

**Policy Committee – 3rd December 2013**

## **LOCALISATION OF COUNCIL TAX – PARISH GRANT 2014-15**



Report of the Corporate Head of Financial Management

Ward(s) affected: All

### **1. Purpose of Report**

- 1.1 To consider the grant funding to parishes in 2014/2015. This grant arose from the Localisation of Council Tax Support. The Council's local scheme came into effect on the 1 April 2013.

### **2. Recommendations**

That Members Recommend to Council that either

- 2.1 As part of the Council budget strategy the grant to Parishes is not awarded from 2014/15.

or

- 2.2 As part of the Council budget strategy the grant to parishes is halved for the 2014/15 financial year and not paid from 2015/16 and beyond.

### **3. Background Information**

- 3.1 Members will be aware of the proposals for the Localisation of Council Tax Support and the Council's scheme approved by Council on the 11 December 2012 which went live on the 1 April 2013. At the meeting of Council on 25 February as part of the budget setting members considered a grant to parishes to reflect the reduction in tax base arising from the scheme localisation.
- 3.2 Each Parish has its own Council Tax Base (CTB) that is the number of band D property equivalents within that parish. The sum of all of the Parish CTBs equates to the Craven District Council's CTB. The parish charge per property (per band D) is the Parish precept divided by the parish CTB.

- 3.3 It is the changes to the Council tax base required to account for the Local scheme which has produced this situation. The Local Council Tax Support Scheme results in changes to the tax base for every parish:
- It increases for the removal of the second homes 10% discount
  - It increases for the reductions in Council Tax exemptions.
  - It reduces by the estimated cost of Council Tax Support spend in 2013/14 by parish.
- 3.4 In addition to the above in forecasting the tax base expected additions during the forthcoming year are also factored into the calculation as well as Council Tax discounts (such as single person's discount) and expected collection rates.

#### **4. The Report**

- 4.1 The calculation of the base is complicated and cannot take place until after the CTB1 (Council Tax Base return to Government) has been completed in September/October at the earliest. The calculation is governed by regulations and is the Council's responsibility to calculate. Any change to the Local Council Tax Support Scheme would also affect the base, with such a decision often in January.
- 4.2 As a result the calculation can only take place once the Local Council Tax Support Scheme for the subsequent year is finalised and approved. This was recommended to Council for approval by Policy Committee on 19 November 2013.
- 4.3 Appendix A provides details of the parish council CTB for 2012/13 and 2013/14 and shows the reduction from the changes identified above. There are a small number of parishes where the base increased, as the changes to second homes discount, exemptions and additions are greater than the Council Tax Support expected to be paid in that parish. It is likely that overall the CTB will be slightly higher in 2014/15 through new property additions in the District.
- 4.4 Appendix A also provides the impact of the reduced CTB multiplied by the 2012/13 band D charge in each parish. This could be argued to be the financial 'loss' each parish suffered as a result of the changes. These figures range from £5.61p to £47,403.61 in the largest parish, Skipton. The Council approved and paid grant totalling £94.1k in 2013/14. This approval was for one year only and it was made clear during the consultation with parishes that the grant should not be relied on in future years.
- 4.5 £89.6k was provided to the Council separately as part of the 2013/14 Local Government Finance Settlement to reflect this, although it was at the full discretion of the District Council to decide whether, how much and the basis for any distribution.
- 4.6 From 2014/15 the grant allocation is not separately identifiable. This is because it is entirely for local authorities to decide how much they are prepared to spend on council tax support. It now forms part of the

Council's start-up funding model as part of the rates retention scheme and Revenue Support Grant (RSG). The RSG element for 2014/15 has reduced, and will continue to reduce year on year.

