

# TOWN & PARISH COUNCIL FUNDING REVIEW (2012)

# **TOWN & PARISH COUNCIL FUNDING REVIEW (2012)**

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Website: [www.kettering.gov.uk](http://www.kettering.gov.uk)

To all Town and Parish Councillors within the  
borough of Kettering

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Our ref: T&PCFR2012  
Date: 17 August 2012

Dear Councillor

## Town & Parish Council Funding Review 2012

The purpose of this letter is to inform you that Kettering Borough Council is undertaking a review of the current Town and Parish Council grant funding arrangements and to request that you provide feedback from your respective Town or Parish Council through completing and returning a short questionnaire.

Following a request from the Rural Forum, the Council's Executive Committee agreed that it would look once again at the present grant funding arrangements. To this end, it considered a report at its meeting of 18 July 2012 to help shape the terms of reference for the review and in effect identify a preferred option for consultation. For your convenience, the report that the Executive Committee considered is included in the documents attached to this letter.

Having considered the report, the Executive Committee agreed the following;

### **RESOLVED** that

- (i) the position in respect of the current grant arrangements be noted;
- (ii) the Executive Committee's preferred option is to cease providing revenue grants to Town and Parish Councils and that this would be effective from the start of the 2014/15 financial year;
- (iii) that the investigation of special expenses for Kettering Town not be explored;
- (iv) the consultation arrangements be agreed as outlined in section 4 of the report.

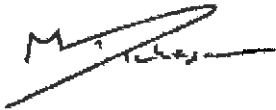
It would be appreciated if each Town and Parish Council could take the time to complete the enclosed questionnaire and return it no later than close of business on Friday 12<sup>th</sup> October 2012. The comments made will be reported back to the Executive Committee later in the year, probably to the meeting scheduled to be held in November.

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Also included within this pack is a short information sheet that touches on some of the common issues and comments made in the previous consultation exercises on this issue.

Yours sincerely



Mark Dickenson  
Acting Head of Finance  
Kettering Borough Council



Cllr Alison Wiley  
Portfolio Holder

*Working with and on behalf of local people*



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<b>Report Originator</b>	Mark Dickenson Acting Head of Finance	<i>Fwd Plan Ref No: A11/019</i>	
<b>Wards Affected</b>	All	18 <sup>th</sup> July 2012	
<b>Title</b>	<b>TOWN &amp; PARISH COUNCIL FUNDING - REVIEW</b>		

**Portfolio Holder: Councillor Alison Wiley & Councillor Jonathan Bullock**

**1. PURPOSE OF REPORT**

Following a request from the Rural Forum, the Executive Committee (at its meeting of 14<sup>th</sup> Sept 2011) agreed that it would look again at the system that was currently in operation for providing funding to Town and Parish Councils within the Borough.

Prior to the commencement of the review, this report seeks to;

- a. Remind Members of the background to the current arrangements
- b. Outline the current system
- c. Request clarification of the scope of any review
- d. Agree any consultation arrangements

**2. BACKGROUND**

- 2.1 Kettering Borough Council is one of the only Councils in the Country which continues to provide ongoing revenue support to Town and Parish Councils through annual grant payments. Almost without exception in other areas of the Country, Town and Parish Councils generate their income through raising a local precept.
- 2.2 At the time of writing this report, we could not identify any other local authority that pays revenue grants to offset the normal operating costs of Town or Parish Councils.
- 2.3 The Council has undertaken two extensive reviews / consultations on Town and Parish Funding in the recent past.
- 2.4 The first of these took place in 2007 and a follow up review took place in 2009.
- 2.5 The system that Kettering Borough Council operates was significantly modified in 2007. At that time it moved from a system based on an annual bidding process to a very simple system that provided grant support through operating 5 different payment bands – each band relates to the level of taxbase within an area.

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2.6 The following table outlines the different bands and their associated grant levels (based upon 2012/13 grant levels);

<b>Table 1 – Grant Bands</b>		
<b>Tax Base</b>	<b>Banding</b>	<b>Current Grant Payment (£)</b>
Up to 100	Band 1	1,000
101 to 500	Band 2	2,820
501 to 1,000	Band 3	4,830
1,001 to 1,500	Band 4	7,030
Over 1,500	Band 5	9,450

2.7 The review that was completed in 2009 resulted in the following resolutions from the Executive Committee from its meeting of 19 October 2009;

**RESOLVED:** *that the Executive:-*

- (i) notes the comments that had been submitted as part of the consultation process;*
- (ii) agrees to continue with the current system of grant funding with effect from April 2010; and*
- (iii) the individual grant levels for Town and Parish Councils be adjusted annually to reflect the percentage change in core government grant (as notified through the annual grant settlement) that Kettering Borough Council receives from the Government. This was also to be effective from 1st April 2010.*

2.8 The impact of (iii) above has been to reduce the grant payments by 15.2% in 2011/12 and a further 11.3% in 2012/13.

2.9 The Council's Medium Term Financial Strategy uses the assumption of additional annual grant reductions of 6%. Under the current arrangements this (or whatever the actual figure is) will be applied to future levels of funding for Town and Parish Councils.

