

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
22 January 2013

Subject: COUNCIL TAX 2013/14

All Wards
Portfolio Holder for Resources: Councillor R Kirk

1.0 PURPOSE AND BACKGROUND:

- 1.1 This report considers for 2013/14 the level of Council Tax, the policy on reserves and Prudential Indicators. In addition, it provides Members with details of the Council's formula grant settlement released on 19 December 2012 and the Council's Business Rates base that will be used by Government to calculate the Business Rates target for 2014/15 for the new Retained Business Rates funding mechanism.
- 1.3 The current Financial Strategy approved on 27 November 2012 assumes that the Council will set a 0% increase in Council Tax and accept the Council Tax Freeze Grant of £32,525 offered by Government. It is proposed that this strategy is followed and that Council Tax in Hambleton is frozen for the third consecutive year.
- 1.2 Detailed budget proposals were approved by Council on 11 December 2012. The approved revenue budget for 2013/14 is £7,691,460 approximately a 4% reduction on the 2012/13 revenue budget which was set at £7,995,760.
- 1.4 The impact of the Localisation of Council Tax Benefit on the Council Tax Base and the implications for precepting authorities, in particular parish councils, is discussed in Annex A. Also, Annex A(1) provides a schedule of all Parish Council precepts and Council Tax charges.
- 1.5 The current Financial Strategy also included assumptions around how the new Retained Business Rate Funding mechanism would impact on the Council. This has been clarified in the funding settlement and is discussed in detail in Annex A.
- 1.6 The statutory consultation with ratepayers is to be held on 17 January 2013. Any comments received that need to be considered as part of the budget process will be reported verbally to Cabinet.
- 1.7 The Prudential Indicators are attached as Annex B, these must be considered by Members as part of the Council Tax setting process.
- 1.8 A policy on the Balances and Reserves is set out in Annex C for Members' approval.

2.0 RISK ASSESSMENT:

- 2.1 There are no major risks associated with the recommendations in this report. A more detailed risk assessment concerning the setting of next year's Council Tax is contained in section 6.0 of Annex A.

3.0 RECOMMENDATIONS:

3.1 That Cabinet recommends to Council:

- (1) That it be noted that on 16 January 2013 Council calculated the Council Tax Base 2012/13:-
 - (a) for the whole Council area as 33,441.87 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - (b) for dwellings in those parts of its area to which a Parish precept relates as in the attached Annex A(1).
- (2) That the Council has calculated the Council Tax requirement for the Council's own purposes for 2013/14 (excluding Parish precepts) as £2,992,379.
- (3) That the following amounts be calculated for the year 2013/14 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:-
 - (a) **District/Parish Gross Expenditure**
£51,061,488 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) **District/Parish Gross Income (including Government Grants, use of Reserves and Collection Fund Surpluses etc)**
£46,916,491 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act
 - (c) **District/Parish Net Expenditure**
£4,144,997 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 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) **Basic Amount of Tax (including average Parish Precepts)**
£123.9463 being the amount at 3(c) above (Item R) all divided by Item T (1(a) 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) **Parish Precepts**
£1,152,617 being the aggregate of all special items (Parish Precepts) referred to in Section 34(1) of the Act (as per Annex A)
 - (f) **Basic Amount of Tax (Unparished Areas)**
£89.4800 being the amount at 3(d) above less the result given by dividing the amount at 4(e) above by Item T (1(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 Parish precept relates

(4) **Major Precepting Authorities**

That it be noted that the North Yorkshire County Council, the North Yorkshire Fire and Rescue Authority and the North Yorkshire Police 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 the table below and at Annex A(1).

(5) **Council Tax Bands for All Councils**

That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2013/14 for each part of its area and for each of the categories of dwellings.

Hambleton District Council

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
59.65	69.60	79.54	89.48	109.36	129.25	149.13	178.96

North Yorkshire County Council

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96

North Yorkshire Fire and Rescue Authority

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20

North Yorkshire Police Authority

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10

(6) **Excessive Council Tax**

That the Council determines that the Council's basic amount of Council Tax for 2013/14 (at 3(f) above) is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

- (7) The appropriate amount is taken from the Council Taxpayers Reserve to support the decision at (3) above.

- (8) The £92,000 Parish Council element of localisation of Council Tax Benefit Transition Grant is paid to Parish Councils on the basis of the schemes impact on the Council Tax level.
- (9) The Prudential Code Indicators identified in Annex B are approved and that the indicators confirm that the expenditure and treasury management decisions are affordable, prudent and sustainable.
- (10) The policy on Balances and Reserves at Annex C is approved.

JUSTIN IVES

Background papers: None

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220113 Council Tax 201314

Council Tax 2013/14

1.0 INTRODUCTION AND BACKGROUND:

- 1.1 This paper considers the level of Council Tax for 2013/14 in the light of the approved revenue budget for 2013/14 and financial strategy, as well as the Government's Formula Grant settlement and proposals for a third year of Council Tax freeze.

2.0 REVENUE ESTIMATE AND FINANCIAL STRATEGY:

- 2.1 The approved revenue estimate for 2013/14 is a net total of £7,691,460 this is approximately a 4% reduction on the 2012/13 approved budget of £7,995,760.
- 2.2 The Financial Strategy approved by Cabinet in November 2012, demonstrated that the approved budget of £7,691,460 was affordable and would allow the Council to set a balanced budget.
- 2.3 The affordability of this budget was predicted on assumptions made in the Financial Strategy around the level of grant funding for 2014/15, this affordability has been confirmed in the level of grant support allocated to the Council as part of the Local Government Finance Settlement announced on 19 December 2012.

3.0 FORMULA GRANT SETTLEMENT AND COUNCIL TAX

- 3.1 The Comprehensive Spending Review announced in October 2010 set out unprecedented grant reductions for Local Government over the 4 year period 2011/12 to 2014/15. The Local Government Finance Settlement following the Comprehensive Spending Review cut Government Grant support to this Council by £1,661,280 or 28.59%.
- 3.2 On 19 December 2012 the Finance Settlement for 2013/14 was announced incorporating the new Business Rate Retention Funding Mechanism for Local Government. This announcement also gave indicative figures for 2014/15. The detail of the settlement is set out below, but in summary the Council is guaranteed to receive £4,428,585 of funding in 2014/15 from a combination of new Revenue Support Grant, Council Tax Freeze Grant, Localisation of Council Tax Benefit Grant and retained Business Rates. This is a 4.7% increase on the amount received in 2012/13. Although these figures are positive and give an improved position against that which the Council prudently budgeted, this settlement must be considered against a backdrop of a number of issues:
- 1) Indicative Finance Settlement figures were also released for 2014/15 which reduces the Council's funding settlement by £590,585 or 13%. Therefore the increase in 2013/14 year will not cover the cut that the Council faces in 2014/15.
 - 2) Although this news gives the Council a one year respite from the cuts, further funding reductions beyond 2014/15 are inevitable as the government continues its austerity drive to reduce the countries budget deficit.
 - 3) This one year increase in funding does not come close to mitigating the impact of the 28% grant cut that the Council received in 2011/12 and 2012/13.