- 4.7 The Parishes are asking for clarity and certainty over the figure for 2014/15. If the same or similar methodology is used as 2013/14 it is unlikely that the grant will be finalised until January 2014. The Council will be confirming approval of the 2014/15 Local Council Tax Support Scheme in December. This means that those parishes affected would need to meet or have arrangements to confirm their precept requirements late in the budget cycle to ensure that Council on the 25 February 2014 could formally set all the precepts.
- 4.8 This report has been prepared on the basis of the significant financial challenges that the Council faces over its Medium Term Financial Strategy. In the context of the on-going reductions in Government funding, the Council's continuing grant funding to Parishes to compensate for reductions in the tax base is unsustainable. It is therefore suggested that members consider not paying any grant to Parishes from 2014/15 onwards, or pay half the grant in 2014/15, with removal of the grant completely in 2015/16. Parishes will need to consider cutting their services, using reserves or increasing their precept. It is worth noting that some parishes took the decision to smooth the impact of council tax support on their precept and commenced an incremental increase in their tax charges from 2013/14, and using their grant to meet the gap.
- 4.9 Whilst the District Council is effectively restricted in raising its precept by the referendum announcements from the Department for Communities and Local Government, Parish Councils have not to date been affected. Whilst applying the referendum limit to Parishes has been discussed, at present the Government does not have the legal power to do so, nor are there live legislative plans. Members should be aware that if Parishes were to manage the cut by increasing their precept there are likely to be significant percentage increases for some parishes, although the cash amounts in the main are likely to be small.
- 4.10 Appendix A column headed 'Increase Per Band D' provides an estimated figure based on the 2013/14 tax base and is probably a worst case scenario of the impact of this decision if a parish makes good the whole reduction through increasing the precept. The next column highlights the percentage increase in precept that would be required (again based on 13/14 base and precept). Therefore as examples:
- Ribble Banks Parish Council would see the grant reduce by £5.61, which would equate to 38p per band D property (per year), and if they made up the shortfall by increasing the precept it would show as a 1.67% rise.
  - Skipton Town Council would see the grant reduce by £47,403.61 (the highest cash reduction), which would equate to £9.01p per band D property (per year), and if they made up the shortfall by increasing the precept it would show as an 11.8% rise.
- 4.11 As part of the dialogue that the Council will be holding with Parishes for their precept requirements consultation with the Parish Council's is taking

place. A copy of the consultation is attached as Appendix B and results will be fed back to members.

4.12 The Medium Term Financial Strategy as approved by Council 23 April 2013 identified that the estimated shortfall on the 2014/15 budget was likely to be £582k based on known growth, efficiencies/savings/additional income and a 1.63% Council Tax increase.

4.13 Against this difficult financial background the Leadership Group have considered various proposals for savings and additional income generation. In addition a budget strategy workshop for all members on 17 July 2013 considered the proposals. The monitoring of these proposals now forms part of the quarterly budget reporting process.

4.14 If members approve proposal 2.2 within the report, this will result in an additional budget pressure of £45k in 2014/15. However, it would enable the Parishes to plan for the following year.

## **5. Implications**

### **5.1 Financial and Value for Money Implications**

This issue would be considered as part of the Council's overall financial position and the budget strategy. If implemented the cost would be £44.8k in 2014/15.

### **5.2 Legal implications**

There are no significant new legal issues arising from this report.

### **5.3 Contribution to Council Priorities**

The delivery of a balanced budget is critical to the well being of the Authority.

### **5.4 Risk Management**

If awarded the Council will need to find additional resources to fund the grant. Failure to achieve a balanced budget for the financial year will have serious consequences for the Council.

### **5.5 Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

**6. Consultations with Others**

Leadership Team, CLT and Parishes.