2.10 The current budget for funding grants to Town and Parish Council is £88,490. In addition, there are currently 10 Town or Parish Councils who now raise a local precept – this raises an addition £80,295. The following table provides a breakdown;

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<b>Table 2</b>	<b>Banding</b>	<b>Tax</b>	<b>2012/13</b>	<b>2012/13</b>
		<b>Base</b>		<b>Local</b>
			<b>Grant (£)</b>	<b>Precept</b>
Brampton Ash	Band 1	33	1,000	
Grafton Underwood	Band 1	67	1,000	
Harrington	Band 1	70	1,000	
Sutton Bassett	Band 1	47	1,000	235
Thorpe Malsor	Band 1	56	1,000	
Warkton	Band 1	62	1,000	
Weekley	Band 1	72	1,000	
Weston By Welland	Band 1	74	1,000	
Ashley	Band 2	130	2,820	
Braybrooke	Band 2	177	2,820	
Cranford	Band 2	206	2,820	
Cransley	Band 2	121	2,820	1,250
Dingley	Band 2	96	2,820	400
Loddington	Band 2	217	2,820	
Pytchley	Band 2	195	2,820	1,000
Rushton	Band 2	204	2,820	
Stoke Albany	Band 2	150	2,820	
Wilbarston	Band 2	312	2,820	3,910
Broughton	Band 3	795	4,830	6,000
Geddington & Newton	Band 3	627	4,830	5,000
Mawsley	Band 3	893	4,830	35,000
Barton Seagrave	Band 5	1,542	9,450	
Burton Latimer	Band 5	2,466	9,450	17,500
Desborough	Band 5	3,605	9,450	10,000
Rothwell	Band 5	2,553	9,450	
<b>Total Budget</b>			<b>88,490</b>	<b>80,295</b>

2.11 When the system was significantly changed in 2007, there were only 3 Town or Parish Councils who raised a local precept. This now stands at 10.

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### 3 SCOPE OF THE REVIEW

- 3.1 Whilst the Committee agreed in September 2011 to look once more at the system, it didn't give any indication about the scope of any review. It was communicated to the Rural Forum that any review would be likely to take place during the summer of 2012 and conclude in the Autumn.
- 3.2 Committee are requested to provide a broad terms of reference for any review so that resources can be efficiently channelled into any work required (particularly in the light of there having been two extensive reviews in recent years).
- 3.3 It is fair to say that the general views of individual Town and Parish Councils are well known from the previous consultations. Although any proposed changes should be properly consulted upon, it is fair to recognise that there is already a significant amount of data available.
- 3.4 Members may wish to consider two broad strategic choices when deciding upon the scope of any review, these are outlined below;

<b>Does the Council wish to continue with a system of providing revenue grants to Town and Parish Councils?</b>	
<b>OPTION 1</b>	<b>OPTION 2</b>
<b>IF YES, then</b> <ul style="list-style-type: none"><li>◆ Continue with current system?</li><li>◆ Adjust the current system?</li><li>◆ What budget is available</li></ul>	<b>IF NO, then</b> <ul style="list-style-type: none"><li>◆ Cease the current arrangements at the end of 2012/13?</li><li style="text-align: center;">Or</li><li>◆ Give notice to end the current arrangements for some future defined point?</li><li style="text-align: center;">Or</li><li>◆ Phase out the current grant payments over a defined period of time</li></ul>