Detailed Funding Settlement

	2013/14 £	2014/15 £ (Indicative)
Business Rates target	25,881,402	TBC
Levy paid to Central Government	(12,940,701)	TBC
Local share of Business Rates	12,940,701	TBC
County Council share at 18%	(2,329,326)	TBC
Hambleton District Council share at 80%	10,352,561	TBC
Fixed tariff paid to Central Government	(8,528,704)	TBC
Hambleton District Council Retained Business Rates Target	1,823,857	1,880,000
Hambleton District Council Guaranteed Business Rates based on the Safety Net.	1,687,068	1,739,000
Revenue Support Grant	2,741,517	2,099,000
Total Guaranteed Funding Settlement	4,428,585	3,838,000

% Reduction

13%

- 3.3 The percentage reduction for 2013/14 is slightly less than anticipated in the Financial Strategy. However, the new Business Rate Retention Funding Mechanism has with it inherent risk for Local Government. Principally, if the business rate target set for the Council is not met the reduction in Business Rates will reduce the local share, not the amounts paid to Central Government. Any loss of income will be met 80% by Hambleton District Council, 18% by North Yorkshire County Council and 2% by North Yorkshire Fire and Rescue Authority.
- 3.4 An aspect of the new regulations in respect of the Business Rate Retention Scheme, Councils must set a Business Rates Base figure which is approved, this is used by Government to set the Business Rates Collection Target for the Council in the preceding year. The Business Rates Base figure for 2014/15 is £26,738,523, this is the latest estimate from the National Non-domestic Rates Return.
- 3.5 Increases in Business Rate levels are set each year by Central Government and are based upon the RPI figure for September which stood at 2.6%. The provisional rate poundage to be applied in 2013/14 has been announced as follows:-
- Non-Domestic Rate 47.1p
 - Small Business Rate 46.2p
- 3.6 Under Schedule 7 of the Local Government Finance Act 1988, the provisional multipliers will be confirmed after either the Local Government Finance Report 2013/14 has been approved by Parliament or by the end of March 2013.

4.0 COUNCIL TAX:

Council Tax Base

- 4.1 Each year the Council is required to formally set the Council Tax Base and advise the appropriate precepting bodies. This must be done by 31 January each year.
- 4.2 The Council Tax Base for 2013/14 is set at 33,441.87.
- 4.3 The localisation of Council Tax Benefit and the local scheme adopted by Council in December has reduced the Council Tax base. The Government has offered a 1 year transition grant of £340,269 to help offset this loss of income to the Council.
- 4.4 £92,000 of this Grant is attributable to Parish Councils, it is proposed that this be allocated to Parishes to reduce the significant percentage increases in Council Tax for parishioners as a result of the reduced tax base. A full schedule of Parish Precepts is provided at Annex A(1), it should be noted that some of these precepts are provisional.

Council Tax Levels

- 4.5 In producing the table below it must be stressed that some assumptions have been made as the information is not available owing to the precepting authorities not having met at the time of writing this report. The assumption is that each of the precepting authorities will accept the Government's proposals of a freeze on Council Tax. Parishes are not currently subject to the provision of the Localism Act relating to excessive Council Tax rises and are not part of the Government's Council Tax Scheme.
- 4.6 If the assumptions made above are current then the 2013/14 Council Tax at Band D will be:-

2012/13 £		2013/14 £	Assumption
1,057.48	County Council	1,057.48	Council Tax freeze
204.55	Police Authority	204.55	Council Tax freeze
62.10	Fire Authority	62.10	Council Tax freeze
32.29	Parishes (average)	34.47	Parishes (average)
89.48	Hambleton	89.48	Council Tax freeze
<hr/>		<hr/>	
1,445.90		1,448.08	

5.0 IMPACT ON RESERVES:

5.1 The impact on the Council's Council Taxpayers Reserve from the revenue budget, funding settlement and Council Tax decision as set out in the table below:-

	£
Revenue Budget:	7,691,460
Financed by:-	
Redistributed Business Rates	1,687,068
Formula Grant	2,741,517
Less: Council Tax Transition Grant paid to Parish Councils	(92,000)
Council Tax	2,992,379
Council Tax Freeze Grant	<u>32,525</u>
	7,361,489
Contribution from Reserves	329,917
	<hr/>
Balanced budget	0

5.2 It is estimated at this stage that the Council will use £329,917 contribution from the Council Taxpayers Reserve to balance the 2013/14 Revenue Budget. This is £222,140 less than the £552,057 forecast in the Financial Strategy.

6.0 RISK ASSESSMENT:

6.1 There are a number of risks associated with setting the 2013/14 Council Tax and the Local Government Finance Settlement:-

- 1) It is recommended that the Council adopts a Council Tax freeze for 2013/14. If Council decide not to and increase the Council Tax above 2% (the limit not deemed excessive by Government) the Council Tax will be subject to a local referendum that must be funded by the Council, the cost of which would outweigh the financial benefit of such an increase.
- 2) As discussed in paragraph 3.3, if the Council does not meet the Business Rate Collection Target set by Government, then it will see a loss of income equating to 80% of the reduction up to the guaranteed Business Rates figure based on the Safety Net of £1,687,068.

7.0 LOCAL GOVERNMENT ACT 2003:

7.1 Section 25 of the Local Government Act 2003 requires the Council's S151 Officer (Chief Financial Officer) to report to Members on the robustness of the budget and the adequacy of reserves held by the Council.

- 7.2 The approved revenue budget has now been prepared by the Council's budget holders and has been subjected to challenge by the Finance staff and Chief Officers. I therefore conclude the budgets included in this Council Tax setting process are robust and have been prepared in accordance with proper practices.
- 7.3 The reserves of the Council are set out in Annex D to this report. I consider the level of reserves adequate to maintain the Council's current revenue expenditure and enable its longer term objectives as set out in the Financial Strategy. Annex D sets out the policy on Reserves and Balances and supports my comments. The Annex also makes recommendations on the level of Balances and Reserves.