**7. Access to Information : Background Documents**

None

**8. Author of the Report**

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**9. Appendices**

Appendix A – Analysis of parish precepts 2012/13 to 2013/14

Appendix B – Letter to parishes

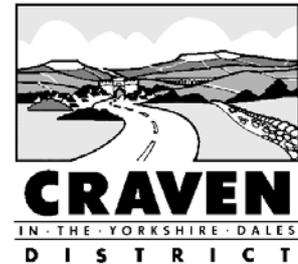
## Craven District Council

## GRANT IMPACT FOR TOWN AND PARISH AREAS

Parish / Town	13/14 Parish Base Band D	13/14 Parish Precept Total £	13/14 Parish Precept Per Band D £	Total Grant £	Proposed Grant From Settlement £	Increase Per Band D £	14/15 % Increase
AIRTON (101)	98.06	-	-	-	-	-	-
APPLETREEWICK (102)	108.45	-	-	-	-	-	-
ARNCLIFFE (103)	38.83	-	-	-	-	-	-
AUSTWICK (201)	251.80	3,454.70	13.72	45.30	21.53	0.09	0.62%
BANK NEWTON (104)	29.18	-	-	-	-	-	-
BARDEN (105)	32.44	-	-	-	-	-	-
BEAMSLEY (106)	75.76	-	-	-	-	-	-
BENTHAM (202)	1,168.56	100,000.00	85.58	7,403.44	3,518.59	3.01	3.52%
BOLTON ABBEY (107)	42.76	-	-	-	-	-	-
BRADLEY (109)	471.76	14,000.00	29.68	832.38	416.19	0.88	2.97%
BROUGHTON (110)	33.89	-	-	-	-	-	-
BUCKDEN (111)	113.10	2,250.00	19.89	-	-	-	-
BURNSALL (112)	61.49	2,000.00	32.53	-	-	-	-
BURTON IN LONS (204)	256.82	13,000.00	50.62	438.94	208.61	0.81	1.60%
CALTON	29.18	-	-	-	-	-	-
CARLETON (114)	422.55	13,103.98	31.01	1,046.02	497.14	1.18	3.79%
CLAPHAM (205)	295.14	7,320.00	24.80	184.33	87.61	0.30	1.20%
CONISTON COLD (115)	90.32	289.03	3.20	10.97	5.22	0.06	1.80%
CONISTON W KILN (116)	63.29	871.24	13.77	128.76	64.38	1.02	7.39%
CONONLEY (117)	435.78	19,122.94	43.88	877.06	416.84	0.96	2.18%
COWLING (118)	818.01	34,052.62	41.63	2,614.98	1,242.81	1.52	3.65%
CRACOE (119)	89.53	-	-	-	-	-	-
DRAUGHTON (120)	121.82	4,612.00	37.86	219.25	104.20	0.86	2.26%
ELSLACK (121)	26.22	-	-	-	-	-	-
EMBSAY W EASTBY (122)	769.79	15,065.85	19.57	743.15	353.19	0.46	2.34%
ESHTON (123)	44.85	-	-	-	-	-	-
FARNHILL (124)	208.82	13,250.00	63.45	481.07	240.54	1.15	1.82%
FLASBY W WINT (125)	50.92	-	-	-	-	-	-
GARGRAVE (126)	716.64	41,424.67	57.80	2,575.33	1,223.96	1.71	2.95%
GIGGLESWICK (207)	526.98	21,748.47	41.27	251.53	119.55	0.23	0.55%
GLUSBURN (127)	1,276.82	65,597.43	51.38	6,852.57	3,256.77	2.55	4.96%
GRASSINGTON (128)	546.12	23,400.00	42.85	1,197.42	569.09	1.04	2.43%
HALTON EAST (129)	49.21	975.00	19.81	-	-	-	0.00%
HALTON GILL (130)	25.20	-	-	-	-	-	-
HARTLINGTON	34.98	-	-	-	-	-	-
HAWSWICK (134)	34.94	-	-	-	-	-	-

