

BUDGET REQUIREMENT RETURN 2009-10

BR2 GUIDANCE NOTES

For completion by major precepting authorities except the Greater London Authority

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.

Line 1: the amounts calculated by the authority for 2008-09 and 2009-10 under section 43(4) of the 1992 Act. All levies are included in the Budget Requirements. The amounts should be shown to the nearest £.

Line 2: the estimate of the amount which is payable for 2009-10 into the authority's County/General Fund in respect of redistributed non-domestic rates which are payable under the Local Government Finance Report (England) 2009-10, The amount should exclude income estimated to be gained under the Local Authority Business Growth Incentives (LABGI) scheme. The amount should be shown to the nearest £.

Line 3: the sum of the estimates of the amounts which are payable for 2009-10 into the authority's County/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 to the County/General Fund. The amount should be shown to the nearest £.

Line 4: the estimate of the amount which is payable for 2009-10 into the authority's General 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 amount should be shown to the nearest £.

Line 5: the aggregate of the amounts notified to the authority by billing authorities in its area, as its share of each billing authority's estimated Collection Fund deficit (+)/surplus (-) for 2008-09, which is to be paid to/by the billing authority concerned in 2009-10 in accordance with the Local Authorities (Funds) (England) Regulations 1992 (SI 1992/2428). The amount should be shown to the nearest £.

Line 6: the Council Tax requirement is the aggregate of the amounts stated in the precepts issued in accordance with section 40(2)(b) of the 1992 Act as the amounts payable by billing authorities to the precepting authority for the year. The amount should be shown to the nearest £.

Line 7: the council tax base figure for 2009-10 determined for the purposes of section 44 of the 1992 Act (calculation of basic amounts). The figure should be shown to one decimal place.

Line 8: this should be the same as the basic amount of Council Tax calculated by the authority under section 44 of the 1992 Act. The amount should 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 shown.

Reserves (Lines 9 to 11):

Line 9 - general note: The amounts given in lines 9 should reflect the estimated position at 1 April 2009 **BEFORE** appropriations or transfers to/from other authorities. They should **INCLUDE** all the County/General Fund reserves of the authority. They should **EXCLUDE** pension fund reserves, unused usable capital receipts, provisions, and trust fund balances. Amounts held in pensions reserves introduced in relation to 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 County/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 and unapplied capital receipts held in these funds. 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 10: the aggregate of appropriations from / to financial reserves to / from Revenue Accounts (other than the HRA) of the General or City Fund (as the case may be) as taken into account in the calculation of the Budget Requirement for 2009-10.

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 11: the estimated County/General Fund revenue reserves at 31 March 2010, calculated as lines 9 + 10. 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 12 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 13** asks for the amount of principal of the investment in respect of which the allowance was made (i.e. not the amount of the allowance). The terms of the proposed regulation mean that the impact of lost interest will not be deferred; this should be ignored for the purposes of completing line 13. A figure should be entered in response to line 13 only if the authority has not taken maximum advantage of the proposed regulation for all its investments affected by impairments.

Example

If an investment of £10m is the subject of an impairment event, and the authority estimates that an impairment of £4m will need to be recognised in the accounts but decides to defer only £1m (25%) of that amount leaving £3m (75%) to be allowed for in the budget, the figure to be entered in answer to line 24 would be £7.5m (75% of the £10m principal).

SECTION 2

Enter in **column 2** the Council Tax Requirement from each billing authority, which is the amount stated in the precept in accordance with section 40(2)(b) of the 1992 Act as the amount payable for 2009-10. These should be shown to the nearest £ and should add up to the figure given in line 6.

Enter in **column 3** the precepting authority's share of each billing authority's estimated Collection Fund deficit (+) surplus (-) for 2008-09. These should be shown to the nearest £ and should add up to the figure given in line 5.