

Report No.1

Report to Full Council 29th October 2013

Council Tax Support and the Precept Consultation

1. Purpose of the report

1.1 Attached is a copy of a BRIEFING NOTE by Wiltshire Council called "Council Tax Support (formally Council Tax Benefit) Impact on Town and Parish Councils" and also a consultation questionnaire for members' consideration. Malmesbury Town Council is invited to give its view and below is a brief summary of the main points to assist discussion.

1.2 To discuss the options available for a reply to Wiltshire Council's Official Consultation.

2. Summary

2.1 From April 2013, the Government's changes to Welfare Reform had the effect of reducing the number of houses paying Council Tax. This in turn reduced the amount of precept Parish and Town Councils were able to raise through Council Tax. However Wiltshire Council awarded Council Tax Support grants to Parish and Town Councils to cover most of this shortfall for 2013 to 2014. (This was funded through a Government grant of £1.1m plus £300,000 topped up by Wiltshire Council.)

For Malmesbury Town Council this meant Wiltshire Council compensated us for a 9.65% loss of precept and we received Council Tax Support of £33,873.

2.2 For the year 2014 to 2015 the Government grant to Wiltshire Council is being reduced by 18.2%. Wiltshire Council may pass on that reduction in Council Tax Support to Malmesbury Town Council. They also anticipate further reductions in following years as shown in the following table. To give a guideline as to actual monetary value future potential reductions have been calculated using £33,873 (2013-14) as a base figure for illustration purposes only. **However, there can be no guarantee that any grant will be passed to the Town Council after 2014/15**

	2013/14		2014/15	2015/16	2016/17	2017/18
Potential percentage reduction			-18.2%	-26.8%	-7.0%	-7.0%
Illustrative figures for level of Council Tax Support from WC	£ 33,873		£27,709	£20,283	£18,864	£17,544

	2013/14		2014/15	2015/16	2016/17	2017/18
Illustrative loss of precept each year	Nil		-£6,164	-£13,590	-£15,009	-£16,329

So in the long term we will be looking at a total loss in income over 4 years of an estimated **£51,092** - not adjusted for inflation or other factors.

2.3 An additional complication is that from 2014/2015 the Government is considering introducing a cap on increases to Town and Parish precepts, meaning that we could not raise Council Tax without incurring penalties, which are as yet unknown.

So capping, plus the reduction of the Council Tax Support grant from Wiltshire Council, could result in our having to reduce our spending and potentially not being able to provide residents with the current level of service and facilities.

2.4. Wiltshire Council is now asking Town and Parish Councils for their views in a Questionnaire on Council Tax Support:

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

(Suggested reply: Full grant)

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

(Suggested reply: Town Councils provide more services and facilities for residents and therefore have a higher cost burden than smaller parish councils. Therefore we recommend that Town Councils, such as Malmesbury Town, receive a greater proportion of grant, as this impact on their budgets is greater).

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?

(Suggested reply: As more services are being localised there is a greater call upon Town and Parish Councils funds than before. Also, this scenario is likely to increase in the future with the Government's move towards localism. Therefore whilst in principle independence from the grant would be the ideal, it is unlikely that many Councils would be able to sustain this state financially with a reduced funding, unless they receive additional compensation in some other form. Accordingly, we do not support independence from the 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?

(Options for discussion: a)We would look to spread this over the four years, so that it is paid for by residents who are living in the Town at the time of the charge. b) We will go to referendum to raise the precept by a compensating percentage.)

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

(Suggested reply: As a Town Council with a responsibility to look after many community facilities and with ongoing liabilities and other unknown factors such as inflation, we would not wish to guarantee sufficient reserves to compensate over the period until 2018).

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

(Suggested reply: As a Town Council we are always looking to reduce costs and provide best value, but with a responsibility to look after many community facilities and ongoing liabilities which are also subject to inflation and other factors, it is not anticipated that our budget will be reduced in the foreseeable future.)

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

(Suggested reply: As more services are being localised there is a desire for Parish and Town Councils to take ownership and maintenance of facilities, especially parks which devolving without any accompanying funding to cushion the transition. Whilst many Town Councils such as ourselves would prefer to own and maintain play and green parks, they are an unaffordable cost burden. If Wiltshire Council really wishes to divest itself of parks and other facilities, then serious consideration must be given to providing funding to assist Parish Councils to take them on, even if this is short term.

3. Proposals

- 3.1 To propose that Malmesbury Town Council replies to Wiltshire Council's Consultation with agreed responses.

4. Financial Implications and risks

- 4.1 No specific implications other than those mentioned in the report re the Precept.

5. Recommendations

- 5.1 It is recommended that Full Council agree to the proposals put forward in 3.1