

Response of Northampton Borough Council on the Provisional Local Government Settlement 2012-2013

1 Introduction

- 1.1 Northampton Borough Council welcomes the formula grant settlement for 2012/13 for the ability it brings to plan for that period.
- 1.2 The Borough is by far the largest shire district in England, exceeding the population of the next largest district shire by over 32,000 people and is continuing to grow due to its work on planning, housing and regeneration locally together with its central location and good transport links.
- 1.3 Due to its size the authority is unique among districts in the scale of problems that it must find the resources to deal with. One example is that the Borough experiences a high number of homeless people to provide services to as they gravitate to this central urban hub from other nearby districts.
- 1.4 We acknowledge the need to make cuts in the public sector and the efforts that have been made to ease their impact. However, further to the response made to the consultation in January 2011, the authority does have concerns relating to the latest proposals, specifically around the council tax freeze, which it is keen to take up, and the capping proposals.

2 Council Tax Freeze Grant

- 2.1 The Council welcomes the offer of a further council tax freeze grant to enable council tax for 2012/13 to be frozen, and supports the Government's intentions to help local people during these difficult times. However, we have 2 concerns in respect of the proposals.
- 2.2 Firstly, the one-off nature of the freeze grant puts further pressures on 2013/14, which is already a year of uncertainty due to the, as yet, unknown impacts of the Local Government Finance reforms. We urge the Government either to rethink the one-off nature of this grant or to take it into account when setting the limits for determining reasonable council tax increases in 2013/14.
- 2.3 The second issue we are raising is that the limit proposed on council tax increases for those authorities who do not take up the freeze grant seems to give an incentive to authorities to increase council tax. Authorities who shun the freeze grant (reflecting 2.5% on council tax for district authorities) can increase council tax by up to 3.5% and that funding is not one off like the grant, but will recur in future years.

3 Conclusion

- 3.1 Overall, while the nature of the settlement is hard, it was expected due to early warning signals in the emergency budget and Spending Review.
- 3.2 We appreciate the assistance offered to enable a further year of council tax freeze, but urge the Government to reconsider the one off nature of the 2012/13 council tax freeze grant. This would also contribute to mitigating the perverse incentive of the 3.5% cap on council tax rises.