

BRIEFING NOTE
Council Tax Support (formally Council Tax Benefit)
Impact on Town and Parish Councils

1 Summary

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 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.

2 Background

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 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.

- 2.5 The DCLG grant noted that the funding was not ringfenced 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.

3 Situation in 2013/2014 and onwards

- 3.1 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.
- 3.2 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 ringfenced will continue to decline in value.
- 3.3 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

4 Town and Parish precept cap

- 4.1 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.
- 4.2 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.

5 What are we seeking your views on?

5.1 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.

- A. What level of grant does your Parish Council think would be reasonable given the shortfall of funding being provided by the Coalition?
- B. Should all councils be supported to the same extent, or should the grant be concentrated on those Councils where the impact is greatest?
- 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?
- 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?
- E. If the Coalition were to introduce a precept cap does your Council have sufficient reserves to compensate for a reduction in grant?
- F. Have you plans to reduce your budget over the next four years?
- G. Are there any other issues you think we should consider?

5.2 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.

Note:

To find out the level of grant your Council received in 2012-13 please refer to the example of Aldbourne Parish Council attached at Appendix A that was sent to all Town and Parish Councils on 6 December 2012

**Council Tax Support (formally Council Tax Benefit)
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Consultation Questionnaire

Please return to communications@wiltshire.gov.uk with the subject
'Council Tax Support' before the 4 November 2013

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

Options	Comment
a. nil;	
b. Reduce by Settlement Funding Assessment reduction	
c. Other	

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

YES/NO

Comment

- 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?

YES/NO

Comment

- 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?

YES/NO

Comment

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

YES/NO

Comment

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

YES/NO

Comment

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

Thank you for completing this questionnaire.



6 December 2012

Finance
Wiltshire Council
County Hall
Bythesea Road
Trowbridge
Wiltshire
BA14 8JN

Aldbournne Parish Council
aldbournnec@yahoo.co.uk

Dear Sir/Madam

Town/Parish Precepts 2013/2014 – Revised Tax Base

I write further to my communication of last week when I advised that Central Government had published their response to the consultation on Council Tax Base and funding for Local Precepting Authorities.

The result of this consultation response is that we have had to revise the Council Tax Base in light of the decisions made following this consultation (further details regarding the changes including a simple example are detailed below this letter and before the return).

As your taxbase has changed, a new precept notice is given below. If you have previously returned your precept notice, this will now be invalid (even if NIL) and I must ask you to complete and return the new form below.

The likelihood is that your Council Tax Base has reduced. Wiltshire Council will provide a grant in 2013/2014 to make up for any shortfall in funding as a result of the reduction in Tax Base based upon your 2012/2013 Band D charge. The amount of grant to be awarded to your Town/Parish is detailed in the table in your precept notice below.

Important - The precept amount you set for 2013/2014 (Box B below) should exclude the value of any grant amount (Box A below). Box C (below) should equal the sum of your Precept Requirement (A) and Grant (B). The formula to work out a band D charge will be your precept divided by your taxbase, and this is the figure that will be shown on the Council Tax bills, so this is no change from last year. What will be different is the way you are being funded. The funding will be your precept plus the grant.

Please note we are expecting information on excessive Council Tax increases for Towns/Parishes to be issued as the same time as the Local Government Finance Settlement and could be as late as 19 December 2012. It is anticipated many small Parishes will not be affected by this, however you may wish to wait for any thresholds and limits to be announced before setting your precept.

The precept tool on our website has unfortunately been withdrawn for this year as it does not reflect the changes imposed. A new toolkit will be issued next year for setting the 2014/2015 precept requirement. If you did get a chance to previously have a look at/use the tool, we would greatly appreciate any feedback.

For ease of reference, I have included some of the information in bullet point format from our previous precept notice below:

- In order for Wiltshire Council to calculate the total Council Tax for 2013/2014, you are required to confirm your precept by completing and returning the precept form below by **21 January 2013**. This date is critical to the reports being prepared by Wiltshire Council in order to set the Council Tax, and your co-operation in meeting the deadline is greatly appreciated. **Please contact us ASAP if this date is no longer achievable.**
- The precept should be approved at the appropriate budget setting committee and a record kept of the approval. The precept form should ideally be authorised at that meeting by the council's chair. However, we will also accept the signature of the clerk of the council and also an emailed submission from the contact email address we hold. Should you wish to send it by email, please reply to the email address below, editing the document so that the precept form is returned completed with the amount of precept required, the date of the meeting at which this was approved and the name of the person who is authorising the form. No signature will be required.
- It is up to the town or parish to decide on the level of precept it needs and to justify this to its electors. **Please note when there is no precept required a nil return must be submitted.**
- If your town or parish has a precept greater than £140,000, you are required to provide a breakdown of expenditure and income to the public. If you anticipate precepting over £140,000 for 2013/2014, please contact Caroline Thornycroft at Wiltshire Council on 01225 718560, caroline.thornycroft@wiltshire.gov.uk to arrange for free publication in the council tax leaflet.
- The table showing the comparison of Town and Parish Council Tax charges will be published on the Council's website.
- Payment of precepts (including any grant) greater than £10,000 will be paid to the Town or Parish in two stages – 50% of the precept will be paid on or before 30 April 2013 and the remaining 50% will be paid on or before 30 September 2013. Towns and Parishes with precepts

(including any grant) under £10,000 will receive the full amount on or before 30 April 2013.

- All payments will be automated and made by BACS. If there have been **any changes** to the bank account details we hold for you, please contact the Business Services Team on telephone 01225 713640, fax number 01225 713989 or email bsaccountspayable@wiltshire.gov.uk

Please accept my sincere apologies for any confusion/inconvenience that this has caused however please understand that the changes were outside of Wiltshire Council's control.

If you have any queries please do not hesitate to contact members of the Technical Accountancy team:

Tina Winfield 01225 718584
Stuart Donnelly 01225 718582

Fax 01225 713697
e-mail financialplanning@wiltshire.gov.uk

Yours faithfully



Matthew Tiller
Chief Accountant

Town / Parish Precept Requirement **2013/2014**

(following revision of new base for 2013/2014)

Aldbourne Parish Council

For information:

The equivalent number of Band D properties for

Aldbourne Parish Council

is 753.64 (taxbase)

Additional top up grant from Wiltshire Council	Box A	£1,974.21
Total precept required for 2013/2014 (To be shown in Council Tax Resolution)	Box B	£
Total amount to be received from Wiltshire Council (A+B)	Box C	£

Formula to check what a Band D property charge for the year

Precept (Box B) divide by taxbase (753.64) = Band D charge per year

Authorised at a meeting of the Town/Parish Council held on
the.....day of.....20....

Signed..... Please print in capitals.....(Chairman)

Signed Please print in capitals.....(Clerk)

If email submission please confirm who is authorising this form.

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Please use your nominated e-mail address to return this form.

i.e. aldbournepc@yahoo.co.uk