HAMBLETON DISTRICT COUNCIL

COUNCIL MEETING - 19 February, 2013

Parish Precepts and Council Tax Amounts 2013/14

Parish	Line	2012/13 Precept £	2013/14 Grant £	2013/14 Net Precept £	2013/14		2013/14		2013/14		2013/14		2013/14		2013/14		
					Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £					
Ainderby Steeple	1.	3,000	70	2,930				29.02									
	2.		3,000					89.48									
	3.				79.00	92.17	105.33	118.50	144.83	171.17	197.50	237.00					
	4.				704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96					
	5.				41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20					
	6.				136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10					
	7.				961.76	1,122.04	1,282.33	1,442.63	1,763.22	2,083.80	2,404.39	2,885.26					
Aiskew	1.	15,713	727	19,986				25.01									
	2.		20,713					89.48									
	3.				76.33	89.05	101.77	114.49	139.93	165.37	190.82	228.98					
	4.				704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96					
	5.				41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20					
	6.				136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10					
	7.				959.09	1,118.92	1,278.77	1,438.62	1,758.32	2,078.00	2,397.71	2,877.24					
Aldwark, Flawith & Youlton	1.	2,400	54	2,746				19.85									
	2.		2,800					89.48									
	3.				72.89	85.03	97.18	109.33	133.63	157.92	182.22	218.66					
	4.				704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96					
	5.				41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20					
	6.				136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10					
	7.				955.65	1,114.90	1,274.18	1,433.46	1,752.02	2,070.55	2,389.11	2,866.92					

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant	2013/14 Net Precept	2013/14		2013/14		2013/14		2013/14		2013/14		2013/14	
						Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £				
Bilsdale Midcable	1.	1,850	1,850	90	1,760		11.79										
	2.						89.48										
	3.						67.51	78.77	90.02	101.27	123.77	146.28	168.78	202.54			
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96			
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20			
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10			
	7.						950.27	1,108.64	1,267.02	1,425.40	1,742.16	2,058.91	2,375.67	2,850.80			
Borrowby	1.	2,000	2,000	78	1,922		10.59										
	2.						89.48										
	3.						66.71	77.83	88.95	100.07	122.31	144.55	166.78	200.14			
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96			
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20			
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10			
	7.						949.47	1,107.70	1,265.95	1,424.20	1,740.70	2,057.18	2,373.67	2,848.40			
Brafferton	1.	3,100	3,100	96	3,004		23.05										
	2.						89.48										
	3.						75.02	87.52	100.03	112.53	137.54	162.54	187.55	225.06			
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96			
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20			
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10			
	7.						957.78	1,117.39	1,277.03	1,436.66	1,755.93	2,075.17	2,394.44	2,873.32			
Brandsby - cum - Stearsby	1.	2,500	2,000	0	2,000		14.44										
	2.						89.48										
	3.						69.28	80.83	92.37	103.92	127.01	150.11	173.20	207.84			
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96			
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20			
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10			
	7.						952.04	1,110.70	1,269.37	1,428.05	1,745.40	2,062.74	2,380.09	2,856.10			

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant	2013/14 Net Precept	2013/14		2013/14		2013/14		2013/14		2013/14	
						Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £		
Carlton Miniott	1.	3,000	3,150	188	2,962			8.70							
	2.							89.48							
	3.						65.45	76.36	87.27	98.18	120.00	141.82	163.63	196.36	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						948.21	1,106.23	1,264.27	1,422.31	1,738.39	2,054.45	2,370.52	2,844.62	
Carthorpe	1.	1,500	2,000	66	1,934										
	2.								19.41						
	3.						72.59	84.69	96.79	108.89	133.09	157.29	181.48	217.78	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						955.35	1,114.56	1,273.79	1,433.02	1,751.48	2,069.92	2,388.37	2,866.04	
Coxwold	1.	2,000	2,000	53	1,947										
	2.								21.93						
	3.						74.27	86.65	99.03	111.41	136.17	160.93	185.68	222.82	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						957.03	1,116.52	1,276.03	1,435.54	1,754.56	2,073.56	2,392.57	2,871.08	
Crakehall with Langthorne	1.	8,079	8,281	366	7,915										
	2.								30.06						
	3.						79.69	92.98	106.26	119.54	146.10	172.67	199.23	239.08	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						962.45	1,122.85	1,283.26	1,443.67	1,764.49	2,085.30	2,406.12	2,887.34	

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant	2013/14 Net Precept	2013/14		2013/14		2013/14		2013/14		2013/14	
						Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £		
Crathorne	1.	700	700	6	694			8.65							
	2.							89.48							
	3.							76.32	87.23	98.13	119.94	141.74	163.55	196.26	
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10
	7.							948.18	1,106.19	1,264.23	1,422.26	1,738.33	2,054.37	2,370.44	2,844.52
Council Tax Amount	1.	2,540	2,540	53	2,487			12.93							
	2.							89.48							
	3.							79.65	91.03	102.41	125.17	147.93	170.68	204.82	
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10
	7.							951.03	1,109.52	1,268.03	1,426.54	1,743.56	2,060.56	2,377.57	2,853.08
Council Tax Amount	1.	4,000	4,000	70	3,930			18.76							
	2.							89.48							
	3.							84.19	96.21	108.24	132.29	156.35	180.40	216.48	
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10
	7.							954.92	1,114.06	1,273.21	1,432.37	1,750.68	2,068.98	2,387.29	2,864.74
Council Tax Amount	1.	1,800	1,800	38	1,762			15.15							
	2.							89.48							
	3.							81.38	93.00	104.63	127.88	151.13	174.38	209.26	
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10
	7.							952.51	1,111.25	1,270.00	1,428.76	1,746.27	2,063.76	2,381.27	2,857.52

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant	2013/14 Net Precept	2013/14		2013/14		2013/14		2013/14		2013/14		
						Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £			
Easby	1.	300	300	4	296				6.44							
	2.								89.48							
	3.						63.95	74.60	85.26	95.92	117.24	138.55	159.87	191.84		
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96		
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20		
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10		
	7.						946.71	1,104.47	1,262.26	1,420.05	1,735.63	2,051.18	2,366.76	2,840.10		
Easingwold	1.	95,000	96,900	5,749	91,151				49.22							
	2.								89.48							
	3.						92.47	107.88	123.29	138.70	169.52	200.34	231.17	277.40		
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96		
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20		
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10		
	7.						975.23	1,137.75	1,300.29	1,462.83	1,787.91	2,112.97	2,438.06	2,925.66		
East Cowton	1.	3,000	3,500	79	3,421				13.01							
	2.								89.48							
	3.						68.33	79.71	91.10	102.49	125.27	148.04	170.82	204.98		
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96		
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20		
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10		
	7.						951.09	1,109.58	1,268.10	1,426.62	1,743.66	2,060.67	2,377.71	2,853.24		
East Harlsey	1.	1,500	1,500	0	1,500				12.10							
	2.								89.48							
	3.						67.72	79.01	90.29	101.58	124.15	146.73	169.30	203.16		
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96		
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20		
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10		
	7.						950.48	1,108.88	1,267.29	1,425.71	1,742.54	2,059.36	2,376.19	2,851.42		

