

# APPENDIX C

## WAVERLEY BOROUGH COUNCIL

### SPECIAL EXECUTIVE - 22 JANUARY 2013

#### EXTRAORDINARY COUNCIL MEETING – 22 JANUARY 2013

---

#### **Title:**

### **LOCALISED COUNCIL TAX REDUCTION SCHEME 2013-2014 GRANTS TO TOWN AND PARISH COUNCILS**

**[Portfolio Holder for Finance: Cllr Mike Band]**

**[Wards Affected: N/A]**

---

#### **Summary and purpose:**

To approve the payment of one-off grants to town and parish councils relating to the impact of the new council tax reduction scheme on council tax levels in 2013/14.

---

#### **Equality and Diversity Implications:**

There are no direct implications arising from this report

#### **Resource and legal implications:**

Waverley's estimated annual cost of council tax support is £6.1m. The Government has agreed to pay Waverley an amount of grant within the overall revenue grant allocation for 2013/14 to offset 90% of the Government's estimate of the cost. The Government has stated that it expects billing authorities to work with town and parish councils to help reduce the impact of the changes on their council tax charges. This report proposes a schedule of one-off grants to town and parish councils in 2013/14 to help offset the impact of the council tax reduction scheme.

---

#### **Background**

1. Currently the full cost of council tax benefit is reimbursed to Waverley by the Government. From 2013/14, local council tax reduction schemes will be accounted for via the council tax base. This means that all authorities in Waverley that precept on council tax payers, including town and parish councils, will generate less income from council tax. Overall this loss of income will be partly offset by a grant from the Government at the level of 90% of the estimated cost. The Government will pay a grant to major preceptors within their overall grant settlement but it will not pay grant to town and parish councils.
2. Whilst there is no legal obligation for Waverley to make payments to local preceptors, it is recognised that the Government changes may have an impact on their local council tax levels and it is important to minimise the impact on all council tax payers. Changes to exemptions and discounts for empty and second

homes that Waverley agreed in December will help mitigate the impact as will the proposals to implement changes to the default council tax reduction scheme such that some of the funding shortfall will be recovered by reduced entitlement in specific areas. In addition to these changes, it is considered that a one-off payment of grant to town and parish councils is appropriate in 2013/14. A grant will only be given where a town or parish council's estimated council tax base for 2013/14 has reduced from its 2012/13 level. The overall proposed grant amount has been apportioned over the town and parish councils based on the extent of impact of the council tax reduction scheme on their council tax income. The grants are subject to a maximum of the total loss of council tax income arising from the overall reduction in council tax base.

3. The total amount of grant to be allocated to town and parish councils in 2013/14 has been calculated after Waverley has incurred its 10% cost of the council tax reduction scheme. Further costs associated with the scheme, including additional recovery and fraud resource and the creation of a hardship fund and a caseload volatility risk provision, have been split between Waverley and town and parish councils in proportion to the precepts. The result is an amount of £80,617 to be allocated and the proposed grant amounts are set out in Annexe 1. This is a proposed one-off arrangement in 2013/14 only. From 2014 onwards the government has announced that town and parish councils will receive an automatic 15% share of all Community Infrastructure Fund generated in their area, which could generate significantly larger sums than the revenue forgone as a result of the council tax reduction scheme.
4. For the purpose of spending totals and core grant, the Government consider town and parish precepts to be part of Waverley's net expenditure. The level of grant proposed in this report results in the overall percentage funding shortfall for town and parish councils in 2013/14 being similar to Waverley's government grant reduction of 9.7%. Overall 32% of Waverley's net budget requirement is funded from core central government grant with the remaining 68% being raised from council tax. Applying the same proportions to the total local precepts of £2.4m, the funding shortfall is around 9%.

### **Recommendation**

That the Executive recommends to Council that one-off grants, for 2013/14 only, be made to town and parish councils as set out in Annexe 1 to help offset the impact of the Government's localised council tax reduction scheme

---

### **Background Papers**

#### **CONTACT OFFICER:**

**Name:** Graeme Clark      **Tel:** 01483 523099  
**E-mail:** [graeme.clark@waverley.gov.uk](mailto:graeme.clark@waverley.gov.uk)

## Annexe 1

### Proposed one-off Grants 2013-14

	£
Alfold	981
Bramley	1,298
Chiddingfold	2,363
Churt	825
Cranleigh	8,129
Dockenfield	88
Dunsfold	828
Elstead	1,243
Ewhurst	1,275
Farnham	31,063
Frensham	564
Godalming	18,104
Hambledon	168
Hascombe	313
Haslemere	7,002
Thursley	150
Tilford	62
Witley	5,321
Wonersh	838
<b>Total</b>	<b>80,615</b>