

Response of Northampton Borough Council on the Provisional Local Government Settlement 2013-14 and draft Settlement for 2014-15

1 Introduction

- 1.1 Northampton Borough Council welcomes the formula grant settlement for 2013/14 for the ability it brings to plan for that period, although the lateness of the announcement was an administrative challenge.
- 1.2 The Borough is by far the largest shire district in England, exceeding the population of the next largest shire district by over 39,000 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 (particularly as an urban authority) 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 understand the need to make significant cuts in the public sector and acknowledge the efforts that have been made to ease their impact. However, further to the response made to the consultation in January 2012, the authority does have concerns relating to the latest proposals.

2 Formula Funding

2013/14

- 2.1 We welcome the Government decision to use 2 years of NNDR1 data for calculating the baselines so that the outcomes are not unreasonably clouded by pre-recession years and changes in methodology.
- 2.2 We are concerned about the delays in getting the regulations that sit behind the new business rates retention system approved, especially when there are deadlines within the next 6 weeks in the draft regulations. Hence we encourage the Government to expedite the finalisation of these statutory instruments.

2014/15

- 2.3 We believe that our 2014/15 draft settlement is unfairly understated by approximately £136k in relation to CTRS funding through the RSG element.
- 2.4 Our analysis indicates that this is due to an arbitrary and unfair link between the CTRS element and the 'core' formula funding which has the result of changing the distribution of the CTRS. This means that numerous authorities (like Northampton Borough) are, in fact, having a cut to their CTRS funding in 2014/15, which they cannot afford if they are to comply with new requirements.
- 2.5 We are in receipt of an e-mail from CLG dated 11 January 2013 saying that there is to be no further cut in overall funding for CTRS in 2014/15.
- 2.6 This, however, does mean that some individual authorities are receiving unfair cuts in CTRS support on an individual level. This is entirely inappropriate given the nature of council tax support and needs to be amended.

- 2.7 We therefore anticipate there being a new calculation (which will treat the CTRS grant for 2014/15 in the same way as the council tax freeze grant and the homelessness prevention grant) in the revised settlement to correct this.

3 Council Tax Freeze Grant

- 3.1 The Council welcomes the offer of a further council tax freeze grant to enable council tax for 2013/14 to be frozen, and appreciates the decision to base this on the unadjusted tax base. We continue to support the Government's intention to help local people during these difficult times. However, we do have concerns in respect of the proposals.
- 3.2 The short term nature of the freeze grant (particularly following the one year only grant for 2012/13) and the fact it is only 1% for next year put further pressures on local finances going forward.
- 3.3 We understand that the Government is keen for local authorities to freeze the council tax and most local authorities would like to be able to do this, but it must be affordable over time. We urge the Government either to rethink their decision to only fund this grant in the short term. It is given in place of permanent (and potentially growing) funding from council tax, and although we do intend to take up the offer, for some authorities funding it for the short term is a deterrent to take up.

4 Conclusion

- 4.1 Our main concern relates to the error in the calculation of the 2014/15 CTRS funding from RSG, and we are keen that this should be resolved to fulfil the promise that funding for CTRS will not be reduced in 2014/15.
- 4.2 We appreciate the assistance offered to enable a further year of council tax freeze, but urge the Government to reconsider the short-term nature of the 2013/14 council tax freeze grant.