

COUNTY COUNCIL MEETING – 20 MAY 2011

Statement from: Cllr K Smith, Executive Councilor for Finance and HR

Local Government Resource Review

The current Government, on being elected last spring, indicated it intended to undertake a review of the funding of local government during the first half of 2011. Phase 1 was launched in March 2011 and should conclude in July 2011, Phase 2 is due to commence shortly.

Phase 1 will consider the way in which local authorities are funded, with a view to giving them greater financial autonomy, and strengthening the incentives to support growth in the private sector and regeneration of local economies. It will look at ways to reduce the reliance of local government on central government funding, increase local accountability, and ensure that the benefits of economic growth are reflected in the resources authorities have. In particular, the review will look at the merits of re-localising business rates and the related issues that would arise from such a move.

Phase 1 will also look at how to deliver proposals (already announced) for Tax Increment Financing that allows local authorities to raise funding based upon additional business rate income from new developments. Phase 1 will also look at issues relating to the proposal to localise Council Tax Benefits to District Councils from 2013/14.

Phase 2 will focus on Community Budgets. The terms of reference for this phase were still awaited at the time of writing.

Budget Monitoring Arrangements

The new financial year sees the progressive introduction of the 'core offer' budget proposals as approved by full Council in February. Delivery of services within the budget set is a significant challenge, and hence even greater attention than normal will be given to accurate and timely budget monitoring during the year. This approach will be reflected within budget monitoring reports presented to members, and the main budget headings will be amended where relevant to reflect the emerging revised structure of the Council.

Use of Additional Income from Second Homes Discounts

For a number of years the District Councils as council tax collection authorities have had the discretionary power to limit the reduction in Council Tax available in respect of second homes from 50% to 10% relief.

The additional income generated is shared between the District (10%), Police Authority (10%) and the County Council (80%). All Lincolnshire Districts limit the relief to 10% generating approximately £850k additional council tax income for this Council, the biggest single contribution coming from East Lindsey (£487k).

There has been a long standing agreement with each District Council that, in return for them exercising their discretion and limiting relief, the County would return their 80% share of the additional income to the relevant District to be spent on mutually agreed service areas or projects. A new set of agreed projects has been formulated for the current financial year and these were approved by the Executive at its meeting on 3 May. A flavour of the sort of initiatives covered is given below.

- Crime & disorder/community safety projects including CCTV, anti-social behaviour teams.
- Addition funding for Call Connect
- Economic Development
- Environmental sustainability projects