

REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE DIRECTION)
RE: COUNCIL TAX BASE FOR LOCAL PRECEPTING AUTHORITIES



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

To inform Scrutiny Commission of financial arrangements for local precepting authorities in 2013/14.

2. **RECOMMENDATION**

That Scrutiny Commission note the contents of this report

3. **BACKGROUND TO THE REPORT**

3.1 The 2010 Spending Review announced the localisation of Council Tax support. From 2013, Council Tax support will take the form of reductions within the Council Tax system, replacing national Council Tax benefit.

3.2 Making reductions as part of the Council Tax system will have the effect of reducing a billing authority's Council Tax base. This reflects that the Council will no longer receive income from households in receipt of benefit through a grant and therefore they are removed in part from the base as an income generating property. The impact of these changes will be factored into the Council Tax base for Hinckley and Bosworth Borough Council and the major precepting authorities (County Council, Fire and Police Authorities) for the purpose of budget and Council Tax setting in 2013/14.

3.3 Similar to Hinckley and Bosworth as the billing authority, a Council Tax base is set for each of Parish Councils annually. This is used to determine the level of precept and the Council Tax that will be charged.

3.4 The Government issued a consultation document in August 2012 which asked for views on how the Council Tax base for "local precepting bodies" should be calculated. At a high level the options posed were:

- 1) For the Council Tax base methodology to remain the same as in previous years. In this case, the base would not be adjusted to reflect any reduction created by Council Tax support claimants within that area. This proposal will provide local preceptors with greater levels of certainty over their base and budget position, however it would increase the financial pressures on billing authorities and major preceptors.
- 2) For the Council Tax base of each parish and special expense area to be adjusted to reflect changes adopted by the local scheme. This would mean that all bodies in receipt of Council Tax would share the impact of the changes equitably.

3.5 The response to this consultation was issued on 26th November 2012. The response outlined that, in support of the localism agenda, the DCLG would not mandate a method for calculating the base and therefore the precepts of parishes/special expense areas. Instead, billing authorities should come to a local agreement on the calculation and the level of funding that is provided.

- 3.6 The outcomes of this consultation were presented and discussed at Executive Briefing at their meeting on 29th November. Executive decided that, in principal, the risk of the changes to Council Tax Benefit should be shared equitably amongst the local preceptors.
- 3.7 Accordingly, the Tax Base for all parishes and special expense areas has been calculated, taking into account the Local Council Tax Support Scheme. The total tax base for Hinckley & Bosworth Borough Council is forecast to reduce by approximately 9.3%. The impact on individual parishes and special expense areas differs depending on demographics and varies from 0.1-13.5%.
- 3.8 In order to manage the transition, the Government has allocated an element of funding within the 2013/14 settlement to fund the gap created by the reduction in Council Tax base. This Council has received c£401,000 of grant for this purpose. An additional grant of £143,000 will be provided to HBBC for local precepting authorities, though the allocation method for this amount is not prescribed. This Council is proposing to allocate the full local precepting element to parish councils based on their proportion of the total reduction in base.
- 3.9 Any grant allocated will be in addition to the allocation of New Homes Bonus to eligible parishes/special expense areas in 2013/14. As outlined in the Medium Term Financial Strategy, 25% of New Homes Bonus allocation will be transferred to local preceptors and apportioned based on the number of new affordable homes created. The draft allocation of New Homes Bonus for 2013/14 has been released and indicates that £1,023,258 will be provided in 2013/14. The element to parish and special expense areas will therefore be £255,815.
- 3.10 The Council wrote to all parish councils on 21st December 2012 to inform them of the following information. In addition, information on the changes was presented to the parish forums at their meeting on 23rd January:
- Council Tax Base
 - Provisional allocation of Local Council Tax Support Grant
 - Provisional allocation of New Homes Bonus
- 3.11 The proposed Council Tax Base, along with the provisional New Homes Bonus and percentage allocation of the Local Council Tax Support Grant are detailed in Appendix A along with the “true” loss in precept following the application of the grant. It should be noted that this does not factor in the reduction in spending need created by New Homes Bonus and on that basis the impact is reduced further.

