

Executive

Local Government Resources Review (LGRR) Update and 2013/14 Budget Process Update

5 November 2012

Report of Head of Finance and Procurement

PURPOSE OF REPORT

To inform the Executive of the latest position on the LGRR project regarding council tax and pooling localisation and an update on 2013/14 budget planning.

This report is public

Recommendations

The Executive is recommended to:

- (1) Note the latest position on council tax localisation and consultation responses.
- (2) Note the latest position on business rates localisation and pooling.
- (3) To delegate authority to the Chief Executive and Director of Resources, in consultation with the Leader of the Council and the Lead Member for Financial Management to make an application to join an Oxfordshire pool if the financial modeling supports.
- (4) Note the changes to the budget timetable.

Executive Summary

- 1.1 In September and October 2012 the Executive received an update report on the Local Government Resource Review (LGRR) including the introduction of localised Council Tax Support to replace Council Tax Benefit and changes to the way in which business rates are collected and distributed. This summary provides members with updated information on progress since the last report.

Council Tax Localisation

- 1.2 Cherwell District Council has agreed with other major preceptors in Oxfordshire that for year 1 of the new scheme the status quo should be maintained and that there will, in effect, be no change to the current support which is in place. Proposals to offset the budget reduction will be prepared as part of the 13/14 budget process.
- 1.3 On this basis a public consultation started on Thursday 23 August 2012 and finished on Wednesday 3 October.

- 1.4 Cherwell sent 500 paper questionnaires to current benefit claimants and another 500 to non claimants. There was also a press release at the beginning of the consultation and there was an electronic version on the council's website with information on the scheme and details of how to access the portal.
- 1.5 Comments were collected via Cherwell District Council website, there was also sample of local residents who received consultation letter and paper copy of the survey. A total of 212 responses were submitted, a response rate of 42% was achieved.
- 1.6 The hi-level results show that 50% of respondents agreed or strongly agreed with the proposal to retain existing scheme for Year 1 and only 14% disagreed or strongly disagreed.
- 1.7 Department for Communities and Local Government have recently announced that additional funding of £100m will be available to support local authorities in the implementation of the new Council Tax Reduction Scheme. The funding will be for one year only.
- 1.8 To apply for a grant billing authorities must meet certain criteria when designing a new scheme:
 - Those people who would be entitled to 100% support under current CTB arrangements pay between zero and 8.5% of their Council Tax liability.
 - The taper that is currently in place at 20% must not increase above 25%
 - There must be no sharp reduction in support for those entering work.
 - Although not one of the scheme criteria the Government would not expect local authorities to impose large increases in non-dependant deductions.
- 1.9 Applications for funding can only be made after the deadline for adopting schemes on 31 January 2013. The deadline for applications is 15 February 2013.
- 1.10 As we are planning no changes in Year 1 we could meet the criteria for 0% change. If deemed to comply with the requirements the allocation for Cherwell District Council would be eligible for the grant and the shares will be as follow:
 - Cherwell £23,962
 - County £136,269
 - TVP £18,099
- 1.11 As the billing authority Cherwell District Council would have to apply for the funds (in February 2013) on behalf of all major preceptors so we would apply for £178,330 but keep £23,962. This would be treated as windfall income for the authority.
- 1.12 Based on the consultation findings and the grant funding available in Year 1 officers in Oxfordshire will continue to work with view to finalising a county wide council tax reduction scheme for member approval before the end of December 2012.

Business Rates Localisation

- 1.13 The Council confirmed its intention to consider pooling in a response to the DCLG in September on the basis that if we were to pool the levy rate that we have at 87% would be substantially reduced to circa 25-40% which would mean more funding for the local area. However with this additional reward come additional risks. The modelling is still ongoing and a recommendation on whether to formally submit an application to pool by the deadline of 9th November will be made w/c 5th November 2012.

- 1.14 We are in regular discussion with all district councils and the County to develop the financial models, understand what additional financial benefits a pooling arrangement could deliver, what the risks are, agree the principles of the proposed pool and how any additional funds should be shared. The next meeting to finalise discussions is scheduled for 1 November 2012.
- 1.15 Given the timescales involved it is recommended that authority is delegated to the Chief Executive and Director of Resources, in consultation with the Leader of the Council and the Lead Member for Financial Management to make an application to join an Oxfordshire pool if the financial modelling supports.
- 1.16 A full report detailing the recommendation and next steps will be presented to the December 2012 Executive.

2013/14 Budget Update and Timetable

- 1.17 The Council agreed its budget guidelines and timetable at the Executive meeting in October 2012 which showed a first draft of the budget being presented at the December 2012 meeting. Work has commenced on preparing budget working papers and understanding the implications of LGRR.
- 1.18 Latest intelligence suggests the information regarding the financial settlement for local authorities will not be available until at least the 19 December 2012 so as a result the first draft of the budget will be presented to the Executive in January 2012.
- 1.19 Council will be asked to agree the 2013/14 budget and corporate plan (and the service plans that underpin delivery) at their meeting in February 2013.

Implications

Financial:	These are contained in the body of the report. There are no direct costs or other direct financial implications arising from this report.
Legal:	None directly from this report however a local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular, local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. The Chief Financial Officer is required to report on the robustness of the proposed financial reserves. Comments checked by Kevin Lane, Head of Law and Governance, 0300 0030107.
Risk Management:	The Council is required to set both revenue and capital budgets. Failure to integrate the preparation of these budgets with service priorities and planning will compromise the Council's ability to deliver on its strategic objectives. Comments checked by Denise Taylor, Corporate Accountant, 01295 221982.
Equality and Diversity	Impact assessments will be carried out in advance of formulation of budget proposals.

Comments checked by Caroline French, Equalities and Diversity Officer, 01295 221586.

Wards Affected

All

Corporate Plan Themes

All

Executive Lead Member

Councillor Ken Atack
Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
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