

Report to the Council

Committee: Cabinet

Date: 17 February 2015

Portfolio Holder: Councillor S Stavrou

BUDGETS AND COUNCIL TAX DECLARATION – ADDITIONAL RECOMMENDATION

Recommending:

That a DDF budget of £5,543 be added to the budgets considered by Cabinet on 2 February.

Report

1. As part of the budget setting process the major preceptors are given a draft taxbase number early to assist them with their financial planning. This figure is then refined and confirmed later in the process. On 6 February it became apparent that the major preceptors had not been updated on the final taxbase figure and were still using an earlier lower figure.
2. The Fire and Police Authorities were prepared to amend their precept letters but the County Council refused to amend their figures, even though they had not yet set their budget and using the correct figure would have provided them with an additional £100,000 of income.
3. This Council's budget and those of the town and parish councils had been set using the later taxbase figure. Following discussions with the external auditor it was decided to use the same taxbase figure as the major preceptors. It was felt that not doing this could have left the budget open to challenge.
4. Using the lower taxbase figure affects eleven town and parish councils as set out in Annex 10. These councils have compiled their budgets on the figures they have been provided with and it would be unfair to leave them with a shortfall. Therefore it is proposed to add £5,543 to the DDF budget for 2015/16 to ensure that the town and parish councils receive the full funding they are anticipating. As the taxbase is higher than the figure now being used a surplus will arise on the Collection Fund and this will subsequently mean this Council is no worse off.
5. Reducing the taxbase also has the effect of reducing our own income for 2015/16 and so the use of General Fund Reserves increases from £30,000 to £42,000. Similarly to the point above on DDF, this loss will be recovered in later years when the higher surplus on the Collection Fund is redistributed to the General Fund.
6. Even though the changes to the DDF programme and the precept figures are relatively low in value they have caused many of the recommendations and numbers within the budget reports to be amended. Therefore, in order to avoid confusion, it was felt best to issue an amended and fully updated budget report.