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- 3.5 During previous consultation exercises, Town and Parish Councils have consistently made the point that they consider the current system to be unfair for two main reasons;
- a) Level of Grant – that the level of grant is not sufficient, especially for very small parish councils who struggle to meet their basic operating costs;
  - b) Kettering Town – because Kettering Town is not a parished area there is a feeling that the area benefits unfairly from the current arrangements. There have been previous requests that the use of a 'special expense' arrangement for Kettering Town should be considered.
- 3.6 Members are advised to keep the issue of (1) funding town and parish councils, and (2) consideration of different arrangements for Kettering Town, separate under any review. The normal arrangements throughout the Country are that individual Town and Parishes raise their own local precept to pay for their own expenditure without any assistance from the Borough Council. In addition, some Borough Councils also operate a system of special expenses on un-parished areas, and some do not. The two issues are not necessarily linked and the Borough Council is under no requirement to introduce a special expense if it changes its funding arrangements for Town and Parish Council – it can of course if it wishes.
- 3.7 If a special expense were introduced for Kettering Town it would result in a real cash change in the amount of Council Tax that residents pay (either more or less depending on what is included in the calculation). The same would be true for other Council tax payers in the Borough. Although the average level of Council Tax charged for the Borough Council would mathematically stay the same, the actual amount that residents pay through their bill would alter.
- 3.8 Members are asked to provide guidance about the scope of any review, namely;
- a. Which of the broad options is preferred and how the chosen option might be implemented?
  - b. Should the investigation of special expenses for Kettering Town be explored?

#### **4 CONSULTATION AND CUSTOMER IMPACT**

- 4.1 Depending on the scope of any review, consultation will need to be undertaken with Town and Parish Councils.

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4.2 Given the previous reviews and consultation into this subject it is recommended that initially consultation is undertaken by means of a questionnaire directly sent to each Town and Parish Council.

4.3 It is not recommended to repeat the extensive consultation events of previous reviews.

### **5 POLICY IMPLICATIONS**

5.1 None as a direct consequence of this report.

### **6 USE OF RESOURCES**

6.1 None as a direct consequence of this report.

### **7. RECOMMENDATIONS**

That the Executive:

- a. Notes the position in respect of the current grant arrangements;
- b. Determines the scope of the review (as per paragraph 3.8);
- c. Agrees the consultation arrangements (as per section 4)

#### Background Papers:

Title of Document: Various  
Contact Officer: M Dickenson

#### Previous Reports/Minutes:

Exec Sept 2011

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### QUESTIONNAIRE

Name of Parish / Town Council -

Name of Clerk -

Q1	Were you aware Kettering Borough Council is one of the only Council's in the country that currently pay grants to Town and Parish Councils? (please delete as appropriate)
	<p style="text-align: center;">Yes <span style="margin-left: 200px;">No</span></p>
Q2	<p>Having read the Executive Committee Report and the draft minutes, does your council understand the Executive Committee's preferred option in relation to the future of the scheme (the draft minute is reproduced below for your council)?</p> <p><i>that:-</i></p> <ul style="list-style-type: none"> <li><i>(i) the position in respect of the current grant arrangements be noted;</i></li> <li><i>(ii) the Executive Committee's preferred option is to cease providing revenue grants to Town and Parish Councils and that this would be effective from the start of the 2014/15 financial year;</i></li> <li><i>(iii) that the investigation of special expenses for Kettering Town not be explored;</i></li> <li><i>(iv) the consultation arrangements be agreed as outlined in section 4 of the report.</i></li> </ul>
Q3	Please outline your Council's view on the Executive Committee's preferred option.

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### QUESTIONNAIRE

Q4	If your Council is not in favour of what the Executive Committee proposes, what other solution would your Council suggest is considered?
Q5	In previous consultation exercises, some Councils have raised the concept that they believe there is an issue relating to 'double taxation' in their area. If Councils still believe that this is an issue, could further details be provided below please?
Q6	Of those Town and Parish Councils that already raise a Local Precept, would you be prepared to help provide practical advice and assistance to help others introduce their local precept?
Q7	Of those Town and Parish Councils that do not currently raise a Local Precept, what are the practical issues that may concern you in relation to doing so?

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**QUESTIONNAIRE**

Q8	Any other comments?
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**Signed**

**Print Name**

**Date**

**Email**

**Date of Council decision and reference**

## **TOWN & PARISH COUNCIL FUNDING REVIEW (2012) ADDITIONAL INFORMATION SHEET**

This sheet provides some additional information in relation to some of the issues that have been identified in previous consultations by individual Town and Parish Council.

### **1. Previous Consultations**

The Council has previously undertaken reviews in relation to the funding of Town and Parish Councils on two separate recent occasions.

The first of these saw a detailed review undertaken during 2007 and this was followed with a further review two years later in 2009.

The feedback that individual Town and Parish Councils gave to both of these previous consultations remains on file and continues to be used as a useful reference point. Generally, similar responses were received from councils to the previous consultations and these have been the subject of reports to previous meetings of the Executive Committee.

When agreeing to look once more at the funding arrangements, the Executive Committee were mindful of the detailed consultations that have taken place in the recent past and agreed that a more focused and direct approach should be adopted this time around. Accordingly, the consultation is taking the form of an information pack that contains a questionnaire for each Town and Parish Council to complete. It was considered that there was no requirement to provide specific consultation meetings / events as part of this review.

