

SUBSTITUTE REVENUE BUDGET AND COUNCIL TAX RESOLUTION 2004/05

Report By: County Treasurer

Wards Affected

Countywide

Purpose

1. To set revised Council Tax amounts for each category of dwelling in Herefordshire for 2004/05 and to calculate the Council's budget requirement for 2004/05 in accordance with the Council Tax Limitation (England) (Maximum Amount) Order 2004 and the substitute precept made by the Combined Fire Authority.

Financial Implications

2. The Council will make provision to recover the administrative expense incurred in setting revised Council Tax amounts within the substituted precept.

Considerations

3. The Secretary of State has power under section 52F(4) of the Local Government Finance Act 1992 to make an Order specifying the maximum amount a local authority may calculate as its "budget requirement" for 2004/05. On 8 July 2004, the Chief Executive was informed by the Office of the Deputy Prime Minister that the First Secretary of State had decided to proceed to cap the Council in year. As soon as a reasonably practicable after an Order is made, the First Secretary of State must serve on the Council a Capping Notice setting the maximum amount. Confirmation of the making of the Order was contained in a letter from the Office of the Deputy Prime Minister dated 21st July, 2004.
4. In response to the Capping Notice, the Council must make substitute calculations in accordance with sections 32-36 of the Local Government Finance 1992 so as to secure compliance with the Notice. These calculations have to be made by full Council. This requires the Council to revisit the calculations it made in March 2004 in determining its original budget requirement and the consequential Council Tax amounts for the current year.
5. If the Council fails to comply with its duty within the period of 21 days beginning with the day on which the Council receives the Capping Notice, it has no power until it complies with the Notice to transfer any amount from its collection fund to its general fund.
6. The Combined Fire Authority (CFA) which became a major precepting authority under the provisions of the Local Government Act 2003 has received notice that it has been designated for capping in 2004/05. It is required to substitute a lesser sum for its budget requirement which must not exceed a maximum specified sum for the year. The CFA are due to meet on Thursday 22 July 2004 to make substitute

Further information on the subject of this report is available from
Ian Hyson, County Treasurer on (01432) 260235

calculations for a revised budget and substitute precept for 2004/05. As soon as reasonably practicable after making its substitute calculations, it will issue a precept to the Council and other billing authorities across the two counties.

7. Under section 31 of the 1992 Act, where the Council has made substitute calculations or been issued with a precept by way of substitution, it must, as soon as reasonably practical, set Council Tax amounts in substitution so as to give effect to those calculations and precept. This report anticipates that the CFA will make its substitute calculation in accordance with the Notice.
8. The report and annexes considered by Cabinet on 15 July 2004 are reflected in the Cabinet report to Council.
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 2004/05.
10. The recommendations to Council are as follows.

RECOMMENDATION

(1) In respect of the Council's 2004/05 Budget:

- (a) a council tax of £955.73 be levied (at Band D);**
- (b) programme 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 2004/05 that the following amounts be approved by the Council for the year 2004/05 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

- | | |
|-------------------------|---|
| (a) £255,853,372 | being the estimated aggregate expenditure of the Council in accordance with Section 32(2)(a) to (e) of the Act; |
| (b) £78,682,000 | being the estimated aggregate income of the Council for the items set out in Section 32(3)(a) to (c) of the Act; |
| (c) £177,171,372 | 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) £111,707,795 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) £983.55 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) £1,851,372 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £955.73 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.