

## **Response of Northampton Borough Council on the Provisional Local Government Settlement 2010/11**

### ***Introduction***

Northampton Borough Council welcomes the certainty provided by the provisional three-year settlement for 2010/11 originally announced in December 2007 and unchanged as at December 2009.

The borough is the largest non-metropolitan district in England, and is growing rapidly due to its successful response to the Government's growth agenda.

In terms of the draft settlement, the authority does have significant concerns in a number of areas relating to the draft settlement in particular the way in which it has impacted on non-metropolitan districts and growth authorities.

In summary our concerns relate to:

- The total amount of funding allocated to districts each year and the corresponding levels of the grant floor.
- The population projections used in the formula calculations each year.
- The fixed costs calculations.

### **Funding Allocations and Grant Floors**

The funding allocation for districts is exceptionally low, and this is reflected in the grant floor levels. This authority receives an increase just 0.5% at the floor.

The borough council recognises the importance of making efficiency savings, however had anticipated that these would be available to ease pressure on the council tax increase, and not to compensate for exceptionally low formula grant levels.

The low levels of grant increase and floors for the majority of district authorities are such that the impact will, of necessity, fall on the council tax increase and service cuts for the majority of district authorities.

It must be recognised that district authorities deliver a number of the services that are essential for delivering sustainable growth and recovery from the recession, such as economic development. However, the low priority that the settlement seems to give to EPCS services like this appear to contradict the Government's declared commitment to delivering sustainable housing (and related population) growth and economic recovery.

It is essential that the Government revisits the allocation of funding given to district authorities for 2010/11 and ensures that appropriate levels of funding are made available.

### ***Population Projections***

Northampton Borough Council is a 'growth authority' and has responded well to the Government's targets for housing development and is already incurring the population growth that this has generated. We therefore have serious concerns over the population data and forecasts that have been used in the draft settlement.

A figures of 197,999 have been used in the draft settlement. This compares to ONS revised mid year population figures for 2008 of 205,200 published by the ONS in August 2009.

In terms of the draft settlement this relates to about 7,000 people who are not recognised in the relative needs formula for 2010/11.

This could make a material difference to the amount of grant the authority is awarded, which in turn could impact positively on the service cuts and level of council tax increase the council is facing. We therefore believe that it is important that the population forecasts used in the settlement be revised to reflect the ONS' own data.

### ***Taxbase Projections***

The population issue is compounded by the fact that there is a mismatch between the calculation of the projected taxbase and that of the projected population.

The discrepancy in the rates of increase of these key drivers to the formula grant shows a lack of consistency. The effect is to penalise growing authorities unfairly as their population growth is not appropriately recognised in parts of the formula based on population but they are penalised for it in other parts of the formula that are based on taxbase.