

BUDGET REQUIREMENT RETURN 2009-10
BR1 GUIDANCE NOTES
For completion by billing authorities

NOTES FOR COMPLETION

Any budget requirement, calculation of, or setting of council taxes for which another calculation or setting has been substituted at the time of completing this return should be ignored.

Unless specified to the contrary, all data should be shown to the nearest £.

Line 1: the amounts calculated by the authority for 2008-09 and 2009-10 under section 32(4) of the Local Government Finance Act 1992 ("the 1992 Act") less both the aggregate amount of any precepts issued by local precepting authorities or anticipated by the authority for the year in question and any amount calculated under section 32(4) as levies or special expenses. The amounts should be shown to the nearest £.

In particular, any use of reserves or receipt of grants including, for example, LABGI or Area Based Grants (if known), should be netted off the Gross Revenue Expenditure to arrive at line 1.

Line 2: any amount calculated under section 32(4) and regarded as a levy or special expense (e.g. for garden squares) should be included in this line. Authorities are requested to complete line 2 for 2008-09 if they have the information available. Line 1 will then be automatically calculated. The amounts should be shown to the nearest £.

Line 3: the Budget Requirement for 2009-10 excluding local precepts. This is calculated as line 1 plus line 2.

Line 4: the aggregate amounts for 2008-09 and 2009-10 of any precepts from local precepting authorities issued to or anticipated by the billing authority which were taken into account in making the calculation of its Budget Requirement. In particular, this line includes any amounts which are to be construed as amounts anticipated by a billing authority under the Local Government Finance (New Parishes) Regulations 1998 (SI 1998/119) (as amended by the Local Government Finance (New Parishes) (Amendment) Regulations 1998 (SI 1998/3270) or the provisions of the Local Government Finance (New Parishes) (England) Regulations 2008 (SI 2008/626)) where the billing authority is subject to an order made under section 14 of the Local Government and Rating Act 1997 or under section 86 of the Local Government and Public Involvement in Health Act 2007, which provides for the creation of a new parish in 2009-10. Levies or special levies (e.g. for garden squares) should **not** be included in this line (see line 2). The amounts should be shown to the nearest £.

Line 5: the Budget Requirement for 2009-10 calculated as line 3 plus line 4.

Line 6: the estimate of the amount which is payable for 2009-10 into the authority's General Fund in respect of redistributed non-domestic rates and which are payable under the Local Government Finance Report (England) 2009-10, In particular, the

amount should exclude estimated BID levy income and income estimated to be gained under the Local Authority Business Growth Incentives (LABGI) scheme. In the case of the City of London, the amount should be the aggregate of the amount, which is so payable and any amount which is transferable from the Collection Fund to the City Fund, pursuant to the Collection Fund (City of London) (No.2) Directions 1993, in respect of non-domestic rates. The amounts should be shown to the nearest £.

Line 7: the sum of the estimates of the amounts, which are payable for 2009-10 into the authority's General Fund in respect of Revenue Support Grant under the Local Government Finance Report (England) 2009-10 and additional grant (if any) payable in accordance with section 85 of the Local Government Finance Act 1988. The amounts should be shown to the nearest £.

Line 8: in the case of the City of London only, the estimate of the amount which is payable for 2009-10 into the City Fund in respect of Police Grant (Principal Formula only), being the amount specified for the authority in column (a) of paragraph 3.1 of the Police Grant Report (England and Wales) 2009-10. The amounts should be shown to the nearest £.

Line 9: the amount (if any) which the authority has estimated, pursuant to the Collection Fund (Community Charges) (England) Directions 1994 in respect of Community Charge items for 2008-09, and which is to be transferred to (+)/from (-) the authority's Collection Fund in 2009-10. The amounts should be shown to the nearest £.

