

MINUTES OF
THE ERLESTOKE PARISH COUNCIL MEETING
Held in the Parish Church on the 17th October 2013 at 7.30pm

Present: Councillors, Mr S Jonik (Chairman), Mr D Moore (Vice-Chairman), Mr K Lewcock, Mr S West and Mrs A Whittle (Clerk)

111/13 Apologies – Apologies were received from Cllr Durham.

112/13 Declaration of Interest – No declarations of interest were made.

113/13 Changes to precept calculation for 2014/15

The clerk had received and circulated a briefing note from Wiltshire Council regarding From April 2013, as part of the Coalitions changes to Welfare Reform, Council Tax Support (formerly Council Tax Benefit) has taken the form of Council Tax Reductions (CTR) which has had the unintended effect of reducing the Council Tax Base. As a consequence, from 2013/14 Town and Parish Councils have experienced a decrease to their tax base which therefore reduced the amount of precept that they were able to raise through Council Tax. In 2013/2014 Wiltshire Council awarded a grant totalling £1.4 million to top up the Town and Parish Council funding levels (£1.1m government grant + £0.3m Council top up) to compensate for this loss in funding. This change strikes at the independence of Town and Parish Councils as part of their funding now relies on the vagaries of Coalition policy. Before this change Town and Parishes had complete financial independence. Following further changes and reductions by the Coalition to Wiltshire Council’s funding going forward, it is necessary to consider the options for funding to Town and Parish Councils in 2014/2015 and onwards.

Background

In 2012 the Coalition decided that from April 2013 Council Tax Support (formerly Council Tax Benefit) would take the form of Council Tax Reductions (CTR) which had the unintended effect of reducing the Council Tax Base. The unforeseen consequence of the CTR scheme was that a proportion of those properties deemed to be affected were taken out of the Council Tax base calculation and treated as a separate income stream. The effect on Wiltshire Council was a benefit grant reduction of more than 10% (£3.4M) which the Council had to manage. This required more people to pay Council Tax and others to pay more, with the increased risk of bad debts. The Coalition made an additional grant available to the Police and Fire & Rescue to cover most of their deficit, so they are not subject to the same issue as Town and Parish Councils although the continuance of this grant might be at risk. The precept for Town and Parish Councils is the product of multiplying their Council Tax Base by their band D Council Tax charge. As a result this Coalition change has had a significant negative effect on local council funding. This issue was drawn to attention of the Department of Communities and Local Government (DCLG) by Wiltshire Council, other Councils and the National Association of Local Councils. As a result, in late December 2012 DCLG announced as part of the Council’s grant there was 5% (£1.1m) provided to cover the impact on town and parish councils. The Council has disputed that this is new money and complained that there was shortfall in the figures given. This was raised in a letter sent Eric Pickles; his reply did not address the issue of the £300k shortfall. The DCLG grant noted that the funding was not ring-fenced and councils had to determine how this money was to be used. Across the country the picture is mixed with some taking the same approach as Wiltshire to protect the Town and Parish Councils in 2013/2014 as many had already set their precepts. Others such as Swindon did not do so. In Wiltshire’s case the full shortfall was £1.4 million and the decision was made to top up the £1.1 million DCLG grant by £0.3 million to the full amount.

Situation in 2013/2014 and onwards Wiltshire Council already faced a significant reduction in its government funding for 2014/2015 (17% reduction previously announced in December 2012) and a recent funding announcement has noted the further effect of the Chancellor’s Statement in June 2013 of another 1% efficiency saving. In mid-August Wiltshire Council were notified that this would result in a further reduction in our funding. The Council’s Settlement Funding Assessment (formerly known as Revenue Support Grant – RSG) will reduce from £76.018 million in 2013/2014 to a provisional £62.218 million for 2014/2015. This is a reduction of 18.2% year on year, with a further reduction planned to £45 million in 2015/2016. This decline is expected to continue in future years. In consequence any funds that are not ring-fenced will continue to decline in value.

Our best estimate at this time is that the Settlement over the coming years will be:

	2013/14 Actual	2014/15	2015/16	2016/17	2017/18
Settlement Funding Assessment reduction £	76.018	62.218	45.520	42.334	39.371
Percentage reduction	-	-18.2%	-26.8%	-7.0%	-7.0%
Impact of Town and Parish Grant	1.100	0.900	0.650	0.600	0.550

Town and Parish precept cap

An additional complication is that from 2014/2015 the Coalition is considering introducing a cap on increases to Town and Parish precepts. In the context of the declining value of the grant, capping would inevitably mean that Towns and Parishes would have to cut costs as they would be getting less grant, and would not be able to raise their precepts to compensate. One solution could be a referendum to allow a precept greater than the cap, however a view has been expressed that this is unlikely to be successful as residents would not see a tangible benefit of the increased precept.

What are we seeking your views on?

Wiltshire Council is in the process of drawing up its proposed budget for 2014/15, and as part of that we are assessing the level of grant, if any, we can afford to pass on to Town and Parish Councils. To help inform that process we would appreciate your help by answering the following questions on the attached questionnaire. We will also be holding meetings, as shown in the covering email, to discuss this with you face to face. We intend to report the findings and our recommendations to Cabinet on 21 November, so we would like to receive your response by 4 November.

The Parish Council responded as follows:

- A. What level of grant does your Parish Council think would be reasonable given the shortfall of funding being provided by the Coalition?

Reduce by settlement Funding Assessment reduction – Due to the small number of households in the parish and the costs of running a parish council the grant should be the figure for last year reduced by the proposed reduction from the Government of 18%.

- B. Should all councils be supported to the same extent, or should the grant be concentrated on those Councils where the impact is greatest?

No Town Councils should be reduced to fund Parish Councils as an increase to a Parish Council like Erlestoke would be a minute % for a Town Council.

- C. Does your Council support Town and Parish Councils being independent and not relying on a grant, if so over how many years would you wish to see this achieved?

The council supports receiving a yearly grant.

- D. If you received no grant or a reduced grant would you favour a large increase in precept in 2014-15 to compensate for this or would you look to spread this over the next four years?

This council would favour a large one year increase rather than over 4 years due to the strong possibility of Parish Councils being capped in 2015/16.

- E. If the Coalition were to introduce a precept cap does your Council have sufficient reserves to compensate for a reduction in grant?

NO this council does not have enough reserves to compensate for a reduction in the grant. We would have to raise the precept over the next number of years.

- F. Have you plans to reduce your budget over the next four years?

No this council does not have any plans to reduce its budget over the next four years. An irreducible minimum must be maintained. Our health and safety responsibilities and legal responsibilities would only be met with a continued rise in our precept to meet ever growing outgoings.

- G. Are there any other issues you think we should consider?

No further comment.

Proposed Cllr West **Seconded** Cllr Moore **All in Favour**

The meeting closed at 8.15pm

**Next meetings are as follows:
Wednesday 13th November, Wednesday 18th December
from 7.15pm in the village church.
Erlestoke Village website – www.erlestoke.org**