

Council Report



Report of Head of Legal and Democratic Services

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To: COUNCIL

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Agenda item no 12

Budget and council tax setting 2013/14

Recommendations

That Council

(a) agrees to waive the requirement in the budget and policy procedure rules for a six week consultation period for the 2013/14 budget setting process due to the delayed local government grant settlement this year

(b) authorises the strategic director (section 151 officer), in consultation with the Cabinet member for finance, to approve and submit the Council's national non-domestic rates 1 form (NNDR1) for 2013/2014

(c) authorises the strategic director (section 151 officer), in consultation with the Cabinet member for finance, to sign up to an Oxfordshire business rates pooling arrangement provided that on receipt of the local government grant settlement he is satisfied that it is in the council's interests to do so

(d) notes that if necessary urgency procedures will be used to agree the allocation of specific government funding to town and parish councils to mitigate the effect on their tax bases of the introduction of the council tax reduction scheme

Purpose of Report

1. This report updates Council on the budget and council tax setting timetable, on the implications of new legislation on council tax setting and business rates pooling and on the late receipt of the local government grant settlement figures from central government. It asks Council to agree delegations to the strategic director (section 151 officer) and to agree to waive the consultation period specified in the budget and policy framework procedure rules.

Strategic Objectives

2. This report deals with procedural issues arising from the budget and council tax setting process for 2013/14 and will help to achieve the council's strategic objective of managing its business effectively.

Background

3. The steps required for setting the council's budget and council tax for 2013/14 are well underway and reports will be submitted to Council in February as usual. This year's process is however more complex because we are dealing with new legislation and the receipt of regulations at a late stage coupled with the fact that the government settlement will be received much later in December than usual. This has given rise to the need for new delegations and a change in the usual budget timetable.

Budget setting timetable

4. The Cabinet's initial budget proposals are normally published and available to the Scrutiny Committee during December. This complies with the requirement in the budget and policy framework procedure rules for a consultation period of not less than six weeks. At the end of the consultation period, Cabinet draws up firm budget proposals for submission to Council. This year the later receipt of the settlement means that initial budget proposals will not be available until January. The Scrutiny Committee meeting has been rescheduled to take account of this and the budget proposals will be published with the agenda for the January meeting. This will mean that the six week period cannot be met and Council is therefore asked to waive that requirement this year to enable the budget to be set in February as planned. This change does not impact on the statutory public consultation on the council's budget which has already taken place in accordance with government guidance.

National non-domestic rates 1 form (NNDR1)

5. Under the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 2012) a proportion of non-domestic rates will in future be retained locally rather than paid into the central pool. This greatly increases the importance of the NNDR1 form which will set the anticipated amount of non-domestic rates that will be collected in the coming year and will therefore determine the respective shares between central government, this council and Oxfordshire County Council. A provisional NNDR1 must be submitted to the Department for Communities and Local Government (DCLG) by 21 December 2012 and the final NNDR1 must be submitted by 31 January 2013, after being approved by the council. The council approval is a new requirement and there is no specific delegation to officers to approve and submit it on behalf of the council. In order to avoid the need for a special Council meeting to be held to approve the form, Council is asked to delegate approval and submission of the form to the strategic director (section 151) officer, in consultation with the Cabinet member for finance.

Local retention of business rates and potential pooling arrangements

6. In order to comply with government requirements, the head of finance has expressed an interest (without commitment) in joining an Oxfordshire-wide business rates pooling arrangement. Initial modelling for pooling arrangements has shown that there could be a financial advantage to pooling NNDR receipts within Oxfordshire.
7. The full details of the scheme and what it means for the council will not be known until the financial settlement is announced. It is likely that the council will need formally to indicate to the government whether it wishes to proceed with a pooling arrangement within 28 days from receipt of the settlement. Council is therefore asked to delegate authority to the strategic director (section 151 officer), in consultation with the Cabinet member for Finance, to sign up to an Oxfordshire pooling arrangement should that appear to be in the council's interests on receipt of the settlement.

Town and parish council tax bases

8. From 1 April 2013 council tax benefit will be replaced by a new council tax reduction scheme (CTRS) which will take the form of a discount. Like other council tax discounts, the new support scheme will have a direct impact on the "council tax base" for the district as a whole, and individual towns and parishes. This will impact on town and parish councils' individual council tax levels for 2013/14 and beyond.
9. During the summer the Government issued a consultation paper which gave an option that would remove this problem for town and parish councils. The majority of respondents favoured the alternative approach. However the Government has decided to implement its original proposal.
10. The government will be giving billing authorities, including this council, an amount of specific funding which can be passed down to town and parish councils to help mitigate the negative impact of the new council tax reduction scheme on council tax levels. We won't know how much this funding will be until the local government grant settlement is announced in late December. We will communicate with the town and parish councils once we have more details. In the meantime we will be calculating the individual tax bases for town and parish councils and informing them accordingly. It is possible that decisions will need to be taken on the allocation of this funding to town and parish councils before Council meets to set the budget and council tax. If necessary the leader and chief executive will invoke the urgency procedures in the constitution to deal with this.

Financial Implications

11. There are no immediate direct financial implications arising from this report as it deals with procedural issues arising from the budget and council tax setting timetable. The financial implications of any decisions taken under the delegated powers requested in this report will be fully considered before those decisions are taken and will be explained in the budget report coming to Council in February.

Legal Implications

12. This report seeks Council's approval of a waiver of the consultation period specified in the budget and policy framework procedure rules and delegations to the strategic director (section 151 officer) to ensure that the council complies with constitutional and legislative requirements in the steps required to set the budget and council tax for 2013/14.

Risks

13. There is a risk that further government guidance will be issued which changes the requirements set out in this report. If necessary a special Council meeting will be held and/or the council's urgency procedures will be used if any decisions are required that are not covered in this report.

Other Implications

14. There are no other implications arising directly from this report.

Conclusion

9. Council is asked to waive the consultation period specified in the budget and policy framework procedure rules for the budget setting process for 2013/14 and to delegate authority to the strategic director (section 151 officer), in consultation with the Cabinet member for finance, to approve and submit the NNDR1 and to sign up to an Oxfordshire business rates pooling arrangement if it is in the council's interests to do so.

Background Papers

None