

Labour Group Alternative Budget 2017/18 – 2021/22

Introduction

Section 25(1) of the Local Government Act 2003 requires that the Chief Financial Officer (Section 151 Officer under the Local Government Act 1972) reports to the Council when setting its Council Tax on:

- the robustness of the estimates in the budget.
and
- the adequacy of the proposed financial reserves.

Section 25(2) of the 2003 Act requires the Council to have regard to this report in approving the budget and Council Tax. This report on the Administration's budget, which highlights the economic, local government and local challenges facing the Northampton Borough Council is presented to Council at agenda item 7.

Context

The Council is setting its budget at a time when it continues to face significant challenges. The Administration budget approved by Cabinet on 15th February 2017 has been used as the basis for this alternative budget. The Labour Group has reviewed the proposed budget and Medium Term Financial Plan (MTFP) put forward by the Administration for 2017-22 and has identified alternative proposals which would support the Council in meeting these challenges.

Budget Assessment

This report sets out the proposals put forward by the Labour Group and provides commentary which supplements the assessment already undertaken for the Administration's budget.

The timing of the publication of these alternative proposals will increase the inherent risk. This additional risk arises from the reduced amount of scrutiny and public consultation which would be undertaken during the budget setting process.

The Labour Group proposals would require a detailed and robust business case to be prepared to evidence the deliverability and affordability of these proposals.

A high level review of proposals has indicated that, subject to the robust business cases, they would be deliverable. However, it must be noted that the proposal to freeze the Council Tax Reduction Scheme (CTRS) at 29% would also have a cost

impact upon the Council Tax precepting authorities. The additional cost to Northamptonshire County Council is estimated at £319k and additional cost to the Northamptonshire Police and Crime Commissioner is estimated at £58k. No conversations with these authorities have taken place; therefore a view cannot be given on how this would impact their budgets or service provision.

The Labour Group proposals also include medium term policy ideas for future years. These ideas have not been included in the budget figures as these ideas would require further work to build business cases for them and to understand their financial impact.

Financial Impact

The revenue impact of all of the proposals in total is a reduced revenue cost of £6k in the year 2017/18, which includes the additional borrowing costs to cover additional capital investment. This amount has increased the contribution to reserves to be invested and contribute towards the management of future years pressures.

The capital impact of these proposals is to increase the capital programme expenditure by up to £219k.

Looking forward, the additional costs of proposals across the medium term increases due to the increasing cost of maintaining the CTRS scheme at 29% as the equivalent funding for this reduces. This increases the funding gap when compared to the Administration's draft budget presented to Cabinet in February 2017.

Conclusion

In addition to the risks highlighted in the Section 25 Report presented to Council at agenda item 7, there are some minor additional risks surrounding the Labour Group alternative proposals should they be incorporated into the Council's MTFP. These mainly relate to the timing of proposals and the fact that detailed business cases have not at this stage been drawn up. The proposals are based on estimates and have not been fully assessed by the management team and consequently would require further review before they are implemented to assess the impact. They also have not been subject to public consultation or scrutiny and there are no Equality Impact Assessments in place.

Additionally, the proposal to freeze the CTRS scheme at 29% would cause additional cost pressures on Northamptonshire County Council and the Northamptonshire Police and Crime Commissioner, the impact of which would need to be fully considered if this proposal were to be adopted.

Following an initial review of the proposals, subject to the comments above, I do not consider that these proposals materially affect my assessment of the overall Northampton Borough Council Budget and Medium Term Financial Plan. I cannot make a statement of similar intent regarding the impact of the proposal to freeze the CTRS scheme at 29% on the budgets of Northamptonshire County Council and the Northamptonshire Police and Crime Commissioner.

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