

<b>MEETING:</b>	<b>COUNCIL</b>
<b>DATE:</b>	<b>4 MARCH 2011</b>
<b>TITLE OF REPORT:</b>	<b>COUNCIL TAX RESOLUTION 2011/12</b>
<b>PORTFOLIO AREA:</b>	<b>RESOURCES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To set the Council Tax amounts for each category of dwelling in Herefordshire for 2011/12 and to calculate the Council's budget requirements.

### **Key Decision**

This is not a Key Decision.

### **Recommendation**

- (1) **In respect of the Council's 2011/12 Budget a council tax of £1,205.09 be levied (at Band D);**  
  
**and**
- (2) **in respect of council tax for 2011/12 that the following amounts be approved by the Council for the year 2011/12 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:**
  - (a) **£368,676,300** being the estimated aggregate expenditure of the Council in accordance with Section 32(2)(a) to (e) of the Act;
  - (b) **£219,804,477** being the estimated aggregate income of the Council for the items set out in Section 32(3)(a) to (c) of the Act;
  - (c) **£148,871,823** 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) **£60,190,623** being the aggregate of the sums which the

---

Further information on the subject of this report is available from  
David Powell, Director of Resources on (01432) 383519

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) £1,240.89 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) £2,558,423 being the aggregate amount of all special items referred to in Section 34(1) of the Act;

(g) £1,205.09 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 Fire and Rescue 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.

## **Alternative Options**

1. There are no alternative options.

## **Reasons for Recommendations**

2. Local government legislation requires the Council to set a council tax each financial year and therefore a budget.
3. The Council Tax for 2011/12 requires that certain categories of income and expenditure and other financial information are provided in accordance with Local Government Finance Act 1992.

## **Introduction and Background**

4. The report covers Council Tax for each category dwelling in Herefordshire as well as the Council's budget requirements. The report enables the Council to meet its legislative duty by setting the Council Tax.

5. Following consultation with Overview & Scrutiny, Cabinet and Council, a Council Tax has been set that reflects discussions and previous decisions taken about the level of Council Tax for 2011/12.

## **Key Considerations**

6. 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.
7. 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 (contained on page 44 of the Joint Medium Term Financial Strategy (JMTFS)) into account when it sets the Council Tax.
8. 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.
9. 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. In 2010/11 the Council did not drop below the minimum level of balance set at £4.5m for the general reserve.
10. 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.
11. 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 2011/12.
12. The Parish Precepts for 2011/12 total £2,558,423 amounting to an average Band D Council Tax Charge of £35.80 (an increase of 1.8% over 2010/11). 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.
13. Details of the West Mercia Police Authority Precept are contained in Annex 1 (iii).
14. Details of the Hereford & Worcester Fire and Rescue Authority Precept are contained in Annex 1 (iv).

## **Financial Implications**

15. The level of Council Tax to be set by Herefordshire Council is at the same level as the previous year. The amount being raised will support the Council's general fund expenditure.

## **Legal Implications**

16. By setting the Council Tax the Council meets the requirements under local government legislation.

## **Risk Management**

17. Setting a nil Council Tax increase eliminates the risk that the council could face government action that would “cap” a level of increase and therefore force the Council to re-bill.

## **Consultees**

18. Overview and Scrutiny Committee was consulted on 14<sup>th</sup> January 2011 and recommended a number of presentational changes that were incorporated into the final JMTFS for Council.
19. Cabinet approved the JMTFS and budget on 20<sup>th</sup> January 2011 for recommendation to Council.
20. The draft JMTFS and budget was approved by Council on 4<sup>th</sup> February 2011.

## **Appendices**

21. Annex 1 – Herefordshire Council requirement by parish, including Band D equivalent.
22. Annex 2 - Council Tax for each valuation band, by parish, without the Police & Fire precepts.
23. Annex 3 – Police Authority precept requirement for each valuation band.
24. Annex 4 – Fire Authority precept requirement for each valuation band.
25. Annex 5 – Council Tax for each valuation band, by parish, including the Police & Fire precepts.

## **Background Papers**

- None identified.