



Leicester
City Council

**CABINET
COUNCIL**

**23rd June 2008
26th June 2008**

COUNCIL TAX – Police Authority Capping

REPORT OF THE CHIEF FINANCIAL OFFICER

1.0 PURPOSE AND SUMMARY OF REPORT

1.1 As a consequence of the Government's decision to designate the Leicestershire Police Authority's 2008/09 budget as excessive, arising from an increase in their council tax of 15.4%, there is the possibility that the Police Authority's budget may be capped which would change the level of the Police Authority's council tax. Given that the Council's constitution reserves the setting of the council tax to full Council, this report seeks to delegate powers to the Chief Finance Officer to recalculate any amended council tax and proceed with the rebilling of council tax payers promptly, should the Police Authority be capped. It should be noted that the potential for capping the Police Authority may change the total council tax payable in Leicester but not the City Council's own element, assuming members accept the recommendation.

2.0 RECOMMENDATIONS

2.1 Cabinet requests Council to approve the proposals to delegate authority to the Chief Finance Officer to calculate the revised total council tax payable in Leicester should the Police Authority's tax change as a consequence of Government capping, and to proceed with the rebilling of council taxpayers; and recommends to Council that the Council's own budget should not change in the event of capping.

2.2 Council resolve that whatever change may occur to the level of the Police Authority's council tax as a consequence of Government capping, the level of the City Council's own budget and council tax remain the same and to delegate authority to the Chief Finance Officer to calculate the revised total council tax payable in Leicester should the Police Authority's council tax change and to proceed with the rebilling of council taxpayers.

2.3 Report any such changes in council tax to the next Council meeting.

3.0 REPORT

- 3.1 Following an increase in the Police Authority's council tax of 15.4%, the Government has designated the Police Authority's 2008/09 budget as excessive, and this could lead to its council tax increase being capped (i.e. amended from what was originally set). The Police Authority has challenged the designation and the Government is in the process of considering the Police Authority's representations before making its final decision.
- 3.2 Should the Government decide to proceed with capping then it can either cap the Police Authority's 2008/09 budget, resulting in a lower council tax to that originally set, or alternatively it could leave the 2008/09 budget unchanged but set a maximum budget for the following year.
- 3.3 The amount of council tax payable in Leicester is the sum of the amounts set by: the City Council, the Police Authority and the Fire Authority. The Band D values for 2008/09 as approved are shown below:

	2007/08	2008/09	% Increase
	£	£	
Leicester City Council	1,061.21	1,113.74	4.95
Police	138.96	160.40	15.43
Fire	47.48	49.83	4.94
Total	1,247.65	1,323.97	6.12

- 3.4 If the Police Authority's 2008/09 budget and council tax were to be capped (final decisions on capping are normally announced late June / early July) then the consequential change to the total council tax payable will require the Council (as a billing authority) to rebill its taxpayers for the changed amount.
- 3.5 The costs of rebilling have been estimated at £440,000 and it will fall to the Police Authority to re-imburse the City Council for its additional costs. The Council also anticipates significant disruption in the collection of council tax should rebilling occur.
- 3.6 The Council's constitution reserves the setting of the council tax for full Council. In order to proceed promptly with any required rebilling, and avoiding the need for a special Council meeting, this report seeks approval to delegate authority to calculate the revised council tax to the Chief Finance Officer and to proceed with the rebilling.
- 3.7 In order to give the authority to the Chief Finance Officer, it is necessary for the Council to confirm it would not wish to amend its own budget if the Police Authority tax is reduced.

4 FINANCIAL AND LEGAL IMPLICATIONS

- 4.1 Article 4 of the Council's Constitution provides that "setting the Council Tax" is a matter reserved to full Council. Council can decide to delegate decision making to a committee or officer unless the law provides otherwise.

The Local Authorities (Functions and Responsibilities) (England) Regulations, 2000 as amended provides that making a Council Tax calculation in accord with the Local Government Finance Act, 1992, is a matter reserved to full Council. Current Council Tax has been set by full Council so it would be lawful for Council to delegate to the Chief Finance Officer the task of re-billing in the event that the Police Authority changes the level of its precept following capping if the Council is sure that this will not impact on the Council Tax set by the Council in respect of its own budget.

- 4.2 The estimated costs of rebilling (£440,000) which fall to be re-imbursed by the Police Authority and impact on council tax collection are detailed in the report.

5. OTHER IMPLICATIONS

Other Implications	YES/NO
Equal Opportunities	No
Policy	NO
Sustainable Environment	NO
Crime and Disorder	NO
Human Rights Act	NO
Elderly People / People on Low Income	NO

**6. BACKGROUND PAPERS:
(LOCAL GOVERNMENT ACCESS TO INFORMATION ACT) 1985**

Local Government Finance Act 1992.
Revenue Budget Strategy 2008/09 to 2010/11 – Report to Council 20th February 2008.

7. REPORT AUTHOR

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Legal Implications – Peter Nicholls, Head of Legal Services

8. Decision Status

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Council