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant	2013/14 Net Precept	2013/14		2013/14		2013/14		2013/14		2013/14	
						Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £		
Exelby, Leeming and Newton	1.	3,500	3,500	123	3,377				5.64						
	2.							89.48							
	3.						63.41	73.98	84.55	95.12	116.26	137.40	158.53	190.24	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						946.17	1,103.85	1,261.55	1,419.25	1,734.65	2,050.03	2,365.42	2,838.50	
Faceby	1.	775	990	1	989				9.52						
	2.								89.48						
	3.						66.00	77.00	88.00	99.00	121.00	143.00	165.00	198.00	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						948.76	1,106.87	1,265.00	1,423.13	1,739.39	2,055.63	2,371.89	2,846.26	
Farlington	1.	450	460	9	451				8.13						
	2.								89.48						
	3.						65.07	75.92	86.76	97.61	119.30	140.99	162.68	195.22	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						947.83	1,105.79	1,263.76	1,421.74	1,737.69	2,053.62	2,369.57	2,843.48	
Great Ayton	1.	68,000	72,500	4,474	68,026				37.46						
	2.								89.48						
	3.						84.63	98.73	112.84	126.94	155.15	183.36	211.57	253.88	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						967.39	1,128.60	1,289.84	1,451.07	1,773.54	2,095.99	2,418.46	2,902.14	

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant £	2013/14 Net £	2013/14		2013/14		2013/14		2013/14		2013/14		2013/14		
						Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £					
Kirkby in Cleveland	1.	2,800	2,800	0	2,800			17.86										
	2.							89.48										
	3.							83.49	95.41	107.34	131.19	155.05	178.90					
	4.							704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47				
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50				
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92				
	7.							954.32	1,113.36	1,272.41	1,431.47	1,749.58	2,067.68	2,385.79				2,862.94
Kirkby Fleetham with Fencotes	1.	6,500	6,500	320	6,180			26.71										
	2.							89.48										
	3.							77.46	90.37	103.28	116.19	142.01	167.83	193.65				232.38
	4.							704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47				2,114.96
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50				124.20
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92				409.10
	7.							960.22	1,120.24	1,280.28	1,440.32	1,760.40	2,080.46	2,400.54				2,880.64
Kirklington cum Upsland, Howgrave and Sutton with Howgrave	1.	1,600	1,700	11	1,689			12.10										
	2.							89.48										
	3.							67.72	79.01	90.29	101.58	124.15	146.73	169.30				203.16
	4.							704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47				2,114.96
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50				124.20
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92				409.10
	7.							950.48	1,108.88	1,267.29	1,425.71	1,742.54	2,059.36	2,376.19				2,851.42
Knayton with Brawith	1.	2,500	2,500	124	2,376			14.89										
	2.							89.48										
	3.							69.58	81.18	92.77	104.37	127.56	150.76	173.95				208.74
	4.							704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47				2,114.96
	5.							41.40	48.30	55.20	62.10	75.90	89.70	103.50				124.20
	6.							136.37	159.09	181.82	204.55	250.01	295.46	340.92				409.10
	7.							952.34	1,111.05	1,269.77	1,428.50	1,745.95	2,063.39	2,380.84				2,857.00

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant £	2013/14 Net £	2013/14		2013/14		2013/14		2013/14		2013/14	
						Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £		
Overton	1.	120	140	0	140				5.52						
	2.							89.48							
	3.						63.33	73.89	84.44	95.00	116.11	137.22	158.33	190.00	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						946.09	1,103.76	1,261.44	1,419.13	1,734.50	2,049.85	2,365.22	2,838.26	
Pickhill with Roxby & Sinderby	1.	2,500	2,500	59	2,441				11.53						
	2.								89.48						
	3.						67.34	78.56	89.79	101.01	123.46	145.90	168.35	202.02	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						950.10	1,108.43	1,266.79	1,425.14	1,741.85	2,058.53	2,375.24	2,850.28	
Picton	1.	400	400	13	387				6.19						
	2.								89.48						
	3.						63.78	74.41	85.04	95.67	116.93	138.19	159.45	191.34	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						946.54	1,104.28	1,262.04	1,419.80	1,735.32	2,050.82	2,366.34	2,839.60	
Potto	1.	2,500	3,000	53	2,947				19.85						
	2.								89.48						
	3.						72.89	85.03	97.18	109.33	133.63	157.92	182.22	218.66	
	4.						704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96	
	5.						41.40	48.30	55.20	62.10	75.90	89.70	103.50	124.20	
	6.						136.37	159.09	181.82	204.55	250.01	295.46	340.92	409.10	
	7.						955.65	1,114.90	1,274.18	1,433.46	1,752.02	2,070.55	2,389.11	2,866.92	

