Purpose and background

The Council is considering its council tax levels for 2016/17 and future years. These levels have not increased since 2010.

The Council has been able to deliver huge efficiencies and savings over recent years which has allowed the Council to maintain service levels. It is anticipated that the Council’s funding will continue to be under pressure whilst Central Government continues to manage the public finances. The Council is seeking to maintain service levels whilst managing future funding pressures.

The Council has no control over the council tax collected on behalf of the Police and Crime Commissioner, Northamptonshire County Council and Parish Councils. Each of these bodies will make their own independent decisions.

The findings from this consultation will help inform any changes that may be required.

Options for 2016/17

The options are:

1. Increase Council Tax
2. Reduce Council Tax
3. No changes

Increase Council Tax

The maximum amount the council can raise its council tax by next year is expected to be no more than 1.99% unless we hold a referendum of residents. Northampton Borough Council’s element of the Council Tax has been frozen for the past five years and the council’s current budget planning assumption is for a council tax freeze for a sixth year in 2016/17.

A 1.99% increase would add about £4 (just under 8p per week) to the average band D annual council tax bill. To increase council tax above 1.99% we would need to hold a referendum of residents. The cost of holding a referendum would be approximately £250k (which would need to be offset against any benefit received). No council has taken up this option to date.
Reduce the amount of Council Tax

Decreasing the maximum amount by 1% would reduce the income received by the Council by approximately £130k.

We are concerned that reducing the amount payable would reduce funds available to run our services and we would have to introduce further cuts and or use up reserves, which would not be sustainable in the long run.

No Change

The Council recognises the increased pressure being placed onto household budgets by everyday expenditure and bills and has not increased council tax levels for five years. Not increasing council tax would allow the Council to demonstrate its recognition of the current economic climate and pressure being placed on households.

Consultation/Timescale

The consultation will run from the 17 December 2015 to the 31 January 2016.

The Council’s Budget Proposals for 2016/17 will be the subject of a report to Cabinet on 17 February 2016 and approval sought by Council on 22 February 2016.

Consultation question(s) included within budget survey

“We are proposing to freeze council tax for a further year to demonstrate the commitment made to the residents of Northampton during 2016/17. Do you agree/disagree with our approach?

Would you be prepared to pay more council tax if this helped protect or improve services? For example, a 1% council tax rise would give the council an extra £130k to spend on services. Would consider/Not consider

Please let us have any views or suggestions you may have to help us make a decision.”