

BRECKLAND DISTRICT COUNCIL

Report of Ellen Jolly, Executive Member for Finance and Democratic Services

To: Cabinet, 29 October 2013

(Author: Mark Finch, Assistant Director Finance)

Subject: Town/Parish Council Localised Council Tax Grant

Purpose: To request a decision from Members for the approach the Council adopts to distribute the Town & Parish share of Government Localised Council Tax Grant

Recommendation(s):

1. Agree an approach to distributing the town and parish share of the localised council tax grant for future years

1. BACKGROUND

Government changes to the council tax benefit scheme leading to the introduction of the Local Council Tax Reduction Scheme (LCTRS) from April 2013 resulted in a general reduction in the tax base across the district. This impact on the tax base was recognised and a government grant was passed on to partly compensate for this change, with an element of this grant (£305,000 13-14) being allocated to town and parish councils.

The grant was identified separately in the 13-14 settlement but in future years it will not be shown separately; it has been incorporated into our Revenue Support Grant (RSG) and Business Rates (NDR) baseline figures, 60% in RSG and 40% in NDR. Current forecasts estimate that our RSG could reduce by 25-30% in future years and whilst we are expecting some growth in NDR (including an inflationary increase in the rate) we only keep 20p in every £ of growth in NDR.

In 2013-14, Breckland passed the full £305,000 grant onto the parish and town councils who raise a precept, but Members may wish to re-consider the amount passed on for future years due to the level of funding cuts and budget saving requirement faced over the coming years.

Grants were paid to 92 town/parish councils, and out of these 31 (35%) reduced their precept request by the value of the grant in 13-14. The remainder of councils (65%) took the grant payment in addition to their precept. If the grant is reduced or removed these councils may have to increase their precept requests to compensate.

Town and parish councils are not currently affected by the rules which require councils who plan to increase their council tax by more than 2% to hold a referendum, however if this were to change and we had reduced or removed the grant, this could put additional financial pressure on some councils, as the grant amounts to more than a 2% rise in their council tax.

We are due to write to all the town and parish councils in November to request their precepts for 2014-15, and need to inform them of their grant payments in this letter to avoid any confusion.

2. OPTIONS

The following options are available and it is suggested that the approach agreed be adopted for all future years. The figures are based on a reduction in RSG of 25.1% (as described in budget forecasts) and no growth in NDR. The figures are based on the Medium Term Financial Plan (MTFP) approved in February 2013 and any decision made will be factored into the new MTFP.

Ref	Description	Grant Given	Yr 1 Cost/ (Saving)
A	Continue grant at current levels	£305,000	£45,906
B	Reduce 60% of grant in line with forecast RSG reductions (i.e. 25.1%)	£259,094	£0
C	Reduce grant by 11%, meaning no TC/PC would need to increase precept by more than 2% to compensate	£271,450	£12,356
D	Remove grant completely	£0	(£259,094)
E	Phase grant out over 2 years (or a number of years)	£152,500	(£106,594)

3. REASONS FOR RECOMMENDATION

To inform the budget setting process for 2014-15 and future years.

4. EXPECTED BENEFITS

To inform the budget setting process for Breckland and town and parish councils.

5. IMPLICATIONS

5.1 Legal

5.2 Risks

- If a 2% referendum limit is put in place for town/parish councils, a reduction in grant could cause financial pressure on some towns/parishes
- Any option which increases costs to Breckland would require additional savings to be found elsewhere
- The actual reduction in RSG could be higher or lower than forecast above

5.3 **Financial** – Financial implications are shown in the right hand column of the options table

5.4 **Timescales** – This decision will apply from the 2014-15 financial year onwards

5.5 **Equality and Diversity**

5.6 **Stakeholders / Consultation**

5.7 **Contracts**

5.8 **Section 17, Crime & Disorder Act 1998**

6. WARDS/COMMUNITIES AFFECTED – All Breckland wards

Background papers:- None

Lead Contact Officer

Name/Post: Mark Finch/Assistant Director Finance

Telephone Number: 01362 656865

Email: mark.finch@breckland-sholland.gov.uk

Director/Officer who will be attending the Meeting

Name/Post: Mark Finch/Assistant Director Finance

Appendices attached to this report: None