Line 10: the amount (if any) which the authority has calculated as its share of its estimated Collection Fund deficit (+)/surplus (-) for 2008-09, pursuant to the Local Authorities (Funds) (England) Regulations 1992 (SI 1992/2428), which is to be transferred to (+)/from (-) the authority's Collection Fund in 2009-10 in accordance with section 97(4) and (3) respectively of the Local Government Finance Act 1988. ("the 1988 Act"). The amounts should be shown to the nearest £.

Line 11: the Council Tax requirement for the billing and local precepting authorities. This is the amount calculated under section 97(1) of the 1988 Act to be transferred from the Collection Fund to the General Fund (except where the amount calculated is negative, in which case it is the amount to be transferred from the General Fund to the Collection Fund). The amounts should be shown to the nearest £.

Line 12: the tax base figure calculated by the authority for 2009-10 under section 33 of the 1992 Act (or that section as modified by the Local Government (Structural Changes) (Finance) Regulations 2008 ('the 2008 Regulations')). The figure should be shown to one decimal place and should not be affected by any decision made under section 13A of the LGFA 1992 to reduce the amount of tax payable (by granting locally-financed discounts or exemptions).

Line 13: the estimate of the collection rate for 2009-10 as made in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (SI 1992/612). This should not be more than 100%.

Line 14: the amount which the authority has taken into account in its tax base for the year in respect of sums which are likely to be paid by the Secretary of State for

Defence for Class O exempt dwellings situated in its area. The figure should be shown to one decimal place.

Line 15: the tax base figure calculated by the authority for 2009-10 under section 33 of the 1992 Act (or that section as modified by the 2008 Regulations). (Line 12 x line 13) + line 14 should equal this amount. The figure should be shown to one decimal place and should not be affected by any decision made under section 13A of the LGFA 1992 to reduce the amount of tax payable (by granting locally-financed discounts or exemptions).

Line 16: this should be the same as the basic amount of Council Tax calculated by the billing authority under section 33 of the 1992 Act (or that section as modified by the 2008 Regulations) **including** any local precepts. The amounts must be shown to the nearest penny. The subsequent box is a check to ensure that this calculation is correct. If a figure is shown in the box it is the difference between the expected figure and the figure provided.

Line 17: this should be the same as the basic amount of Council Tax calculated by the billing authority under section 33 of the 1992 Act (or that section as modified by the 2008 Regulations) **excluding** any local precepts. The amounts must be shown to the nearest penny. The subsequent box is a check to ensure that this calculation is correct. If a figure is shown in the box it is the difference between the expected figure and the figure provided.

Lines 18a, 18b & 18c:

Column 1: the Council Tax Requirement for Major Precepting Authorities. This is the amount stated in the precept as the amount payable for the year in accordance with section 40(2)(b) of the 1992 Act. The amounts should be shown to the nearest £.

Column 2: the average Band D Council Tax for 2009-10. This is calculated by dividing column 1 by line 15 and should equal the amount notified to the billing authority by the precepting authority under section 40(2)(a) of the 1992 Act. The amounts must be shown to the nearest penny.

Line 19: the sum of the council tax figures shown in lines 16, 18a, 18b and 18c. It represents the average headline (Band D 2 adult equivalent) council tax for the area of the billing authority. The amounts must be shown to the nearest penny.

Reserves (Lines 20 to 22):

Line 20 - general note: The amounts given in line 20 should reflect the estimated position as at 1 April 2009, **BEFORE** appropriations, or transfers to / from other authorities. They should **EXCLUDE** pension fund reserves, HRA balances, unused usable capital receipts, provisions and Collection Fund or trust fund balances. Amounts held in pensions reserves introduced in connection with FRS17 should also be **EXCLUDED**.

Column 1: this should **INCLUDE** General Fund balances and reserves which have **NOT** been earmarked, although reserves which have been earmarked for future

Council Tax reduction or budget support should be **INCLUDED**. The amount should be shown to the nearest £.

Column 2: this should include only amounts which have been contributed from the General Fund and have been earmarked for particular purposes e.g. for insurance or capital purposes. It should **EXCLUDE** schools reserves (as reported at column 3) and amounts earmarked for future Council Tax reduction or budget support held in these reserves and unapplied capital receipts. The amount should be shown to the nearest £.

