

COUNCIL TAX RESOLUTION 2008/09

Report By: Director of Resources

Wards Affected

Countywide.

Purpose

To set the Council Tax amounts for each category of dwelling in Herefordshire for 2008/09 and to calculate the Council's budget requirements.

Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

Recommendation

- (1) In respect of the Council's 2008/09 budget:
 - (a) a Council Tax of £1,131.13 be levied (at Band D);
 - (b) service areas contain expenditure within "cash limits" i.e. outturn budgets with no further allowance for pay or price inflation beyond that already provided;and
- (2) in respect of Council Tax for 2008/09 that the following amounts be approved by the Council for the year 2008/09 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
 - (a) £323,319,576 being the estimated aggregate expenditure of the Council in accordance with Section 32(2)(a) to (e) of the Act;
 - (b) £189,148,000 being the estimated aggregate income of the Council for the items set out in Section 32(3)(a) to (c) of the Act;
 - (c) £134,171,576 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) calculated by the Council in accordance with Section 32(4) of the Act, as its total net budget requirement for the year;

- (d) £53,307,413 being the aggregate of the sums which the Council estimated will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant, increased by the transfer from the Collection Fund;
- (e) £1,165.62 being the amount at (c) above less the amount at (d) above all divided by the amount of the Council Tax base calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year;
- (f) £ 2,393,176 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £1,131.13 being the amount at (e) above less the result given by dividing the amount at (f) above by the amount of the Council Tax base 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 special item relates;
- (h) that the precepting authority details incorporated in Annex 1 (i-v), relating to Special Items, West Mercia Police and Hereford and Worcester Combined Fire Authority be approved in accordance with Sections 30(2), 34(3), 36(1) and Section 40 of the Local Government Finance Act 1992.
- (3) Pursuant to the requirements of the Local Government (Functions and Responsibility) (England) Regulations 2000, any decisions on the application of reserves and balances as required from time to time during the financial year be taken by Cabinet.

Considerations

- 3 Sections 25 to 29 of Part 2 of the Local Government Act 2003 impose duties on local authorities designed to ensure they make prudent allowance for risk and uncertainties in their budgets and that they regularly monitor their finances during the course of the year.

4. Section 25 of the Act deals with budget calculations and requires the statutory chief finance officer to report on the robustness of estimates and reserves. This duty was introduced because the Council decides on the Council Tax before the financial year begins and Council Tax cannot be increased during a financial year. It therefore needs to consider the risks and uncertainties that might force them to spend more than planned. The Council has a statutory duty to take the chief finance officer's Section 25 report into account when it sets the Council Tax.
5. Whilst local authorities have discretion to make their own judgments on a prudent level of budget and reserves, Section 26 of the Act contains reserve powers for the government to set a minimum level of reserves. This means that the government has the right to intervene if it thinks a local authority is acting irresponsibly.
6. Section 27 of the Act requires the statutory chief finance officer to report to Council if reserves have dipped below the minimum agreed level when the next budget is set. That report must include suggestions on how to avoid it happening again.
7. Sections 28 and 29 of the Act deal with budget monitoring issues and make budget monitoring a statutory duty. If monitoring establishes that the budget position has deteriorated, authorities are required to take appropriate action. This might include reducing spending in the rest of the year, increasing income or funding the shortfall from reserves.
8. The Director of Resources (Section 151 Officer) has assessed the draft 2008/09 budget and concluded that the estimates for expenditure are robust for the purposes of budget calculations and that the level of proposed financial resources is adequate.
9. Annex 1 (i-v) to this report contains the individual Council Tax amounts for each category of dwelling as required by the Local Government Finance Act 1992 and associated regulations. As a contingency it is also recommended that Cabinet continue to be authorised to draw on reserves and balances from time to time as required during 2008/09.
9. The Parish Precepts for 2008/09 total £2,393,175.67 amounting to an average Band D Council Tax Charge of £34.50 (an increase of 15.27% over 2007/08). Annex 1 (i) details the Parish Precept requirement and the Band D Council Tax Charge for each Parish. The Parish Precepts are reflected in Section 2 of the recommendations to Council.
10. Details of the West Mercia Police Authority Precept are contained in Annex 1 (iii).
11. Details of the Hereford & Worcester Fire and Rescue Authority Precept are contained in Annex 1 (iv).