



Cabinet Member Report for Finance

Northampton Borough Council

Monday 25 January 2016

Finance

The Council has issued for consultation its draft Budget 2016/17 and Medium Term Financial Plan 2016-21. At the time of writing the consultation is well underway with feedback being received on our proposals. This will be analysed, considered and feedback into our final budget plans where appropriate.

Since we issued our draft budget and medium term financial plans the Government has published the draft Local Government Finance Settlement. The key themes in the settlement were continued reductions in government funding, a shift in resources towards councils with social care responsibilities, changes to the methodology for distributing monies to councils, reduced resources for new homes bonus and a commitment for councils to keep all business rates growth locally.

The impact of the settlement, as expected, was not good for districts and borough councils. In broad terms it was in line with our projections. The change to 2016-17 will have minimal effect on our budget plans. However, over the medium term the reduction in resources, in particular new homes bonus, will mean the less funding for the Council than it would have previously received.

As mentioned previously the Council has been planning ahead for these changes and this good financial management places the Council in positive position to deal with the funding reductions. For example the Council has chosen not to use all its new homes bonus to fund its on-going costs, instead it chose to use a significant proportion of these to fund one off expenditure in capital projects and forward funding the Waterside Enterprise Zone. These decisions have meant the Council is able to manage the potential 50% reduction in new homes bonus funding without the need for additional savings on its budget. Having said this, and as reported before, the Council still faces the prospect of having to reduce its General Fund budget by around £8m per annum over the next 5 years. The good news is we have a positive base from which to manage this.

Revenues and Benefits

The service have supported a consultation on how changes to the 2016-17 Council Tax Reduction Scheme may affect them. The Council Tax Reduction scheme provides financial support for people on low incomes to help with their Council Tax bill. In Northampton the scheme helps around 16,000 people. The Council looked at three options, which will support those who need it most, help people get back into work and protect the Council's finances. Each option looked at how much support should be offered to pay a proportion of the total Council Tax bill.

1. Reduce the maximum amount of support from 79% to 69%,
2. Do not change the level of support, currently 79%,
3. Or reduce the maximum amount of support over the next two years from 79% to 63%.

After considering feedback from the consultation and taking account of the Councils financial position, the recommended scheme will allow support of up to 71%. The recommendation will be made to the full Council meeting in January 2016.

The team are also currently concluding the first phase of a two year Countywide Single Person Discount review and are nearing the end of the first set of cancellations from those who are not eligible to receive the 25% discount from their charge. In Northampton the review has resulted in an additional £700k of collectable Council Tax being raised and this figure is expected to increase upon further phases of the project.

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Cabinet Member for Finance