maintenance from Section 106 contributions.
- q. It is considered that current reserves will remain sufficient overall to meet commitments over the life of the current MTFP.

Risks

- r. Although there remains a projected budget deficit in the medium term, it is considered that overall, spending plans are realistic but prudent. Reserves remain healthy.
- s. Potentially, there are several risks and issues that can affect the Budget and spending plans, but it is external factors that pose the greatest risk to the MTFP and in particular, to the General Fund.
- t. Unfortunately, there are clear signs that the Council's overall grant from central government will reduce from 2013/14, as nationally, the Government continue to address the deficit position.
- u. Reductions have been built into the MTFP but it is unclear how further reductions in addition to those set out in CSR 10, will be cascaded down to individual councils. In addition, further reductions are anticipated for the grant to support the new Council Tax Allowance Scheme.
- v. Furthermore, the whole distribution system for local authority grants will be fundamentally changed from April 2013 and this causes further uncertainty. Therefore, it is clear that the Council continues to face a tough period financially. Overall, its financial base is sound, but this could change quite quickly.
- w. To maintain this sustainable position and to place the Council in a position to withstand any further reductions, will mean that reviewing existing spending levels to identify efficiencies and budget savings should continue. This includes the programmed service reviews currently on-going.

Consultation and Provision of Information

- x. The information and broad budget proposals, together with 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 23rd January 2012.
 - Meetings with members of the local business community
- y. In addition, the proposals have been subject to the Council's scrutiny process. A separate report by the Overview and Scrutiny Committee was considered by the Finance and Management Committee on 14th February 2012.

LIST OF PRUDENTIAL INDICATORS

| External Debt | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Debt 1st April | 1,430 | 58,833 | 58,813 | 58,793 | 58,773 | 58,753 |
| New Debt | 57,423 | 0 | 0 | 0 | 0 | 0 |
| Maturing Debt | -20 | -20 | -20 | -20 | -20 | -20 |
| Debt 31st March | 58,833 | 58,813 | 58,793 | 58,773 | 58,753 | 58,733 |
| Annual Change in Debt | 57,403 | -20 | -20 | -20 | -20 | -20 |
| Long-term Investments | 0 | 0 | 0 | 0 | 0 | 0 |
| Short-term Investments | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Investment Change | 1,000 | 0 | 0 | 0 | 0 | 0 |

| Limits compared to Actual Debt | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Authorised Limit | 75,041 | 74,779 | 74,529 | 74,291 | 74,067 | 73,855 |
| Financing Requirement | 71,070 | 70,808 | 70,558 | 70,320 | 70,096 | 69,884 |
| Operational Boundary | 63,423 | 63,423 | 63,423 | 63,423 | 63,423 | 63,423 |
| Debt Outstanding | 57,833 | 57,813 | 57,793 | 57,773 | 57,753 | 57,733 |

| HRA Limit on Indebtedness | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| HRA Debt Cap | 66,853 | 66,853 | 66,853 | 66,853 | 66,853 | 66,853 |
| HRA CFR | 62,882 | 62,882 | 62,882 | 62,882 | 62,882 | 62,882 |
| Difference | 3,971 | 3,971 | 3,971 | 3,971 | 3,971 | 3,971 |
| HRA Debt | 58,700 | 58,680 | 58,660 | 58,640 | 58,620 | 58,600 |
| Borrowing Headroom | 8,153 | 8,173 | 8,193 | 8,213 | 8,233 | 8,253 |

| Interest Payable and Receivable | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|

General Fund

| | | | | | | |
|-------------------|-----|-----|-----|-----|-----|------|
| Interest Payable | 19 | 2 | 2 | 3 | 4 | 6 |
| Interest Received | -25 | -27 | -34 | -56 | -71 | -108 |

HRA

| | | | | | | |
|-------------------|-----|-------|-------|-------|-------|-------|
| Interest Payable | 73 | 1,675 | 1,675 | 1,668 | 1,776 | 1,895 |
| Interest Received | -34 | -19 | -21 | -19 | -24 | -25 |

| General Fund - Net Indebtedness | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| CFR | 8,188 | 7,926 | 7,676 | 7,438 | 7,214 | 7,002 |
| Estimated Reserves | 9,977 | 8,364 | 6,598 | 5,632 | 4,762 | 3,703 |
| Net Indebtedness | -1,789 | -438 | 1,078 | 1,806 | 2,452 | 3,299 |

| Estimated Capital Expenditure | 2011/12 £ | 2012/13 £ | 2013/14 £ | 2014/15 £ | 2015/16 £ | 2016/17 £ |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | 1,769,374 | 2,472,710 | 1,775,000 | 985,000 | 850,000 | 1,100,000 |
| HRA | 2,817,429 | 4,500,000 | 5,500,000 | 5,500,000 | 5,500,000 | 5,500,000 |
| TOTAL | 4,586,803 | 6,972,710 | 7,275,000 | 6,485,000 | 6,350,000 | 6,600,000 |