Parish / Town	13/14 Parish Base Band D	13/14 Parish Precept Total	13/14 Parish Precept Per Band D	Total Grant £	Proposed Grant From Settlement £	Increase Per Band D £	14/15 % Increase
HAZLEWOOD W S (135)	39.93	-	-	-	-	-	-
HEBDEN (136)	121.93	-	-	-	-	-	-
HELLIFIELD (137)	511.30	25,874.23	50.60	1,125.77	535.04	1.05	2.07%
HETTON CUM BORDLEY(139)	81.96	-	-	-	-	-	-
HORTON IN RIBB (208)	195.04	8,573.96	43.96	226.04	107.43	0.55	1.25%
INGLETON (209)	826.80	75,519.06	91.34	4,480.94	2,129.63	2.58	2.82%
KETTLEWELL W S (140)	209.51	5,040.41	24.06	59.59	28.32	0.14	0.56%
KILDWICK (141)	94.31	1,076.08	11.41	43.92	20.88	0.22	1.94%
KIRKBY MALHAMDALE	151.42	3,897.55	25.74	102.45	48.69	0.32	1.25%
LANGCLIFFE (211)	160.50	6,180.00	38.50	482.11	229.13	1.43	3.71%
LAWKLAND (212)	113.54	-	-	-	-	-	-
LINTON (143)	90.20	4,500.00	49.89	-	-	-	0.00%
LITTON (144)	38.73	-	-	-	-	-	-
LONG PRESTON (145)	312.12	18,162.63	58.19	837.37	397.97	1.28	2.19%
LOTHERSDALE (147)	222.14	13,662.63	61.50	896.06	425.87	1.92	3.12%
MARTONS BOTH (150)	124.46	2,369.71	19.04	130.29	61.92	0.50	2.61%
NAPPA (151)	5.26	-	-	-	-	-	-
OTTERBURN (152)	20.28	-	-	-	-	-	-
RIBBLE BANKS	301.34	6,994.39	23.21	5.61	2.81	0.01	0.04%
RYLSTONE (154)	70.19	-	-	-	-	-	-
SCOSTHROP (155)	38.03	620.00	16.30	-	-	-	0.00%
SETTLE (213)	965.10	58,750.00	60.87	4,631.43	2,201.15	2.28	3.75%
SKIPTON (215)	4,502.85	364,100.00	80.86	47,403.61	22,529.18	5.00	6.19%
STAINFORTH (216)	105.98	5,240.00	49.44	444.41	211.21	1.99	4.03%
STIRTON W TH (156)	100.30	-	-	-	-	-	-
SUTTON (157)	1,139.11	75,317.53	66.12	6,924.95	3,291.17	2.89	4.37%
SWINDEN (158)	9.68	-	-	-	-	-	-
THORNTON IN C (159)	198.92	11,151.03	56.06	170.97	81.26	0.41	0.73%
THORNTON IN LONS (217)	143.15	-	-	-	-	-	-
THORPE	20.66	-	-	-	-	-	-
THRESHFIELD (161)	393.04	6,500.00	16.54	278.17	132.21	0.34	2.03%
<b>COUNCIL TAX BASE</b>	<b>20,767.79</b>	<b>1,089,067.14</b>		<b>94,146.19</b>	<b>44,780.00</b>		

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Date: 8 November 2013

Dear Sir/Madam

### Parish Grant 2014/15

I am writing to your parish as a previous recipient of grant as part of the precept setting exercise for 2013/14. You will recall that the Localisation of Council Tax Support introduced by the Government for 2013/14, resulted in reductions to the Council Tax base and Craven District Council paid a grant to each precept levying parish in Craven to fully reflect this reduction in 2013/14. Many Parishes chose to amend their precept to reflect the grant.

Members are being asked to discuss this grant and its future as part of the deliberations over the budget for 2014/15 when further cuts to Government Financial support in excess of £0.54m are expected (equivalent to 8% of the Council's net budget).

A report for consideration by the Policy Committee will be presented to Members to suggest that the Council considers as part of it's budget for 2014/15 awarding up to 50% of the grant awarded in 2013/14. This would then be referred to Council as part of the budget process. I cannot of course prejudge at this stage what the view of members will be.

The purpose of this letter is to seek your Parish Council's views on this matter, these will then be summarised and included in the report for members to assist them with their decisions.

I request your response to the following questions:

1. If the Council halved the grant made to parishes in 2014/2015 and then removed it in 2015/2016 how would your Parish Council manage the reduction in funding:
  - a. by increasing your parishes precept
  - b. by using reserves to cover the shortfall
  - c. by reducing services – please indicate which services if possible
  - d. a combination of the above – please specify

2. Please propose any alternate methodology that reflects the members desire to generate a saving in the grant payable.

The deadline for responses is 20 December 2013. Your response can be submitted by email to James Anderson [janderson@cravenc.gov.uk](mailto:janderson@cravenc.gov.uk) or by post to the address at the top of this letter.

Yours faithfully,

**Nicola Chick**  
**Craven District Council**