

Runnymede Borough Council

Corporate Management Committee

27 March 2008

URGENT ITEM

NOTIFICATION OF DESIGNATION OF THE SURREY POLICE AUTHORITY UNDER SECTION 52 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 (DF)

The Chairman has agreed that this item be considered as urgent in order to enable the submission of representations to Government within the statutory 21 day representation period.

1. Purpose of the Report

1.1 The purpose of this report is to advise Members that the Minister for Local Government announced earlier today that the Government intended to designate the Surrey Police Authority, along with seven other authorities in England.

2. Background Information

2.1 The Secretary of State has powers under the Local Government Finance Act 1992 to prescribe the budget requirements for local authorities that breach a set of principles determined by the Secretary of State.

2.2 When announcing the Local Government Finance Settlement in December, the Minister for Local Government, John Healey MP, stated, "We expect the average council tax increase in England to be substantially below 5%. We will not hesitate to use our capping powers as necessary to protect council tax payers from excessive increases."

2.3 The Band D Council Tax set by the Council for 2008/09 compared with 2007/08 is as follows:-

	2007/08	2008/09	Increase
	£	£	%
Runnymede Borough Council	120.78	126.81	4.99%
Surrey County Council	1,009.62	1,058.04	4.80%
Surrey Police Authority	171.27	187.92	9.72%
Total Band D Council Tax	£1,301.67	£1,372.77	5.46%

3. Report

3.1 The Department of Communities and Local Government (DCLG) formally notified the Surrey Police Authority today, 27 March, that it had decided to designate their Authority pursuant to Section 52(D) of the Local Government Act 1992. This may lead to "capping" their 2008/09 budget requirement, or "nomination" in order to set a maximum budget requirement for the subsequent financial year.

3.2 The capping criteria adopted by the DCLG this year is budget increases over 5% and increases in tax of over 5%. Surrey Police Authority have been capped because their budget increase was 6.7% and their tax increased by 9.72%. The eight authorities that have received letters from the DCLG giving them notice of the Government's intention to cap them are:-

Bedfordshire Police Authority
Cheshire Police Authority
Leicestershire Police Authority
Lincolnshire Police Authority
Norfolk Police Authority
Portsmouth City Council
Surrey Police Authority
Warwickshire Police Authority

In his statement to the House of Commons today, the Minister for Local Government said, "Our final decision could be to nominate an authority, which means either capping the authority for the following year, or setting a 'notional budget' for 2008-09, which would provide the basis for judging future increases. In this case there would be no re-billing and authorities would have a further chance to make representations. Our final decision could be to cap an authority in year. We could either confirm the cap proposed today or we could set a different cap. Capped authorities would then need to re-bill for a lower council tax."

- 3.3 The Police Authority has twenty-one days from date of receipt of the DCLG's letter to challenge the proposed maximum budget requirement announced by the DCLG. Confirmation of the capping order requires parliamentary approval, so in view of the time necessary for consultation and the fact that local government elections take place on 1 May, it is unlikely that a final capping decision will be confirmed before June.
- 3.4 If the Police Authority have their budget requirement designated "in year", they will be required to approve a revised budget that complies with the capping order within 21 days of receiving notice of the parliamentary order. Once this has been approved, they will have to inform this Council of their revised precept and Council Tax so that the Council can meet to set a revised Council Tax that reflects the amended Police Authority figures. Along with the other Surrey Districts, it will then be necessary to issue revised Council Tax bills to all the Council Tax payers.
- 3.5 It is important to stress that the budget decision of the Surrey Police Authority resulting in the 9.72% increase in their Council Tax demand and the response of the DCLG are matters between those two organisations. Runnymede Borough Council is the billing authority for the Runnymede area and sets the overall Council Tax that reflects the precepting decisions of both Surrey County Council and the Surrey Police Authority. Whilst not wishing to become involved in the merits of the Government's or the Police Authority's respective positions, Members may wish to make representations to the Government urging them to avoid an "in year" designation that will trigger a costly rebilling exercise for local taxpayers.

4. Resource Implications

- 4.1 As the Minister's statement makes clear, at this stage it is not certain that a capping order will subsequently be confirmed. However should this occur there will be costs associated with rebilling, which will be recoverable from the Police Authority. When this Council was capped in 2005, the cost of rebilling amounted to £27,205.

5. Legal implications

- 5.1 Until the capping order is confirmed and revised bills have been issued, the current bills that have been sent to all the Council Taxpayers in Runnymede remain legally collectable and enforceable.

OFFICERS' RECOMMENDATION that –

the Committee notes the position and advises Officers whether or not it wishes an appropriate response to be submitted to the Government.

(TO RESOLVE)

Background Papers

None.