4. FINANCIAL IMPLICATIONS [KB]

These are contained in the report

5. LEGAL IMPLICATIONS [AB]

These are contained in the report

6. CORPORATE PLAN IMPLICATIONS

This report contributes to the achievement of all Corporate Plan Objectives

7. CONSULTATION

The amendments to the regulations for funding of local precepting authorities was subject to DCLG consultation during the summer of 2012.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

The calculation of parish council precepts will impact on rural parishes and inform spending allowances in these areas

10. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: 2013/14 Finance Settlement

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Appendix A – Allocation by Parish

	2012/13 Council Tax	2012/13 Precept	Proposed Tax Base 2013/14	Reduction In Tax Base (following implementation of LCTS)	Total New Homes Bonus Payable in 2013/14	Proposed Allocation of Parishes Council Tax Support Grant 2013/14	13/14 Precept (based on Council Tax Freeze)	Mvt in precept	Mvt after Grant
	£	£			£	£	£	£	£
Hinckley *	58.63	610,460.00	9,449.8	-1,124.4	92,222.70	n/a	n/a	n/a	n/a
Bagworth	94.62	90,000.00	862.5	-88.0	1,913.29	5,291.00	81,609.75	-8,390.25	3,099.25
Barlestone	64.29	53,000.00	753.8	-76.1	2,249.74	4,576.00	48,461.80	-4,538.20	37.80
Barwell	63.05	182,695.00	2,502.3	-389.4	17,031.16	23,166.00	157,770.02	-24,924.99	1,758.98
Burbage	54.6	307,752.00	5,154.1	-485.2	17,815.76	28,886.00	281,413.86	-26,338.14	2,547.86
Cadeby	30.62	2,832.50	90.4	-4.4	49.39	286.00	2,768.05	-64.45	221.55
Carlton	39.07	5,700.00	148.0	-5.4	2,904.41	286.00	5,782.36	82.36	368.36
Desford	57.65	87,000.00	1,421.4	-92.4	6,459.20	5,434.00	81,943.71	-5,056.29	377.71
Earl Shilton	57.88	190,586.00	2,894.2	-443.9	81,313.81	26,312.00	167,516.30	-23,069.70	3,242.30
Groby	64.08	173,340.00	2,547.9	-163.9	1,292.22	9,724.00	163,269.43	-10,070.57	-346.57
Higham	40.47	11,000.00	243.5	-25.7	1,546.51	1,573.00	9,854.45	-1,145.56	427.45
Market Bosworth	48.4	44,577.00	871.4	-50.7	984.56	3,003.00	42,175.76	-2,401.24	601.76
Markfield	52.05	87,304.20	1,521.8	-153.4	369.20	9,152.00	79,209.69	-8,094.51	1,057.49
Nailstone	37.15	7,500.00	190.7	-14.0	1,576.42	858.00	7,084.51	-415.50	442.50
Newbold Verdon	38.84	40,000.00	915.6	-116.0	3,907.11	6,864.00	35,561.90	-4,438.10	2,425.90
Obaston	27.68	3,000.00	95.8	-11.4	1,005.89	715.00	2,651.74	-348.26	366.74
Peckleton	44.55	21,000.00	458.3	-15.5	4,080.41	858.00	20,417.27	-582.74	275.26
Ratby	61.16	89,500.00	1,350.6	-112.8	10,985.82	6,721.00	82,602.70	-6,897.30	-176.30
Shackerstone	41.11	16,175.00	382.7	-15.3	4,330.40	858.00	15,732.80	-442.20	415.80
Sheepy	41.73	22,000.00	486.5	-32.3	1,712.49	1,859.00	20,301.65	-1,698.36	160.64
Stanton under Bardon	41.08	9,050.00	203.4	-11.3	403.70	715.00	8,355.67	-694.33	20.67

Stoke Golding	42.29	28,786.00	630.2	-45.2	714.24	2,717.00	26,651.16	-2,134.84	582.16
Sutton Cheney	36.75	8,680.00	219.9	-11.7	338.44	715.00	8,081.33	-598.68	116.33
Twycross	29.71	10,550.00	337.9	-16.9	607.63	1,001.00	10,039.01	-510.99	490.01
Witherley	20	12,908.00	618.5	-27.3	0.00	1,430.00	12,370.00	-538.00	892.00
	2,115,395.7	34,351.2	-3,532.6	255,814.50	143,000.00	1,371,624.89	133,310.81	9,689.19	

* The allocation of Council Tax Support Grant for Special Expense Areas will be made from the Council's own allocation in order to ensure that Council Tax is frozen for 2013/14