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant £	2013/14 Net £	2013/14		2013/14		2013/14		2013/14		2013/14	
						Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £		
Raskelf	1.	3,500	4,250	80	4,170			20.12							
	2.							89.48							
	3.							109.60	133.96	158.31	182.67				
	4.							1,057.48	1,292.48	1,527.47	1,762.47				
	5.							62.10	75.90	89.70	103.50				
	6.							204.55	250.01	295.46	340.92				
	7.							1,433.73	1,752.35	2,070.94	2,389.56				
							955.83	1,115.11	1,274.42	1,433.73	1,752.35	2,070.94	2,389.56		2,867.46
Romanby	1.	52,500	52,500	2,543	49,957			21.75							
	2.							89.48							
	3.							111.23	135.95	160.67	185.38				
	4.							1,057.48	1,292.48	1,527.47	1,762.47				
	5.							62.10	75.90	89.70	103.50				
	6.							204.55	250.01	295.46	340.92				
	7.							1,435.36	1,754.34	2,073.30	2,392.27				
							956.91	1,116.38	1,275.87	1,435.36	1,754.34	2,073.30	2,392.27		2,870.72
Rounton East and West	1.	900	900	12	888			6.99							
	2.							89.48							
	3.							96.47	117.91	139.35	160.78				
	4.							1,057.48	1,292.48	1,527.47	1,762.47				
	5.							62.10	75.90	89.70	103.50				
	6.							204.55	250.01	295.46	340.92				
	7.							1,420.60	1,736.30	2,051.98	2,367.67				
							64.31	75.03	85.75	96.47	117.91	139.35	160.78		192.94
							704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47		2,114.96
							41.40	48.30	55.20	62.10	75.90	89.70	103.50		124.20
							136.37	159.09	181.82	204.55	250.01	295.46	340.92		409.10
							947.07	1,104.90	1,262.75	1,420.60	1,736.30	2,051.98	2,367.67		2,841.20
Sandhutton	1.	2,575	3,600	60	3,540			33.87							
	2.							89.48							
	3.							123.35	150.76	178.17	205.58				
	4.							1,057.48	1,292.48	1,527.47	1,762.47				
	5.							62.10	75.90	89.70	103.50				
	6.							204.55	250.01	295.46	340.92				
	7.							1,447.48	1,769.15	2,090.80	2,412.47				
							82.23	95.94	109.64	123.35	150.76	178.17	205.58		246.70
							704.99	822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47		2,114.96
							41.40	48.30	55.20	62.10	75.90	89.70	103.50		124.20
							136.37	159.09	181.82	204.55	250.01	295.46	340.92		409.10
							964.99	1,125.81	1,286.64	1,447.48	1,769.15	2,090.80	2,412.47		2,894.96

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant £	2013/14 Net £	2013/14		2013/14		2013/14		2013/14		2013/14	
						Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £		
2) Burrill with Cowling	1.	130	130	9	121			11.93							
	2.							89.48							
	3.							90.14							
	4.							78.87							
	5.							822.48							
	6.							48.30							
	7.							159.09							
COUNCIL TAX AMOUNT							1,108.74		1,267.14		1,425.54		1,742.34		2,059.11
Thirsk	1.	107,000	115,000	13,392	101,608			65.02							
	2.							89.48							
	3.							120.17							
	4.							822.48							
	5.							48.30							
	6.							159.09							
	7.							1,150.04		1,314.33		1,478.63		1,807.22	
COUNCIL TAX AMOUNT							1,150.04		1,314.33		1,478.63		1,807.22		2,135.80
Tholthorpe	1.	800	800	17	783			7.07							
	2.							89.48							
	3.							75.09							
	4.							822.48							
	5.							48.30							
	6.							159.09							
	7.							1,104.96		1,262.82		1,420.68		1,736.40	
COUNCIL TAX AMOUNT							1,104.96		1,262.82		1,420.68		1,736.40		2,052.09
Thormanby	1.	110	110	8	102			2.24							
	2.							89.48							
	3.							71.34							
	4.							822.48							
	5.							48.30							
	6.							159.09							
	7.							1,101.21		1,258.53		1,415.85		1,730.49	
COUNCIL TAX AMOUNT							1,101.21		1,258.53		1,415.85		1,730.49		2,045.11

Parish	Line	2012/13 Precept £	2013/14 Precept £	2013/14 Grant £	2013/14 Net £	2013/14		2013/14		2013/14		2013/14		2013/14		2013/14		
						Council Tax Band A £	Council Tax Band B £	Council Tax Band C £	Council Tax Band D £	Council Tax Band E £	Council Tax Band F £	Council Tax Band G £	Council Tax Band H £					
Welbury	1.	900	900	26	874			7.53										
	2.							89.48										
	3.							75.45	86.23	118.57	140.13	161.68	194.02					
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96				
	5.							41.40	48.30	62.10	75.90	89.70	103.50	124.20				
	6.							136.37	159.09	181.82	204.55	295.46	340.92	409.10				
	7.							947.43	1,105.32	1,263.23	1,421.14	1,736.96	2,052.76	2,368.57	2,842.28			
COUNCIL TAX AMOUNT																		
Well	1.	1,500	1,500	49	1,451			14.04										
	2.							89.48										
	3.							80.52	92.02	103.52	126.52	149.53	172.53	207.04				
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96				
	5.							41.40	48.30	62.10	75.90	89.70	103.50	124.20				
	6.							136.37	159.09	181.82	204.55	295.46	340.92	409.10				
	7.							951.77	1,110.39	1,269.02	1,427.65	1,744.91	2,062.16	2,379.42	2,855.30			
COUNCIL TAX AMOUNT																		
West Tanfield (and East)	1.	6,300	6,300	341	5,959			28.41										
	2.							89.48										
	3.							91.69	104.79	117.89	144.09	170.29	196.48	235.78				
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96				
	5.							41.40	48.30	62.10	75.90	89.70	103.50	124.20				
	6.							136.37	159.09	181.82	204.55	295.46	340.92	409.10				
	7.							961.35	1,121.56	1,281.79	1,442.02	1,762.48	2,082.92	2,403.37	2,884.04			
COUNCIL TAX AMOUNT																		
Whorlton	1.	6,150	9,400	220	9,180			34.61										
	2.							89.48										
	3.							96.51	110.30	124.09	151.67	179.24	206.82	248.18				
	4.							822.48	939.98	1,057.48	1,292.48	1,527.47	1,762.47	2,114.96				
	5.							41.40	48.30	62.10	75.90	89.70	103.50	124.20				
	6.							136.37	159.09	181.82	204.55	295.46	340.92	409.10				
	7.							965.49	1,126.38	1,287.30	1,448.22	1,770.06	2,091.87	2,413.71	2,896.44			
COUNCIL TAX AMOUNT																		
						1,209,547	1,244,617	92,000	1,152,617									

PRUDENTIAL CODE AND INDICATORS 2012/13

1.0 INTRODUCTION:

1.1 The Prudential Code plays a key role in capital finance. Local authorities determine their own programmes for capital investment in fixed assets that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by legislation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. (Part 1 of the Act relates mainly to capital expenditure and borrowing).

2.0 OBJECTIVES:

2.1 The key objectives of the Prudential Code is to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable – or to demonstrate that there is a danger of not ensuring this, so that the authority can take timely remedial action. A further objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

2.2 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out a series of "Affordability" and "Prudence" indicators that must be used, and the factors that must be taken into account.

2.3 The prudential indicators required by the Code are designed to support and record local decision making. They are not designed to be comparative performance indicators and the use of them in this way would be likely to be misleading and counter productive.