Column 3: this should include the latest estimate of balances held by or on account of schools as part of their budget shares under the Individual Schools Budget. The amount should be shown to the nearest £.

Line 21: the aggregate of appropriations from / to financial reserves to / from Revenue Accounts (other than the HRA) of the General Fund (or City Fund in the case of the City of London) as taken into account in the calculation of the Budget Requirement for 2009-10. The amount should be shown to the nearest £.

They should **EXCLUDE** pension fund reserves, HRA balances, unused usable capital receipts, provisions and Collection Fund or trust fund balances. Amounts held in pensions reserves introduced in connection with FRS17 should also be **EXCLUDED**.

For the purposes of the aggregation, amounts withdrawn from reserves are negative, amounts transferred to reserves are positive.

Line 22: the estimated General Fund (or City Fund in the case of the City of London) revenue reserves at 31 March 2010, calculated as lines 20 + 21. The amount should be shown to the nearest £.

Icelandic Bank questions

The Minister for Local Government announced in the House of Commons on 26 November 2008 that the Government proposed to make a regulation which would allow local authorities with funds invested in Icelandic banks to postpone the impact of the impairments required by accounting practice from 2008-09 to 2010-11. Further details of the proposal were given in a letter from Communities and Local Government to local authorities on the same day, and a consultation document containing a draft regulation was issued on 10 December 2008:

<http://www.local.communities.gov.uk/finance/capital/index.htm>

Line 23 asks whether the authority relied on that announcement to exclude the whole or part of an allowance for impairment from the budget calculations for 2009-10. Authorities might answer "no" to this question either because they don't have any impaired investments or because they have but have decided not to exclude the whole or part of an allowance for impairment from the budget calculations for 2009-10.

Where the budget calculation includes an allowance for impairment, **line 24** asks for not the amount of the allowance, but the amount of the original investment covered by the allowance. So if the allowance is the full amount of the impairment, the full value of the investment should be entered. If the allowance represents only a proportion of the impairment, the amount to be entered is the same proportion of the investment value.

Examples

Assume an investment of £10m, for which the authority estimates that an impairment of £4m will be required.

If the authority decides that the whole £4m impairment will be allowed for in the budget, the amount to be entered in line 24 will be £10m.

If the authority decides that only £3m (75%) will be allowed for in the budget the amount to be entered in line 24 will be £7.5m (75% of £10m).

SUPPLEMENTARY RETURN

FOR COMPLETION BY RE-ORGANISED AUTHORITIES ONLY

NOTES FOR COMPLETION

Authorities should state whether they have calculated their basic amounts of council tax under Part 4 of the Local Government (Structural Changes) (Finance) Regulations 2008 ('the 2008 Regulations') allowing them to set different band D amounts for some or all of their former districts. **The remainder of the supplementary return should only be completed by those authorities that have done so.**

Line 1: this is the Council Tax requirement for the predecessor area¹ **including** special expenses and local precepts. The amounts should be shown to the nearest £. This amount should be calculated in accordance with paragraphs 1 to 3 of the additional notes set out below.

Line 2: any amount calculated under section 32(4) and regarded as a levy or special expense (e.g. for garden squares) that relates to the predecessor area should be included in this line. The amounts should be shown to the nearest £. **See further paragraphs 4 to 6 of the additional notes below.**

Line 3: the aggregate amounts of any precepts from local precepting authorities issued to or anticipated by the authority that relate to the predecessor area. In particular, this line includes any amounts which are to be construed as amounts anticipated by a billing authority under the Local Government Finance (New Parishes) Regulations 1998 (SI 1998/119) (as amended by the Local Government Finance (New Parishes) (Amendment) Regulations 1998 (SI 1998/3270) and the provisions of the Local Government Finance (New Parishes) (England) Regulations 2008 (SI 2008/626)) where the billing authority is subject to an order made under section 14 of the Local Government and Rating Act 1997 or under section 86 of the Local Government and Public Involvement in Health Act 2007, which provides for the creation of a new parish in 2009-10. Levies or special levies (e.g. for garden squares) should **not** be included in this line (see line 2). The amounts should be shown to the nearest £. **See further paragraphs 4 to 6 of the additional notes below.**

