

COMMENTARY BY THE HEAD OF FINANCIAL MANAGEMENT

1.0 INTRODUCTION

- 1.1 The Council meeting on 3 March 2010, set the basic Band D Council Tax at £1,543.69 for 2010/11, including £219.56 for Harrogate Borough Council's own services.
- 1.2 The Budget of £24,872,000 (approved by Council on 10 February 2010) was 1.2% higher than the equivalent for the previous year to cover price inflation, reduced interest receipts, pay awards, increased pension contributions, increased cost of the Concessionary Travel and Recycling schemes to meet Government targets, but with no growth except where unavoidable. This complied with the provisional guidance from Central Government that Councils should act responsibly when setting budgets.
- 1.3 The basic Band D Council Tax of £1,543.69 is commensurately higher in Parishes which have chosen to levy a precept. These taxes range from £1,545.33 to £1,601.63 giving an average tax across the District of £1,552.59.

2.0 APPROVED BUDGET FOR 2010/11

- 2.1 The approved General Fund Budget for 2010/11 amounts to £24,872,000 which results in a Council Tax Freeze. This represents a decrease from the Council's medium term financial planning target which assumed a 2.5% increase in Council Tax. The 1.2% increase in budget together with a 2% increase Government Grant and cash efficiency savings of £655,000 has allowed the production of a balanced budget enabling the Council to absorb inflation and other unavoidable increases outside the Council control, eg reduced interest receipts following the fall in the bank rate and other reduced income due to the recession.
- 2.2 The first draft budget totalled £25,512,000. Green Waste Recycling growth with a net cost of £62,500 was subsequently added by Cabinet, and other reductions totalling £702,520 agreed including £325,000 on Concessionary Travel mainly due to additional Government Grant, a decrease in provision for pay award of £187,500, a net reduction of £75,020 for the continuation of some former Agency work for NYCC, procurement savings of £65,000 and a £50,000 reduction in the transfer to the vehicle reserve. This produced a balanced budget with no contribution from the General Fund Balance. A number of one off growth items and contributions to reserves totalling £569,700 were also approved to be met from corporate underspends in 2009/10.

3.0 THE BASIC COUNCIL TAX OF £1,543.69

This is arrived at as follows:	£	Per Band D
Budget Requirement	24,872,000	401.41
Revenue Support Grant	-1,428,698	-23.06
Redistributed Business Rates	-9,838,891	-158.79
Balance Required from Council Taxpayers	13,604,411	219.56
Divided by Taxbase (Band D equivalent dwellings)	61,962.20	
= Council Tax for Borough Services	219.56	219.56
Council Tax for County Services set by NYCC		1,057.48
Council Tax for Police Services set by NYPA		204.55
Council Tax for Fire and Rescue Services set by NYFRA		62.10
Total Council Tax (in unparished areas)		1,543.69

4.0 THE GENERAL FUND BALANCE

The medium term financial strategy approved by the Council in July 2009 set a target balance in the range £2.5m to £3.0m. The forecast balance at 31 March 2010 is £2.6m.

5.0 CONCLUSION

- 5.1 The lengthy and difficult task of assembling the Budget and setting the Council Tax is now complete.
- 5.2 The Council was faced with a large range of budget pressures outside its control and largely imposed by Government. In response to Government guidance for responsible budgeting the Council limited its budget increase to 1.2%, an increase of 2% in its Government Grant, meant a resultant freeze in the Council Tax for Borough Services.
- 5.3 This difficult process, as in previous years, was completed on time, and I would pay a special tribute to the staff of all Departments who have contributed to make this so.

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