3.0 AFFORDABILITY INDICATORS:

3.1 Actual Capital Expenditure and Estimates of Capital Expenditure:

3.1.2 The actual capital expenditure that was incurred in 2010/11 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:-

Programme	2011/12 £000 Estimate	2012/13 £000 Estimate	2013/14 £000 Estimate	2014/15 £000 Estimate	2015/16 £000 Estimate
Total	3,709	2,185	1,221	1,085	681

3.2 Actual and Estimates of Capital Financing Requirement:

3.2.1 Estimates of the year end capital financing requirement for the current and future years and the actual capital financing requirement at 31 March 2011 are:-

Programme	31/03/11	31/03/12	31/03/13	31/03/14	31/03/15
	£000	£000	£000	£000	£000
	Actual	Estimate	Estimate	Estimate	Estimate
Total Capital Programme	-	-	-	-	-

3.2.2 The capital financing requirement is the amount of capital spending that has not been financed by capital receipts, capital grants or contributions from revenue income. It therefore measures the Council's underlying need to borrow for a capital purpose.

3.2.3 The Council is a debt free authority and it is not proposed to finance any future capital expenditure by borrowing. However, the Council will always endeavour to finance its capital programme in the most economically advantageous way and will consider all options, including borrowing. Should borrowing become a preferred option, a report will be brought to Members.

3.3 Actual Ratio and Estimates of the Ratio of Financing Costs to Net Revenue Stream:

3.3.1 Net Revenue Stream is defined as the amount of the Council's revenue budget met from Government grants and the local taxpayer.

3.3.2 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2010/11 are:-

	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual	Estimate	Estimate	Estimate	Estimate
Percentage	N/A	N/A	N/A	N/A	N/A

3.3.3 The estimates of financing costs include current commitments and the proposals for capital expenditure contained in the Financial Strategy. The Council is a debt free authority and it is not currently proposed to finance any future capital expenditure by borrowing (but see comments in paragraph 3.2.3). There are therefore no financing costs associated with this practice.

3.4 Authorised Limit for External Debt:

3.4.1 In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt. This therefore includes the limit agreed under Section 45 of the Local Government Act 1989 for short term borrowing. This limit has stood at £5m since 2007/08. Although, to date, no short term borrowing has been required the need remains to invest significant sums which may be tied up for fixed term periods in order to take advantage of longer term rates. This, in turn, may require large sums to be borrowed on a temporary basis for cash flow purposes. It is

recommended, therefore, that the limit under Section 45 of the Local Government Act 1989 for short term borrowing be maintained at £5m.

- 3.4.2 The authorised limit for external debt separately identifies borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits. Council has previously delegated authority to the Director of Resources (min CA.176 (Cabinet) and C.30 (Council), February 2004), within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the Council. Any such changes made will be reported to Council at its next meeting following the change.

	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000
Borrowing	6,000	5,000	5,000	5,000
Other long Term Liabilities	1,000	1,000	1,000	1,000
Total	6,000	6,000	6,000	6,000

- 3.4.3 These authorised limits are consistent with the Council's current commitments, existing plans and the proposals contained in the Budget and Financial Strategy reports for capital expenditure and financing.

3.5 Operational Boundary for External Debt:

- 3.5.1 The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly an estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example unusual cash movements. This equates to the maximum external debt projected by this estimate. It is recommended that this limit be retained at £4m to reflect the potential for temporary borrowing outlined in paragraph 3.4.1 above.

- 3.5.2 Within the operational boundary, figures for borrowing and other long term liabilities are separately identified. The Council has previously delegated authority to the Director of Resources (min CA.176 (Cabinet) and C.30 (Council), February 2004), within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes made will be reported to Council at its next meeting following the change.

	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000
Borrowing	4,000	4,000	4,000	4,000
Other long Term Liabilities	600	600	600	600
Total	4,600	4,600	4,600	4,600

3.6 Actual External Debt:

3.6.1 The Council's actual external debt at 31 March 2012 was £nil, comprising Borrowing and £nil Other Long Term Liabilities. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.

3.6.2 In taking its decisions on this report, the Council is asked to note that the authorised limit determined for 2013/14 will be the statutory limit determined under Section 3(1) of the Local Government Act 2003. This relates to the duty of each authority to determine the amount of money it can afford to borrow.

3.7 Estimates of the Incremental Impact of Capital Investment Decisions on the Council Tax:

3.7.1 The indicator measures the revenue cost (in financing terms) of capital investment decisions. This normally means the cost of borrowing or, where capital receipts are used, the loss of investment interest on those receipts.

2013/14	2014/15	2015/16
£5.28	£7.62	£9.09

3.7.2 In the Council's case the capital programme is financed from capital receipts. However, Members should note that the interest lost through this financing decision is not borne by the Council Taxpayer, but merely reduces the amount of interest earned transferred to the Council Taxpayers Reserve.

4.0 PRUDENCE INDICATORS:

4.1 Code of Practice for Treasury Management:

4.1.2 It is confirmed that the Council has adopted the CIPFA Code of Practice for Treasury Management.

4.2 Net Borrowing and the Capital Financing Requirement:

4.2.1 The Prudential Code states: *"In order to ensure that over the medium term net borrowing will only be for capital purposes, the authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the proceeding year plus the estimates of any additional capital financing requirement for the current and next two years".*

4.4.2 The Council had no difficulty in meeting this requirement in 2011/12, nor are any difficulties envisaged for the current or future years. This view is taken because it is not currently intended to enter into any external borrowing in the foreseeable future. This view also takes into account current commitments, existing plans and the proposals in the Budget and Financial Strategy reports.

4.3 The Upper Limit on Fixed Rate Exposures

4.3.1 This indicator represents the maximum amount that the Council would borrow at fixed rates. It is recommended that the Council maintains an upper limit on its fixed interest rate exposures for 2013/14, 2014/15 and 2015/16 of £5m. This is in line with the Authorised Limit for External Debt above.

4.3.2 It should be noted, however, that the Council invests (ie lends) its money in fixed rate instruments. The Prudential Code does not require a "lower" limit to be set, but it is felt that the Council should set its own to reflect this possible significant exposure. It is recommended that the Council set a lower limit on its fixed interest rate exposures as shown in the table below. The figures represent the maximum amount that the Council would invest (or lend) in fixed rate instruments and is shown as a negative figure to differentiate with borrowings (which would be shown as a positive figure).

	2013/14	2014/15	2015/16
	£m	£m	£m
Lower Fixed Rate Investment Exposure	- 40.75	- 40.65	-40.65

4.4 The Upper Limit on Variable Rate Exposures

4.4.1 This indicator represents the maximum amount that the Council would borrow at variable interest rates. It is recommended that the Council set an upper limit on its variable interest rate exposures for 2013/14, 2014/15 and 2015/16 of £nil to reflect the expectation that if the Council does need to borrow it will do so at fixed, rather than variable rates.

