

KB/CF-29112013

29 November 2013

To All Town and Parish Councils
To National Council Members
To County Associations

COUNCIL TAX BENEFIT SUPPORT GRANT

Dear Colleagues

We had a useful meeting on Tuesday with CLG Minister Brandon Lewis MP to address the issue of Council Tax Benefit Support Grant.

We also had a meeting immediately afterwards with the Shadow Local Government Minister, Andy Sawford MP, who is very supportive.

The meetings were attended by me as National Chairman, the Chief Executive and Head of Policy and Development and Cllr Dave Roberts from Stratton St Margarets PC in Swindon, one of the worst-affected councils.

We set out to the Minister our serious and continuing concerns about this issue:

- the impact on town and parish councils in the current year: even though many billing authorities had passed on the grant, where they had not it had caused major problems for our councils
- the widespread uncertainty about the forthcoming year, with many billing authorities threatening to withhold all or part of the grant; and our councils as a result being unsure of what precept to set
- the potential impact on communities, with our councils either reducing services or increasing precept and council tax levels (which councils in some areas have already done)

We pressed the Minister to issue statutory guidance, or take other measures, to ensure that billing authorities pass on the grant.

We pointed out that if our councils were forced to increase precept, they might then be at risk of capping/referenda on council tax.

We stressed that all this uncertainty, and possible cutbacks in spending, ran counter to the Government's expectations of the new and developing localism role for our councils.

In response, the Minister stressed that he continued to be very supportive in ensuring the grant was passed on to our councils. He undertook to approach directly any billing authority where the grant might be withheld.

He explained that he had reiterated on Monday, at the House of Commons despatch box, that all billing authorities should pass on the grant.

He further explained that he would be addressing this issue in the Autumn Statement on the financial settlement for local government (the grant paid by Government to all principal authorities). We welcomed this, but questioned whether it would be a requirement on billing authorities, or just an expectation. He indicated that he would consider this and let us know the outcome 'before Christmas'.

He assured us that there would be 'no nasty surprises' on capping and referenda, although he was watching developments in our very largest councils where their precept exceeded that of the district council. We reiterated that these precept figures were misleading, because they did not explain that district councils were heavily subsidised by Government grant.

He said his officials would continue dialogue with us and that we should meet again in early January.

We agreed that such further dialogue and an early meeting would be useful; but we continue to be very concerned about the continuing delay and uncertainty. Whatever the assurances of the Minister, there remains a very serious risk that the grant will not be passed on.

Additionally, and subsequent to the meeting, serious concerns have been raised following comments by the CLG Deputy Director for Council Tax in a workshop at the NALC Larger Councils Conference on Wednesday.

Her comments were perceived as meaning that a decision had been made on imposing referenda/capping on all our councils with more than a £70 council tax element at Band D (the level at which a town or parish council element of Council Tax exceeds that of the district council).

This perception was incorrect, although the overall position continues to be a matter of real concern.

In order to clarify the position, CLG has issued the following statement, which confirms that no decisions have been made and that she was simply setting out options under consideration by ministers:

- that the principles of capping/referenda have always applied to TPCs, but ministers have not implemented them, always saying that they were keeping the position under review
- that the 'de minimis' threshold might be the £70 level
- but that no decisions have been taken.

Here is the statement:

'The position is that ministers announced on 19 December 2012 that they will consider extending the council tax referendum principles to include town and parish councils in 2014-15. In doing so, they remain committed to the assurance given in the 2010 consultation paper on council tax referendums (which was repeated in parliament during passage of the Localism Act) that a de minimis threshold would apply which would have the effect of excluding the majority of smaller councils from having to hold a referendum.'

'With this in mind, I suggested at the meeting that one possibility for a de minimis threshold might be to base this on a level band D council tax which was above the level of the smallest district (approx £70) and/ or size of total precept. This reflects the 2010 consultation (paragraph 12) which stated:

'This [threshold] would exclude authorities where either (a) the increase in the basic amount of council tax is below a defined amount or (b) the total income generated...is below a fixed level.'

'It has therefore been a matter of public record that council tax referendum principles might at some point be extended to town and parish councils and how that might happen.'

'However, for the avoidance of any doubt, I should make clear that no decisions have been taken in respect of principles in relation to town and parish councils for 2014-15. We expect that any decisions will be taken next month and announced as soon as possible afterwards.'

Colleagues: please be assured that we very much appreciate that our councils need to know where they stand and what to do.

I am discussing developments with the NALC Executive Committee this week and there will be a full report to National Council on 10 December.

We will keep you fully informed of developments; and further guidance and advice will be issued as soon as possible.

Yours faithfully

A handwritten signature in black ink that reads 'Ken D Browne'. The signature is written in a cursive, slightly slanted style.

Councillor Ken Browne
Chairman
National Association of Local Councils