Financed By

| | | | | | | |
|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Government Grants | 2,896,478 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| External / Partnership | 308,668 | 1,303,710 | 300,000 | 100,000 | 330,000 | 600,000 |
| Revenue Contributions | 161,000 | 55,000 | 0 | 0 | 0 | 0 |
| Capital Reserves | 335,638 | 4,500,000 | 5,500,000 | 5,500,000 | 5,500,000 | 5,500,000 |
| Capital Receipts | 885,019 | 864,000 | 1,185,000 | 535,000 | 270,000 | 250,000 |
| TOTAL | 4,586,803 | 6,972,710 | 7,235,000 | 6,385,000 | 6,350,000 | 6,600,000 |

| Expected CFRs | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| General Fund | 8,188 | 7,926 | 7,676 | 7,438 | 7,214 | 7,002 |
| HRA | 62,882 | 62,882 | 62,882 | 62,882 | 62,882 | 62,882 |
| TOTAL | 71,070 | 70,808 | 70,558 | 70,320 | 70,096 | 69,884 |

| Expected CFRs | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| CFR b/fwd | 13,921 | 71,070 | 70,808 | 70,558 | 70,320 | 70,096 |
| Add Net Financing | 57,423 | 0 | 0 | 0 | 0 | 0 |
| Less MRP | -274 | -262 | -250 | -238 | -224 | -212 |
| Less VRP | 0 | 0 | 0 | 0 | 0 | 0 |
| CFR c/fwd | 71,070 | 70,808 | 70,558 | 70,320 | 70,096 | 69,884 |
| General Fund Proportion | 8,188 | 7,926 | 7,676 | 7,438 | 7,214 | 7,002 |
| HRA Proportion | 62,882 | 62,882 | 62,882 | 62,882 | 62,882 | 62,882 |

| Debt Limits | 2011/12 £'000 | 2012/13 £'000 | 2013/14 £'000 | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Authorised Limit | 75,041 | 74,779 | 74,529 | 74,291 | 74,067 | 73,855 |
| Operational Boundary | 63,423 | 63,423 | 63,423 | 63,423 | 63,423 | 63,423 |

Cost of Servicing

| Debt | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Interest Received - Gen Fund | -£5,605 | -£25,403 | -£31,414 | -£52,850 | -£66,681 | -£102,156 |
| Estimated Band D Properties | 31,855 | 32,194 | 32,493 | 32,793 | 33,094 | 33,394 |
| Cost per Band D Property | -£0.18 | -£0.79 | -£0.97 | -£1.61 | -£2.01 | -£3.06 |
| Estimated Interest - HRA | £37,365 | £1,654,814 | £1,654,594 | £1,647,724 | £1,755,834 | £1,874,954 |
| Estimated Dwellings | 3,046 | 3,043 | 3,039 | 3,035 | 3,031 | 3,026 |
| Annual Cost per Dwelling | £12 | £544 | £544 | £543 | £579 | £620 |

| Financing Ratios | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| General Fund | | | | | | |
| Council Tax Income | £4,888,102 | £4,857,149 | £5,009,452 | £5,211,743 | £5,389,702 | £5,538,324 |
| Net Interest | -£5,605 | -£25,403 | -£31,414 | -£52,850 | -£66,681 | -£102,156 |
| Proportion | -0.11% | -0.52% | -0.63% | -1.01% | -1.24% | -1.84% |
| HRA | | | | | | |
| Rent Income | 10,145,893 | 10,975,240 | 11,701,350 | 11,859,510 | 12,249,910 | 12,596,080 |
| Net Interest | £37,365 | £1,654,814 | £1,654,594 | £1,647,724 | £1,755,834 | £1,874,954 |
| Proportion | 0.37% | 15.08% | 14.14% | 13.89% | 14.33% | 14.89% |

| Cost of Servicing Debt (per year) | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Band D Council Tax | -£0.18 | -£0.79 | -£0.97 | -£1.61 | -£2.01 | -£3.06 |
| Per Council Dwelling | £12 | £544 | £544 | £543 | £579 | £620 |

| Usable Reserves | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | £ | £ | £ | £ | £ | £ |
| General Fund | 3,095 | 2,545 | 2,165 | 1,933 | 1,534 | 926 |
| Earmarked Reserves | 2,435 | 2,285 | 2,135 | 1,985 | 1,835 | 1,685 |
| HRA | 1,927 | 1,958 | 1,592 | 1,264 | 1,089 | 1,008 |
| Capital Receipts Reserve | 2,955 | 2,141 | 1,006 | 521 | 301 | 101 |
| Capital Grants | 1,492 | 1,392 | 1,292 | 1,192 | 1,092 | 992 |
| TOTAL | 11,904 | 10,321 | 8,190 | 6,895 | 5,851 | 4,712 |

