

Report to the Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report Reference: FPM-023-2013/14

Date of meeting: 20 January 2014

Portfolio: Finance and Technology

Subject: Allocation of Local Council Tax Support Grant

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Recommendations/Decisions Required:

To allocate the Local Council Tax Support Grant available to Town and Parish Councils in proportion to the reduction in their Council Tax income.

Executive Summary:

Last year the Council decided to top up the amount of grant relating to local councils of £312,812 by an additional £7,460 in order to leave local councils no worse off following the introduction of Local Council Tax Support.

From the initial grant figures provided in late July it was clear that the amount of grant relating to local councils would no longer be separately identified and that the overall grant receivable would be substantially reduced. This Committee decided on 19 September that the grant available to local councils should be reduced by the same percentage as the Council's overall grant was reduced. At that time a reduction of 13.6% was anticipated and this was communicated to the local councils immediately by email in September and at the Local Councils Liaison meeting in November. It was assumed that the grant paid to each body in 2013/14 would be reduced by 13.6% for 2014/15.

At the Local Councils Liaison meeting it was suggested that, for the allocation to be as fair as possible, the amount of grant should reflect the loss of income to each body. It was not possible at that time to perform that calculation as the tax base had not been set. Now the tax base has been set and the likely reduction in overall grant has been confirmed as 12.5%. The figures shown in the appendix were shared with the local councils before Christmas but it was made clear that they should not be regarded as final until the issue had been considered by this Committee.

Reasons for Proposed Decisions:

To agree the basis for allocating LCTS Grant and the amounts due to each Town and Parish Council.

Other Options for Action:

Members could decide to allocate the grant by reducing the amount payable to each local council by 12.5%. Alternatively, Members could decide to allocate more than the proposed amount, although this would require additional savings elsewhere in the budget to fund the local councils.

Report:

1. The principle behind this grant is that it should compensate for the reduction in tax base and for 2013/14 Members decided to top up the Government funding of £312,812 by £7,460 to leave local councils no worse off as a result of local council tax support. This meant that if the grant for 2013/14 was deducted from the previous year's precept and the adjusted precept was then divided by the adjusted tax base the new Band D charge produced should be similar to the 2012/13 Band D charge. Help and advice was provided to the local councils and most set their precepts accordingly so there was little increase in most Band D charges. Out of the twenty four local councils only five increased their charge by more than 3.5% and these are shown below -

Local Council	Band D 2012/13 £	Band D 2013/14 £	Increase %
Chigwell	37.34	47.69	27.72
Moreton, Bobbingworth and the Lavers	21.49	24.87	15.73
North Weald Bassett	52.45	57.61	9.84
Ongar Town	82.83	90.80	9.62
Stanford Rivers	32.59	48.42	48.57

2. The tax base has now been set for 2014/15 and this shows a reduction of 5,014.8 Band D equivalents due to LCTS, a reduction of 103.3 on the 2013/14 figure of 5,118.1. This is a reduction of approximately 2%, although within this average the figures for individual authorities show more fluctuation. The five authorities with the greatest Band D reductions and their year on year change are shown below –

Local Council	Reduction in Band D Equivalents 2012/13	Reduction in Band D Equivalents 2013/14	(Decrease) %
Buckhurst Hill	358.7	346.6	(3.37)
Chigwell	389.7	372.9	(4.31)
Epping Town	477.5	467.5	(2.10)
Loughton Town	1,413.7	1,377.2	(2.58)
Waltham Abbey Town	1,188.4	1,185.6	(0.24)

3. The draft grant settlement figures announced just before Christmas were slightly better than expected for 2014/15 and slightly worse than expected for 2015/16. Previously local authorities had been advised of a potential reduction of 13.6% but the latest indicative figures show a reduction in total grant of 12.5%. Applying this reduction to the 2013/14 grant gives an amount to be allocated amongst local councils of £280,236 for 2014/15.

4. Appendix one shows the reduction in Band D equivalents for each local authority and then multiplies this by the Band D charge for 2013/14 to get a figure for the predicted loss of income for 2014/15. The total income lost for all local authorities is £325,245 and the individual amounts are divided by this to show the percentage of the total loss that relates to each authority. The individual percentages are then multiplied by the grant available to give the allocation for each authority.

5. As Waltham Abbey Town Council has the largest reduction in income it is used here as the illustration -

a) Predicted loss of income = Band D charge x reduction in Band D equivalents

$$£114,908.35 = £96.92 \times 1,185.6$$

b) Percentage of overall loss = WATC loss / total loss

35.33% = £114,908.35 / £325,244.70

c) Share of Grant = % of overall loss x total grant

£99,007 = 35.33% x £280,236

6. The change in grant relative to 2013/14 is determined by the relative changes in Band D charges and the reductions in Band D equivalents, with most authorities showing the expected reductions. Three authorities, Chigwell, Moreton, Bobbingworth and the Lavers and Stanford Rivers, show increases in grant due to the size of the increase in their Band D charges in 2013/14. The other authority showing an increase is Abbess, Berners and Beauchamp Roding and this is due to an increase in their number of Band D equivalents, from 8.8 in 2013/14 to 10.9 for 2014/15.

Resource Implications:

The reduction in resource available for the grant to local councils is the same as the overall grant reduction faced by the Council. Members could choose to reduce the total grant by a greater or lesser amount, a greater reduction would reduce the need for savings whilst an increase in the grant would have to be funded by other savings elsewhere in the budget.

Legal and Governance Implications:

The Government has not prescribed a formula or mechanism for calculating or allocating the grant but has said it is for each billing authority to determine.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the district.

Consultation Undertaken:

Information has been shared with local councils by email and both the Portfolio Holder and the Director of Finance & ICT attended the Local Councils Liaison meeting in November.

Background Papers:

Previous reports on LCTS.

Impact Assessments:

Risk Management

There is a risk that if the allocations are not determined local councils could be late in setting their precepts and this in turn could effects our own budget timetable.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A