

OFFICE OF THE DEPUTY PRIME MINISTER

Council Tax Capping

The Minister for Local Government, Regional Governance and Fire (Mr Nick Raynsford): On 29 April, I made a statement to the House, setting out how the Government proposed to handle authorities which had set excessive budgets for 2004/05 (*Official Report, columns 1019-1021*). I said that we were “designating” six local authorities and one fire authority, under the Local Government Finance Act 1992, with a view to capping them in year. I also said that we were “nominating” a further four fire authorities and three police authorities with a view to taking action to restrain their budgets in 2005/06 – either by setting a notional budget for this year against which future increases would be measured or by capping them in advance for next year.

The designated authorities were given 21 days in which to challenge the maximum budgets we proposed for 2004/05 and to provide us with the information we requested. The nominated authorities were required to send us information within the same period. All the designated authorities challenged the proposed maximum budgets and all the nominated authorities made representations against their nomination. Ministerial colleagues and I have met delegations from all 14 authorities.

Having carefully considered the representations made to us both orally and in writing and having taken into account all relevant information, I can now announce how we intend to proceed.

I am laying before the House today, for its approval, a draft order setting the following maximum budgets for six of the designated authorities in 2004/05:

Herefordshire	£175,320,000
Nottingham	£331,055,000
Torbay	£138,815,000
Fenland	£12,223,000
Shepway	£15,494,000
Hereford & Worcester Fire	£25,798,000.

In all but one of these cases, the maximum budget is the same as we proposed in April. The exception is Hereford & Worcester Fire Authority, for which we are setting a higher cap than originally proposed to reflect the savings which the authority can reasonably be required to make. I am satisfied that the authority will be able to deliver a good service and all its statutory functions within the revised maximum budget.

I am cancelling the designation of Telford & Wrekin and nominating it instead with a proposed notional budget for this year of £169,374,000. This is the same as the maximum budget we proposed when it was designated in April. Had the authority been capped in year, its council taxpayers would have received a rebate of only 66p per Band D property. We are writing to the authority today and it will have 21 days in which to challenge the proposed notional budget.

We are also writing today to the seven local authorities which were nominated in April, proposing the following notional budgets for this year:

Bedfordshire and Luton Combined Fire	£23,146,000
County Durham & Darlington Fire	£26,091,000
Essex Fire	£63,292,000
Nottinghamshire & City of Nottingham Fire	£38,981,000
Cumbria Police	£85,462,000
Northamptonshire Police	£96,663,000
West Mercia Police	£165,321,000.

The authorities will have 21 days in which to challenge the proposed notional budgets, which are the budgets against which future increases will be measured for capping purposes.

We are keeping our promise to act on high council tax increases. We have increased funding to local Government by 30 per cent since 1997. There is simply no justification for excessive tax increases and – as we have shown – we will take action to deal with these.