4.4.2 The Prudential Code does not require a "lower" limit to be set, but in the past such a rate has been set to reflect the significant exposure that came with the investment in variable rate instruments that the Council's external Fund Manager was allowed to deal in. All funds are invested by the in-house team who only invest in fixed term deposits. It is suggested therefore that the Council determines a "lower" limit of £nil to reflect current policy. Should it be felt that the in-house team is required to deal in variable rate investments, then a report will be brought to Cabinet with a view to altering this voluntary "lower" limit.

	2013/14	2014/15	2015/16
	£m	£m	£m
Lower Variable Rate Investment Exposure	- 0.0	- 0.0	- 0.0

4.5 The Upper and Lower Limits for the Maturity Structure of Borrowing

4.5.1 It is recommended that the Council set upper and lower limits for the maturity structure of its borrowings. This is the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

	Upper Limit	Lower Limit
Under 12 months	100%	100%
12 months and within 24 months	0%	0%
24 months and within 5 years	0%	0%
5 years and within 10 years	0%	0%
10 years and above	0%	0%

4.6 Prudential Limits for Principal Sums Invested for Periods Longer than 364 days

4.6.1 There are no proposals for the Council to invest sums for periods longer than 364 days. However, from time to time the Council may be able to take advantage of the higher rates that can be possible for longer term investments. In order to provide flexibility it is recommended that the following maximum amounts held at any time for longer than 364 days be as follows:-

2013/14	2014/15	2015/16
£11.5m	£11.5m	£11.5m

4.6.2 These amounts represent just less than half of the internal core fund investments.

POLICY ON BALANCES AND RESERVES**1.0 BACKGROUND:**

- 1.1 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to Members on the robustness of the estimates and the adequacy of the reserves for which the budget provides.
- 1.2 The purpose of this Annex is to:-
- support the statement required to conform to Section 25
 - confirm the use of the Council's balances and reserves, and
 - re-affirm the Council's policy on the level of balances and reserves
- 1.3 The Council currently maintains a number of balances and reserves, each of which has a purpose approved by Members. Each of the balances and reserves will be considered in turn later in this Annex.
- 1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) considers that a case for introducing a statutory minimum level of reserves, even in exceptional circumstances has not been made. The Institute believes that Local Authorities, on the advice of their finance directors, should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary and there is a broad range within which authorities might reasonably operate depending on their particular circumstances.
- 1.5 There is no definitive guidance as to the minimum level of balances or reserves, either as an absolute amount or as a proportion of expenditure, since each local authority is independent, operates in a unique local environment and the decision is one of a number of inter-related decisions taken as part of its financial strategy. Section 32 of the Local Government Act 1992 requires billing authorities (such as Hambleton) to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Budgets are based upon forecasts of pay and price inflation, changes in interest rates, and the demand for and levels of service to be provided. The purpose of balances and reserves is to provide for unexpected changes from these forecasts and to provide for the financing of some expenditure. Consequently the provision of an appropriate level of balances and reserves is a fundamental part of prudent financial management over the medium term.

2.0 BALANCES AND RESERVES:

- 2.1 Each of the Council's balances and reserves is considered below.
- 2.2 General Fund Working Balance
- 2.2.1 Setting the level of this general reserve is just one of several related decisions in the formulation of the medium-term financial strategy and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements. In addition to the cash flow requirements of the authority the following factors should be considered:-

Budget Assumptions

- treatment of inflation
- interest rates
- treatment of demand led pressures (e.g. take-up of housing benefits)
- levels of income
- financial risks inherent in significant funding partnerships
- the availability of other funds to deal with emergencies
- estimates of the level of and timing of capital receipts, S106 moneys and general cashflows

Financial Standing and Management

- the overall financial standing of the authority
- the authority's track record in budget and financial management
- the capacity to manage in-year budget pressures
- the strength of financial information and reporting arrangements
- the authority's financial procedure rules and budgetary flexibility
- the adequacy of insurance arrangements to cover major unforeseen risks

Adequacy of inflation

- 2.2.2 Budgetary provision is made for inflation in respect of pay, prices and contract expenditure. The 2013/14 budgets contain a sum of £250,000 for such inflation. An adverse variance of 1% in the assumptions made to these forms of expenditure could result in additional expenditure of £125,000.

Adequacy of interest rate assumption

- 2.2.3 The Council is a debt free authority and has substantial funds available for investment. The amount under investment however is sensitive to changes in interest rates especially given the short-term nature (less than 1 year) of most of the investment activity and the need to retain some cash liquidity for day to day purposes. The events occurring in the banking and financial markets in 2009/10 shows how unpredictable this area can be. Fortunately for the Council, most of its investments are in fixed term deposits. The 2013/14 budget assumes an average of 1% over the year but during this time some core cash investments will need re-investing. The budgets were prepared in a period where interest rates have remained at an all time low and have been stable at 0.5%. It is now unlikely that there will be a further reduction in interest rates to 0% and even more unlikely (although technically possible) for there to be a negative interest rate. However, an adverse variance of 1% in interest rates would affect investment income by approximately £300,000. This would be borne by the Council Taxpayers Reserve.

Treatment of demand led pressures

- 2.2.4 Demand volatility can affect both expenditure (e.g. take up of housing benefits) and income (e.g. number of planning applications). Housing and Council Tax Benefits are a significant item of expenditure estimated at £22.6m in 2013/14. In 2013/14 the new Localised Council Tax Support Scheme presents a particular risk to the Councils reserves position, increases in council tax benefit claimants in year will be funded by the Council, subsidy at a reduced rate will not be received until the following year. If payments increase by 1% the cash flow implications would be in the order of £226,000.

Levels of income

2.2.5 The major income budgets (for fees and charges) in 2013/14 are those relating to:-

	£
- Leisure Services	2,879,000
- Development Control	730,000
- Premises Development	605,220
- Parking Charges	664,020
- Local Taxation	226,600
- Markets	198,700
- Licensing	168,080
- Land Charges	93,000
- Environmental Services	133,180
- Planning Services	44,380

Total income from fees and charges is budgeted to be £5.232m in 2013/14. The economy is clearly still experiencing difficulties at the moment and recovery is expected to be slow. A moderate fall in demand of say 3% would lead to a reduction in income of about £157,000.

