

COUNCIL TAX RESOLUTION 2006/07**Report By: Director of Resources****Wards Affected**

Countywide

Purpose

1. To set the Council Tax amounts for each category of dwelling in Herefordshire for 2006/07 and to calculate the Council's budget requirements.

Financial Implications

2. As detailed in the Cabinet report to Council and itemised in the Budget Book (appended).

Budget Calculations : Personal Assurance Statement by the Director of Resources

3. Section 25 of the Local Government Act 2003 requires the Director of Resources to report to the Council when it is setting the budget and precept (council tax). The Council is required to take this report into account when making its budget and precept decision. The Director of Resources' report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.
4. The Director of Resources states that to the best of her knowledge and belief these budget calculations are robust and have full regard to:
 - The Council's corporate plans and strategies;
 - The Council's budget strategy;
 - The need to protect the Council's financial standing and manage corporate financial risks;
 - This year's financial performance;
 - The Government's financial policies;
 - The Council's medium-term financial planning framework;
 - Capital programme obligations;
 - Treasury Management best practice;
 - The strengths of the Council's financial control procedures;

- The extent of the Council's balances and reserves; and
 - Prevailing economic climate and future prospects.
5. The budget estimates have been prepared based on information provided by budget officers. A full risk assessment of the key factors that could affect the budget next year has been carried out and forms part of the budget report.
 6. Financial management has been strong through 2005/06 with regular reports to councillors on the latest budget position. Trend information was used to check that draft estimates were realistic. I therefore consider the budget estimates form a prudent and robust basis for the Council as it takes its Council Tax decision for next financial year.
 7. I also consider that a minimum level of reserves of £3m is prudent given the level of earmarked reserves unallocated reserves and planned contingencies. This policy needs to be carefully monitored for the future by maintaining strong financial management and regular reporting to councillors. I would advise against reducing the minimum in the strongest possible terms.
 8. The spending plans for 2006/07 rely on planned efficiency savings being achieved. Again, performance will need to be monitored closely during the year and reported regularly to councillors.
 9. The financial outlook for 2008/09 onwards currently looks as though it could be difficult for Herefordshire in common with local authorities generally. A service improvement plan needs to be developed and implemented such that cash savings in excess of the investment needed to deliver the improvements start to flow before 2008/09. This is critical to the Council's financial standing for the medium-term and beyond.

Details

10. The report and annexes considered by Cabinet on 23rd February 2006 are reflected in the Cabinet report to Council.
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 2006/07.
12. The Parish Precepts for 2006/07 total £2,000,928.69 amounting to an average Band D Council Tax Charge of £29.32 (a decrease of 0.51% over 2005/06). 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 below.
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).

15. The recommendations to Council are as follows:

RECOMMENDATION

(1) In respect of the Council's 2006/07 Budget:

- (a) a council tax of £1,043.80 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 2006/07 that the following amounts be approved by the Council for the year 2006/07 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:

- (a) £303,922,929 being the estimated aggregate expenditure of the Council in accordance with Section 32(2)(a) to (e) of the Act;
- (b) £183,637,000 being the estimated aggregate income of the Council for the items set out in Section 32(3)(a) to (c) of the Act;
- (c) £120,285,929 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) £47,041,744 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) £1,073.12 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) £2,000,929 being the aggregate amount of all special items referred to in Section 34(1) of the Act;

- (g) £1,043.80 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 & 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.