| Estimated Resources Available | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| TOTAL | 11,904 | 10,321 | 8,190 | 6,895 | 5,851 | 4,712 |

| Estimated Borrowing Compared to the CFR | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Gross Borrowing - HRA | 58,700 | 58,680 | 58,660 | 58,640 | 58,620 | 58,600 |
| Gross Borrowing - General Fund | 133 | 133 | 133 | 133 | 133 | 133 |
| Gross Borrowing - Total | 58,833 | 58,813 | 58,793 | 58,773 | 58,753 | 58,733 |
| Total CFR | 71,070 | 70,808 | 70,558 | 70,320 | 70,096 | 69,884 |

GLOSSARY OF TERMS

A list of terms relating to local government finance is given in the glossary at Annex G to *Local Government Financial Statistics England No. 19 2009*. This is accessible at <http://www.communities.gov.uk/publications/corporate/statistics/financialstatistics192009>.

The most relevant terms for this council tax setting are defined below.

Area council tax - The average total amount of council tax payable for a Band D dwelling occupied by two adults within a billing authority's area. It is the sum of the amounts requested: a) by the billing authority; b) by major precepting authorities covering the billing authority's area; and c) by parish or town councils within the billing authority's area. The amount at c) is the total amount requested by parish and town councils, averaged across the whole of the billing authority's area.

Average council tax per dwelling - The total council tax payable in an area divided by the total number of chargeable dwellings in the area.

Band D council tax - This is the council tax payable on a Band D dwelling occupied as a main residence by two adults, before any reductions due to discounts, exemptions or council tax benefit. This definition is widely regarded as a benchmark when comparing council tax levels in different areas or over time.

Billing Authorities - Billing authorities are the 326 authorities that are empowered to set and collect council taxes, and manage a Collection Fund, on behalf of themselves and other local authorities in their area. In England, district councils (metropolitan and shire), the Council of the Isle of Scilly, unitary authorities, London boroughs, and the City of London are billing authorities. These are also sometimes known as lower-tier authorities.

Budget requirement - An amount calculated, in advance of each year, by each billing authority, by each major precepting authority and by each local precepting authority (primarily parish councils). It is broadly the authority's net revenue expenditure allowing for movement in reserves. It is therefore, the amount to be met from revenue support grant, redistributed non-domestic rates and council tax.

Chargeable dwellings - Those domestic dwellings in an area for which council tax is payable. It excludes dwellings on the valuation list which are exempt from paying council tax. Each chargeable dwelling is counted as one dwelling, whether or not a full council tax bill is payable for it. The total number of chargeable dwellings in an area is the denominator used to calculate the average council tax per dwelling.

Collection Fund - The fund administered by a billing authority into which council taxes are paid, and from which payments are made to the general fund of billing and precepting authorities.

Council tax - This is a local charge (or charges) set by the billing authority in order to collect sufficient revenue to meet their demand on the collection fund and the precepts issued by the precepting authorities. It replaced the community charge on 1 April 1993 and is calculated based on the council tax band assigned to the dwelling.

The Valuation Office Agency assesses the properties in each district area and assigns each dwelling to one of eight valuation bands; A to H. The tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

Council Tax Band - There are eight council tax bands, A to H. Each domestic dwelling is assigned a council tax band by the Valuation Office Agency (VOA). Council tax bands are based on the value of the dwelling as at 1 April 1991. Any dwelling built after this date is given a notional 1991 value for council tax purposes.

Council tax requirement - This is an amount calculated, in advance of each year, by each billing authority and by each major precepting authority. It is the amount of revenue to be met from council tax, and is equivalent to an authority's Band D council tax multiplied by its council tax base.

Major Precepting authority - These are county councils in two-tier areas, police authorities, fire and rescue authorities and the Greater London Authority. These local authorities make a precept on the billing authority's Collection Fund.

Parish precepts - This is the amount of council tax collected by a billing authority for parish or town councils within its area. Parishes and town councils are local precepting authorities.

Precept - The amount of money (council tax) that a local or major precepting authority has instructed the billing authority to collect and pay over to it in order to finance its net expenditure, i.e. budget requirement less income from revenue support grant, redistributed non-domestic rates, together with principal formula police grant and General GLA grant where this applies.

Reserves - These are sums held to finance future spending for purposes falling outside the definition of a provision. Reserves held for stated purposes are known as earmarked reserves, and the remainder are unallocated or general reserves.

Tax base - This is the number of Band D equivalent dwellings in a local authority area. To calculate the tax base for an area, the number of dwellings in each council tax band is reduced to take account of discounts and exemptions.

The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated.. The tax base is the figure that is used by a local authority when it sets its council