

# Cabinet Report



Report of Head of Finance

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Wards affected: All

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To: Cabinet on: 5 December 2014

To: Council on: 10 December 2014

## Council tax reduction scheme grant for town and parish councils

### Recommendations

That Cabinet recommends to Council:

(a) that the total council tax reduction scheme grant to be passed down to town and parish councils for financial years 2015/16 to 2017/18 be:

**2015/16 - £120,445**

**2016/17 - £ 80,297**

**2017/18 - £ 40,149**

(b) that the individual grant amounts for towns and parishes for 2015/16 are as set out in **Appendix 1** to this report

(c) that delegated authority be given to the Head of Finance, in consultation with the Cabinet Member for Finance, to determine the individual town and parish allocations in 2016/17 and 2017/18, based on the current method of distribution

### Purpose of Report

1. The purpose of this report is for Cabinet to recommend to council the total amount of council tax reduction scheme grant that will be passed down to town and parish council for the financial years 2015/16 to 2017/18.

### Corporate Objectives

2. The council receives a n annual grant from central government which can be passed down to town and parish councils to mitigate the impact of the council tax reduction

scheme on their taxbases. Passing down the grant can help keep down the town and parish element of council tax bills. Determining the amount of grant with reference to the council's Medium Term Financial Plan will help keep the council's council tax as low as possible. Distributing the grant will help meet the objective of effective management of resources.

## Background

3. The council tax reduction scheme (CTRS) takes the form of a discount on the council tax bill and, like other discounts (e.g. the single person's 25 per cent discount), has the effect of reducing the council's council tax base. Reducing the tax base means that, if the council's budget requirement remained the same, the amount of council tax charged would increase, or if council tax was not increased the income generated would reduce. This applies to both billing authorities (Vale?) and major precepting authorities (Oxfordshire County Council and the Police and Crime Commissioner), as well as local precepting authorities (town and parish councils).
4. To mitigate the impact of the reduced council tax base, each year the Government distributes, via revenue support grant and business rates retention, a non-ringfenced grant to billing authorities and major precepting authorities. Because the Government does not have a method for passing down funding direct to town and parish councils the grant given to billing authorities includes an amount "*attributable to local precepting authorities*".
5. For 2013/14 the council received a sum of **£200,742** to be passed down to town and parish councils. The mechanism for allocating the funding was approved at full Council on 12 December 2012. The full amount of the grant was passed down to Vale of White Horse towns and parishes, based upon their relative need following the reduction in their respective taxbases. Some district councils elsewhere in the country did not pass the grant to towns and parishes.
6. The "Revenue Budget 2013/14 and Capital Programme to 2017/18" report to Cabinet and Council in February 2013 advised (paragraph 12) that for future years the amount of grant was not known and it was assumed that no grant at all would be received. Therefore to partly mitigate the impact on town and parish budgets, the intention was to continue to support the town and parish precepts, but to gradually phase out support over the MTFP (i.e. a 20 per cent reduction year on year).
7. Therefore, the total amount distributed to towns and parishes for 2014/15 was **£160,593** (a reduction of £40,148).

## Amount of council tax reduction scheme grant for 2015/16 to 2017/18

8. Using the same methodology as above (a 20 per year on year reduction) the amount to be distributed to town and parish councils for the next three financial years will be:

Financial year	Amount
2015/16	£120,445
2016/17	£80,297
2017/18	£40,149

9. No funding will be distributed to town and parish councils in 2018/19.

## **Method of distribution**

10. The funding pot as determined above will be distributed to town and councils using the same formula as was used for 2013/14 and 2014/15. This formula looks at the effect the council tax reduction scheme has had on the town and parishes' individual taxbases and calculates the notional "council tax forgone". The town and parish councils then receive a fixed percentage of the council tax forgone.
11. The individual grant amounts for towns and parishes for 2015/16 are as set out in **Appendix 1**.
12. Cabinet is requested to give delegated authority to the Head of Finance, in consultation with the Cabinet Member for Finance, to determine individual town and parish allocations in 2016/17 and 2017/18 based on the current method of distribution.

## **Financial Implications**

13. The council tax reduction scheme grant from the government is contained within the council's revenue support grant and the council's baseline funding level for business rates retention. The actual amount of grant for 2015/16 is unknown but overall funding is reducing year on year. The MTFP allows for the 2013/14 grant to reduce by 20 per cent each year so this report fits in with the council's medium term plans.

## **Legal Implications**

14. Whilst the council tax reduction scheme grant is not ringfenced, there is an expectation that councils will use it to mitigate the effect on local precepting authorities of the reduced council tax base.

## **Risks**

15. There is a risk that some town and parish councils may challenge the methodology if they believe that they have not received an appropriate share. However, the Government has not specified any methodology to follow and there is no legal requirement for any of the funding to be passed on.

## **Other implications**

16. There are no other implications arising directly from this report.

## **Conclusion**

17. The government states that part of the funding the council will receive during 2015/16, 2016/17 and 2017/18 is attributable to town and parish councils to mitigate the impact of the council tax reduction scheme on their taxbases. This report recommends how much funding should be passed to town and parish councils without compromising the council's medium term financial plan.

## **Background Papers**

- None

Town/parish	CTRS grant
ABINGDON	£59,772
APPLEFORD	£118
APPLETON WITH EATON	£308
ARDINGTON & LOCKINGE	£102
ASHBURY	£119
BAULKING	£0
BESSELSLEIGH	£0
BLEWBURY	£1,359
BOURTON	£113
BUCKLAND	£42
BUSCOT	£36
CHARNEY BASSETT	£50
CHILDREY	£339
CHILTON	£403
COLESHILL	£49
COMPTON BEAUCHAMP	£0
CUMNOR	£2,046
DENCHWORTH	£12
DRAYTON	£1,410
EAST CHALLOW	£1,163
EAST HANNEY	£0
EAST HENDRED	£892
EATON HASTINGS	£0
FARINGDON	£18,043
FERNHAM	£118
FRILFORD	£0
FYFIELD AND TUBNEY	£8
GARFORD	£59
GOOSEY	£0
GREAT COXWELL	£63
GROVE	£7,397
HARWELL	£1,988
HATFORD	£0
HINTON WALDRIST	£119
KENNINGTON	£2,328
KINGSTON BAGPUIZE	£387
KINGSTON LISLE	£171
LETCOMBE BASSETT	£10
LETCOMBE REGIS	£318
LITTLE COXWELL	£14
LITTLEWORTH	£12
LONGCOT	£147
LONGWORTH	£189
LYFORD	£0
MARCHAM	£1,034
MILTON	£658
NORTH HINKSEY	£1,836
PUSEY	£0
RADLEY	£1,712
ST HELEN WITHOUT	£100
SHELLINGFORD	£12
SHRIVENHAM	£1,341
SOUTH HINKSEY	£186
SPARSHOLT	£43
STANFORD IN THE VALE	£679
STEVENTON	£879
SUNNINGWELL	£169
SUTTON COURTENAY	£2,039
UFFINGTON	£478
UPTON	£56
WANTAGE	£7,176
WATCHFIELD	£584
WEST CHALLOW	£53
WEST HANNEY	£76
WEST HENDRED	£190
WOOLSTONE	£0
WOOTTON	£1,332
WYTHAM	£106
Total	£120,445