External Partnerships

2.2.6 Members are aware that the Council acts as the 'Accountable Body' for a number of partnerships. With the potential for these to grow in number the financial exposure increases and whilst the Council's own management arrangements are maintained under review and subject to audit it is nevertheless felt prudent to allow for some form of contingency in the event of any partnership expenditure/claim being deemed ineligible. The Building Control Partnership in particular is vulnerable as a result of the downturn in the housing market. A figure of £20,000 is suggested for this purpose.

Responding to emergencies

2.2.7 Examples of emergencies in the past include flooding and the outbreak of foot and mouth disease. As a local authority the Council can in certain cases gain financial protection from the Government's Bellwin Scheme. However, this only reimburses 85% of eligible expenditure above a specified threshold (for Hambleton the 2011/12 threshold is £15,952), and until the grant monies are received the Council is required to fund the expenditure. Again, it would be prudent to include a provision for emergencies within the Council's general balances. A figure of £150,000 is suggested (this is similar to the gross cost of the flooding in June 2005).

Capital financing and general cashflows

2.2.8 The Council maintains a significant capital programme which is supported by external funding and on-going capital receipts. The timing of such receipts rarely matches the expenditure profile, often lagging by months.

2.2.9 Similarly the timing of the Council's income, principally from Council Tax and Business Rate income, does not always match the Council's outgoings (mainly salaries, capital and precept payments). This is particularly the case

in February and March when income from Council Tax and Business Rates reduces significantly as the normal instalments cease.

2.2.10 Consequently it is necessary to maintain a large amount for cash flow purposes, thereby reducing the need to frequently draw back funds. A sum of £1,000,000 is recommended for this purpose.

2.2.11 On this basis it would appear that a General Fund Working Balance of around £2,227,000 is required. However, it would be extremely unlikely that all the events listed above would materialise at the same time and past experience has shown that a figure of £2,000,000 has proved adequate. ***It is recommended that the Council maintain a sum of £2,000,000 as its General Fund Working Balance.*** A level of £2m equates to approximately 4.1% of the Council's gross annual budget requirement. This combined with the Council's internal financial controls should ensure the authority recognises financial 'issues' early and has the capacity to respond accordingly.

2.3 Council Taxpayers Reserve

2.3.1 The purpose of this reserve is currently "To support revenue spending on community projects and on enhancing service delivery" (min CA117 January 2007). ***It is recommended that the purpose of the Council Taxpayers Reserve is maintained.***

2.3.2 The level of the reserve is considered as part of every review of the financial strategy, and needs to be sufficient to fulfil its purpose over the life of the strategy. Clearly over time the level of the reserve will diminish. However, in order for the Council Taxpayer to receive the maximum benefit from the reserve, this should be in a structured and considered way in accordance with expectations of the level of Council Tax assumed in the financial strategy.

2.4 Capital Fund

2.4.1 The purpose of this reserve is "To provide revenue support to assist funding of the Capital Programme" (min CA139 February 2006). ***It is recommended that the purpose of the Capital Fund is maintained.***

2.4.2 The capital programme is mainly funded by capital receipts, but these are expected to diminish over time. Cabinet agreed as part of the considerations for the 2009/10 Revenue budgets to cease the revenue contributions to this Reserve. It has since been topped up by transfers from other reserves.

2.5 Community Safety Partnership Reserve

2.5.1 The purpose of this reserve is currently "To receive surpluses and deficits from the Community Safety Partnership Accounts" (min CA139 February 2006). ***It is recommended that the purpose of the Community Safety Partnership Reserve is maintained.***

2.5.2 The reserve is kept as good accounting practice and is not expected to have a significant balance in it.

2.6 One-Off Fund

2.6.1 The purpose of this reserve is “To improve or sustain service delivery” (min CA56 November 2007). ***It is recommended that the purpose of the One-Off Fund is maintained.***

2.6.2 This reserve is maintained to provide funding for service improvements or unexpected events. It incorporates the former Revenue Efficiency Reserve, Shared Service Efficiency Reserve and the Cyclical Payments Reserve. It is recommended therefore that the minimum balance on this Reserve be kept at £200,000. This is considered adequate, and is sustainable within the current financial strategy. In normal circumstances, however, the level of the fund could be substantially higher than this.

2.7 Hambleton Strategic Partnership Reserve

2.7.1 The purpose of this reserve is currently “To receive surpluses and deficits from the Hambleton Strategic Partnership Accounts” (min CA139 February 2006). ***It is recommended that the purpose of the Hambleton Strategic Partnership Reserve is maintained.***

2.7.2 The reserve is kept as good accounting practice and is not expected to have a significant balance in it.

2.8 Grants Fund

2.8.1 The purpose of this reserve is currently “To fund revenue grants to organisations on an annual basis” (min CA56 November 2007). ***It is recommended that the purpose of the Grants Fund is maintained.***

2.8.2 The level of the fund was initially established to provide for three years funding, and will therefore have a reducing balance over the period. It is expected that the fund will run low in funds by 2014/15 and therefore a review will be needed before this time.

2.9 New Homes Bonus Reserve

2.9.1 The Government has introduced a scheme for rewarding Councils that build new homes and bring empty properties back into use. The first income under this scheme was received in 2011/12 and the money will be paid into a New Homes Bonus Reserve and earmarked. It is recommended that the purpose of this new reserve be ***“To receive Government grants in respect of the New Homes Bonus Scheme to be spent for the benefit of Hambleton residents”.***

3.0 LEVEL OF BALANCES AND RESERVES:

3.1 The use of balances and reserves is a critical feature in the Council’s approach to financial management. They enable Council Tax to be maintained at low levels, support the capital programme and deliver service improvements.

3.2 It is considered important therefore that the level of balances is monitored to ensure that adequate levels are maintained to fulfil their purpose. Whilst to a

large extent this is done annually through the review of the resource management plan, which includes the financial strategy, an improvement, introduced six years ago, was the establishment of targets for the level of each reserve which can be monitored. The target established was that each Reserve should have a year end balance which is within a 10% tolerance of the balance reflected in the Council's financial strategy. Performance against the target will continue to be reported to Members as part of the year end procedures.

3.3 Experience has shown however that due to the nature of receipts and payments into and out of the Service Improvement Reserve, it is not possible to accurately forecast the level of this reserve at the year end. A more appropriate target for this reserve would be to ensure that a minimum balance is retained.

3.4 ***It is recommended that the targets for Reserve balances are:***

- a) ***A minimum balance for the Service Improvement Reserve of £200,000, and***
- b) ***For all other Reserves, within a 10% tolerance on the year end balance as reflected in the financial strategy.***