

GOVERNMENT SETS OUT CAPPING DECISIONS

Eight local authorities in England are having their budgets capped this year and will need to set lower council taxes, Local Government Minister Phil Woolas announced today.

The authorities being capped are Aylesbury Vale, Daventry, Hambleton, Huntingdonshire, Mid Bedfordshire, North Dorset, Runnymede and South Cambridgeshire.

Additionally for one local authority – Sedgemoor District Council - ministers propose to set a notional budget for this year against which future increases will be measured for capping purposes.

With one exception, the maximum budgets for the eight authorities capped in year is the same as the Government proposed in March. The exception is South Cambridgeshire, for which Government is allowing a higher cap, although the authority will still be required to make the largest budget reduction out of the eight authorities in order to meet its cap.

In a Written Statement to Parliament, Phil Woolas said:

"We are keeping our promise to protect council taxpayers against excessive increases.

"Given that we have increased funding to local government by 33 per cent in real terms since 1997, and that all authorities have received formula grant increases either in line with or above inflation in all of the last three years, there is no excuse for excessive council tax increases.

"We will not hesitate to use our capping powers in future years to deal with excessive increases if this proves necessary."

Subject to approval from the House of Commons, the local authorities that are being capped in year will need to issue lower council tax bills for the current year.

Notes to Editors

1. On 23 March, the Government announced that it was designating 9 authorities with a view to capping them in year. All 9 authorities took up their right to challenge their designation. Today's decisions have been taken in the light of the authorities' responses and all relevant information, including information the Government asked the authorities to provide.
2. Provided the House of Commons approves a draft Order which has been laid before it today, Phil Woolas will sign the order and serve notices on the 8 designated authorities informing them of their maximum budget requirements. These authorities will then need to send out lower council tax bills covering 2005/06.
3. Sedgemoor District Council now has 21 days in which to challenge its nomination. A final decision will be taken in the light of any challenge the authority may make.
4. Maximum 2005/06 budgets for the authorities capped in year are:

Aylesbury Vale	£18,363,000
Daventry	£7,779,000
Hambleton	£7,397,000
Huntingdonshire	£15,160,000
Mid Bedfordshire	£11,193,000
North Dorset	£5,912,000
Runnymede	£8,193,000
South Cambridgeshire	£11,350,000
5. The notional 2005/06 budget proposed for Sedgemoor District Council is £11,974,169.

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