Line 4: the tax base figure for the predecessor area calculated by the authority for 2009-10 under the 2008 Regulations². The figure should be shown to one decimal place and should not be affected by any decision made under section 13A of the LGFA 1992 to reduce the amount of tax payable (by granting locally-financed discounts or exemptions).

Line 5: this is the *average* band D amount for the predecessor area **including** any special expenses and local precepts. This amount is line 1 ÷ line 4 and it must be

¹ Any references to a predecessor area in this guidance note includes a reference to the principal area.

² Regulation 12(3) of the 2008 Regulations requires that any calculation of a council tax base under Part 4 of those Regulations be made in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (S.I. 1992/612) as modified by paragraphs 11 to 13 of Schedule 2 to the 2008 Regulations.

shown to the nearest penny. Any difference between the expected figure and the figure provided will be indicated on the form.

Line 6: this is the *average* band D amount for the predecessor area **excluding** any local precepts (but **including** any special expenses) made under Part 4 of the 2008 Regulations. This amount is (line 1 – line 3) ÷ line 4 and it must be shown to the nearest penny. Any difference between the expected figure and the figure provided will be indicated on the form.

Additional notes

Calculation of the council tax requirement for a predecessor area

1. If no special items³ relate to any part of the predecessor area, or if one or more special items relate to the whole of that area, the council tax requirement for the area is calculated by applying the following formula-

$$A \times B$$

where-

A is the basic amount of council tax⁴ calculated for the predecessor area under the 2008 Regulations; and

B is the council tax base for that area as calculated under the 2008 Regulations.

2. If one or more special items relate to a part only of the predecessor area, the council tax requirement for the area is the aggregate of the amounts calculated by applying the following formula-

$$C \times D$$

where-

C is the basic amount of council tax calculated for each part of the predecessor area under the 2008 Regulations; and

D is the council tax base for that part as calculated under the 2008 Regulations.

Information about the calculation of the council tax requirement for a predecessor area

3. Where one or more special items relate to the whole of a predecessor area, the billing authority must provide the following information regarding its calculation of the council tax requirement for the predecessor in accordance with paragraph 1-

3 The 2008 Regulations define "special item" as an item mentioned in section 35(1) of the Local Government Finance Act 1992 (see regulation 12(1) of the 2008 Regulations). A special item can either be a special expense or a local precept.

4 The 2008 Regulations define "basic amount of council tax" in relation to a part of an authority's area and a financial year as the amount of that authority's council tax which is payable in respect of a dwelling which is situated in that part and listed in valuation band D (see regulation 12(1) and (2) of the 2008 Regulations).

- The basic amount of council tax calculated under the 2008 Regulations for the predecessor area.
- The amount of each local precept relating to the predecessor area.
- The amount of each special expense relating to the predecessor area.

4. Where one or more special items relate to a part only of a predecessor area, the billing authority must provide the following information regarding its calculation of the council tax requirement for the predecessor in accordance with paragraph 2 above-

- The basic amount of council tax calculated under the 2008 Regulations for each part of the predecessor area.
- The council tax base calculated for each of those parts of the predecessor area under the 2008 Regulations.
- The amount of each local precept relating to a part of the predecessor area and a description of the part to which the local precept relates.
- The amount of each special expense relating to a part of the predecessor area and a description of the part to which the special expense relates.

5. This information is required to verify that the calculations underpinning lines 1, 5 and 6 of the supplementary return have been undertaken correctly. It is required to be submitted separately (e.g. Excel or Word) as there is no limit to the number of special items which can relate to a predecessor area.

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