### **2. Special Expenses**

The issue of Special Expenses for Kettering Town is an issue that has previously been mentioned by some Town and Parish Councils in the past.

Some additional information on this issue is included in the Executive Committee report that is contained elsewhere in this pack.

The questionnaire does not ask for feedback on this issue because the Executive Committee, at its meeting of 18 July, decided that it did not wish to pursue this as an option.

### **3. Double Taxation**

An issue commonly referred to as 'double taxation' is also an issue that some Town and Parish Councils have referred to in the past as a concern.

Prior to deciding whether this is an relevant issue, it is important to understand what 'double taxation' actually is, and any direct relationship to the current decision that the Council's Executive Committee have under consideration.

## **TOWN & PARISH COUNCIL FUNDING REVIEW (2012) ADDITIONAL INFORMATION SHEET**

Double taxation can only exist when a resident has to pay council tax to two separate public bodies for the receipt of the same service – in this case, paying council tax to a Town or Parish Council and also to the Borough Council. This normally only exists where a specific service has formally been devolved down to a local council but when that is not accompanied with the required level of funding.

Double taxation is not about a household in a town or parish having to pay council tax to two separate public bodies. It is also not about facilities / services that a town or parish council decide to introduce or enhance (even if similar services / facilities or levels of service are being provided elsewhere in the Borough). For example, decisions taken at town or parish council level to introduce (or enhance) a service such as grass cutting or a children's play area, does not represent an issue of 'double taxation'.

The current system of grant provision by the Borough Council to individual Town and Parish Councils represents a financial contribution to help cover the core operational costs of running the council – this includes indirect contributions to such things as accommodation, wages, legal and insurance costs and other incidental costs. The grant is not intended to provide funding for anything else. As such, any move by the Borough Council to remove the current system of grants would most likely result in a local precept being raised by each individual Town and Parish Council to cover its core operational costs. This in itself should not create any issues in relation to the concept that is 'double taxation'.

The analysis carried out as part of the previous consultations concluded that double taxation was not an issue in relation to Town and Parish Council grant funding.

If Town or Parish Councils believe that there are historical issues of double taxation that require consideration – these should be outlined on the returned questionnaire.

#### **4. National Government Funding**

The 2009 review into Town and Parish Council grant funding concluded that the future level of grants should be linked to any changes (+ or -) that the Council experienced in its national core funding award from central government.

As a result of this, individual grants were reduced by 15.2% for 2011/12 and 11.3% for 2012/13.

The Council is currently modelling on the following reductions for future years;

2013/14	-6%	2014/15	-6%
2015/16	-7%	2016/17	-7%
2017/18	-7%	2018/19	-7%

## TOWN AND PARISH COUNCIL FUNDING SUMMARY OF CONSULTATION RESPONSES

As a result of the consultation exercise 23 out of a total of 25 Town and Parish Councils have formally responded. A summary of the preferred options are detailed below, this is followed by comments received from each Town or Parish Council.

	Response Received	Does TPC Understand the Preferred Option	View on Preferred Option	Additional Proposal
Ashley	Y	Y	Disagree	Y
Barton Seagrave	Y	Y	Agree	N/A
Brampton Ash	Y	Y	Disagree	Y
Braybrooke	Y	-	Disagree	Y
Broughton	Y	Y	Disagree	Y
Burton Latimer	Y	Y	Disagree	Y
Cranford	Y	-	Disagree	Y
Cransley	Y	Y	Disagree	Y
Desborough	Y	-	Disagree	Y
Dingley	Y	-	Disagree	Y
Geddington Newton & Little Oakley	Y	-	Disagree	Y
Grafton Underwood	Y	Y	Disagree	Y
Harrington	Y	Y	Disagree	Y
Loddington	Y	Y	Disagree	Y
Mawsley	N			
Pytchley	Y	Y	Disagree	Y
Rothwell	Y	Y	Disagree	Y
Rushton	Y	Y	Disagree	Y
Stoke Albany	Y	Y	Disagree	Y
Sutton Bassett	Y	-	Disagree	Y
Thorpe Malsor	N			
Warkton	Y	Y	Disagree	-
Weekley	Y	Y	Disagree	-
Weston By Welland	Y	Y	Agree	N/A
Wilbarston	Y	Y	Disagree	Y
<b>Total No of Responses</b>	<b>23</b>	<b>17</b>	<b>23</b>	<b>19</b>
<b>Total % of Responses</b>	<b>92</b>	<b>74</b>	<b>N/A</b>	<b>N/A</b>