

MEETING:	COUNCIL
DATE:	2 MARCH 2012
TITLE OF REPORT:	COUNCIL TAX RESOLUTION
REPORT BY:	CHIEF OFFICER (FINANCE AND COMMERCIAL)

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To calculate the council's Council Tax Requirement and set the Council Tax amounts for each category of dwelling in Herefordshire for 2012/13.

Recommendation

THAT:

- (a) It be noted that the council calculated the tax base 2012/13;**
 - 1) for the whole council area as 71,981.60**
 - 2) for dwellings in those parts of the area to which a parish precept relates as in the attached Annex 1(i);**
- (b) in respect of council tax for 2012/13 that the following amounts be approved by the Council for the year 2012/13 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 (as amended by the Localism Act 2011) :**
 - (i) £359,718,266** being the estimated aggregate expenditure of the Council in accordance with Section 31A (2) of the Act, including all precepts issued to it by Parish Councils;
 - (ii) £270,277,078** being the estimated aggregate income of the Council for the items set out in Section 31A (3) of the Act (including Formula Grant);
 - (iii) £89,441,188** being the amount by which the aggregate at (b)(i) above exceeds the aggregate at (b)(ii) calculated by the Council in accordance with Section 31A(4) of the Act, as its Council Tax

- Requirement for the year (including Parish precepts);**
- (iv) **£1,242.56** being the amount at b(iii) above divided by the amount of the Council Tax base calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
- (v) **£2,696,917** being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act;
- (vi) **£1,205.09** being the amount at (iv) above less the result given by dividing the amount at (v) 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 Parish precept relates;
- (c) 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 (as amended).
- (d) That the council tax requirement for the council's own purposes for 2012/13 (excluding parishes) be approved as £86,744,271;
- and
- (e) In respect of the Council's 2012/13 Budget a council tax of £1,205.09 be levied (at Band D).

Key Points Summary

- A resolution has to be passed each year by billing authorities in order to be able to collect its council tax. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) sets out the specific amounts to be calculated and approved.
- Herefordshire Council's proposed Band D council tax for 2012/13 is £1,205.09, which remains at the same level as 2010/11 and 2011/12.
- The Parish Precepts for 2012/13 total £2,696,917 amounting to an average Band D Council Tax Charge of £37.47 (an average increase of 4.7% over 2011/12).
- The precepts for the West Mercia Police Authority and Hereford & Worcester Fire and Rescue Authority are shown in Annexes 1 (iii) and (iv). They remain at the same level as 2010/11 and 2011/12.

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. It also requires that certain categories of income and expenditure and other financial information are provided in accordance with Local Government Finance Act 1992 (as amended by the Localism Act 2011).

Introduction and Background

- 3 A resolution has to be passed each year by billing authorities in order to be able to collect its council tax. The report enables the Council to meet its legislative duty, determines the Council Tax Requirement for the authority and sets the Council Tax for each category of dwelling in Herefordshire.
- 4 The level of council tax reflects the 2012/13 budget approved at the Council meeting on 3 February 2012.

Key Considerations

Legal requirements

- 5 The Council must set a council tax each year based on a balanced budget. In addition Sections 25 to 29 of Part 2 of the Local Government Act 2003 (as amended) 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.
- 6 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 43 of the MTFs) into account when it sets the Council Tax.
- 7 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.
- 8 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 2011/12 the Council did not drop below the minimum level of balance set at £4.5m for the general reserve.
- 9 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.

Council tax calculations

- 10 The calculation of Council Tax involves several stages and the Local Government Finance Act 1992 requires figures to be calculated including and excluding parish precepts. The following table demonstrates this requirement is met;

	Herefordshire Council £	Parish Precepts £	Herefordshire incl.parishes (average) £
Estimated Gross Expenditure	357,021,349	2,696,917	359,718,266
LESS Estimated Income	213,661,949	Not applicable	213,661,949
Net Budget requirement	143,359,400	2,696,917	146,056,317
LESS Formula Grant	56,615,129	Not applicable	56,615,129
Council Tax requirement	86,744,271	2,696,917	89,441,188
Divided by council tax base (Band D equivalent)	71,981.6	71,981.6	71,981.6
Council tax at Band D	£1,205.09	£37.47	£1,242.56

Council Tax amounts

- 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.
- 12 Herefordshire Council's Band D council tax for 2012/13 is £1,205.09, which remains at the same level as 2010/11 and 2011/12.
- 13 The Parish Precepts for 2012/13 total £2,696,917 amounting to an average Band D Council Tax Charge of £37.47 (an increase of 4.7% over 2011/12). Annex 1 (i) details the Parish Precept requirement and the Band D Council Tax Charge for each Parish.
- 14 As part of the process we are required to include precepts from other bodies that will be included on Council Tax bills.
- 15 Details of the West Mercia Police Authority Precept are contained in Annex 1 (iii) These remain at the same levels as 2010/11 and 2011/12 (£178.72 at band D).
- 16 Details of the Hereford & Worcester Fire and Rescue Authority Precept are contained in Annex 1 (iv). These remain at the same level as 2010/11 and 2011/12 (£73.64 at band D).

Community Impact

- 17 No community impact has been identified.

Equality and Human Rights

- 18 There are no equality and human right issues arising from the recommendations in the report

Financial Implications

- 19 These are set out in the report.

Legal Implications

- 20 Local government legislation requires an authority's chief finance officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so members will have authoritative advice available to them when they make their decisions.
- 21 The recommendations in this report satisfy the requirements of the Local Government Finance Act 1992 (as amended by the Localism Act 2011).

Risk Management

- 22 Local authorities must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:
- making prudent allowance in the estimates for services; and
 - ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

Consultees

- 23 The draft Medium Term Financial Strategy was approved by Cabinet on 19 January 2012 and Council on 3 February 2012

Appendices

Annex 1

- (i) - Herefordshire Council requirement by parish, including Band D equivalent.
- (ii) - Council Tax for each valuation band, by parish, without the Police & Fire precepts.
- (iii) – Police Authority precept requirement for each valuation band.
- (iv)– Fire Authority precept requirement for each valuation band.
- (v) – Council Tax for each valuation band by parish, including the Police & Fire precepts.

Background Papers

- Medium term financial strategy 2012-2015