

Subject: Concurrent Function and Council Tax Support Grants – 2018/19

Report to: Policy and Resources Committee - 17 October 2017

Full Council - 2 November 2017

Report by: Finance Director

SUBJECT MATTER/RECOMMENDATIONS

The report presents a proposal to the Policy and Resources Committee for the future funding arrangements to parish council concurrent functions and further review of the introduction of special expenses for non-parished areas. It also recommends reductions in council tax support grant in line with the Council's reductions in funding of the grants receivable.

The content of the report outlines the current funding arrangements for the provision of concurrent function grants and makes recommendations for a reduction in the grant for 2018/19 with a further review for changes in 2019/20.

It is recommended that Policy and Resources Committee consider the options contained within the report and recommend to Full Council:

- 1) That the concurrent function grant for 2018/19 be reduced and be provided for parks and open spaces and burial grounds only;
- 2) That further review is carried out for the 2019/20 budget process;
- 3) That the Council tax Support Grant allocations for 2018/19 be limited to £33,710 as outlined within the report.

1. INTRODUCTION AND BACKGROUND

- 1.1 As part of the 2017/18 budget process a suite of budget savings and income proposals were considered by Members of the Policy and Resources Committee for delivery in the now current and future financial years. One of the proposals covered a review of the concurrent function grants and special expenses to be phased in from 2018/19.
- 1.2 Concurrent functions are services which can be carried out by the Borough Council but are also within the statutory remit of a parish or town council (where these exist). These will cover services that are provided in some parts of the borough by the borough council and in others part of the borough by a parish council. Where this occurs parish taxpayers may be charged twice, for example within the parish charge and the borough council charge.
- 1.3 The services are discretionary to both Borough and Parish Councils whoever carries out the function. To avoid 'double taxation' (where a service which could be provided by either the Borough Council or a parish council is financed from the parish precept in a parished area and by the Borough Council in non-parished areas with no corresponding reduction in Council Tax for the parished areas) the Borough Council provides a scheme whereby a grant is provided to parish/town councils in the borough for use by these councils against concurrent function expenditure.

- 1.4 Alongside parish precepts which are in place for parishes that chose to set a precept a system of Special expenses can be established in non parished areas. A special expense item is an item which relates to only part of the borough council's area, for example in non parished areas. In order for expenses incurred in performing any function of a borough council to be special expenses, the function must be carried out by the borough in only part of its area, and the same function must be carried out in another part of the district by one or more parish councils. Special expenses are used as a mechanism to charge elements of the Council Tax to specific areas of the borough.
- 1.5 A Council has the ability to recover an element of its Council Tax via a special expense this would form a charge to those within non parished areas. Special Expenses in the main are charges for the upkeep of parks and the maintenance of "open space assets" within non parished areas of the Borough which are owned and maintained by the Borough. In other areas of the Borough open space assets are owned and maintained by parish councils who will charge residents accordingly for these services.
- 1.6 In designing a special expenses scheme, the Council can define some parks and open space areas as being for the benefit of the entire borough. These would tend to be larger parks, although some smaller areas could be defined as borough parks. These areas that are defined as a benefit to the borough as a whole can be included within the Basic Amount of Council Tax (for the borough) to which no special items relate, along with the rest of the Borough Council's costs, those deemed to be outside of this can be charged as a special expense on the basis of the locality.
- 1.7 It was agreed as part of the 2017/18 budget process that funding of concurrent function grants would be reviewed for the 2018/19 budget. This report now recommends proposed changes to the system of paying concurrent function grants for 2018/19 which will provide early notification to the Parish Councils ahead of their timescales for the setting of annual precepts and also recommends further review be carried out for the 2019/20 grants.

2. CURRENT SYSTEM

- 2.1 There are currently 21 parishes within the Borough of Great Yarmouth Council and 19 receive a concurrent function grant. The grants are paid to cover spend in the Parish areas on the following areas:
- Burial Grounds
 - Beach Cleaning
 - Parks and Open Spaces
 - Bus Shelters
- 2.2 Appendix A provides details of the 2017/18 concurrent function grants along with the areas of expenditure they cover and the level of parish precepts for the last two financial years. The total cost to the Borough Council of the concurrent function grants for the last four years is summarised in table 1 below. In 2016/17 contributions to Clerks Salary was removed from the concurrent function grants.

Table 1	2014/15 £	2015/16 £	2016/17 £	2017/18 £
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Table 1	2014/15 £	2015/16 £	2016/17 £	2017/18 £
Burial Grounds	32,897	33,219	34,109	34,109
Beach Cleaning	14,750	14,790	9,240	9,240
Parks and Open Spaces	89,097	91,250	91,435	90,285
Special Works	1,500	0	0	0
Bus Shelters	9,584	9,584	8,714	8,714
Contribution to Clerks Salary	18,477	18,605	0	0
Total	166,305	167,448	143,498	142,348

- 2.3 Parishes have the ability to precept for expenditure incurred within their parish. Currently there are no restrictions on the ability to increase council tax for parish areas and whilst there have been previous discussion nationally around the introduction of capping for parishes, these discussion have focused on the introduction of capping for the larger parishes and in particular those that have an average Band D parish charge in excess of some of the lower second tier authorities (borough, district and cities), capping for parishes has never been implemented. In contrast the Borough has limits on the level of Council that can be increased each year, the current capping restricts annual increases to £5 on a Band D property. The Appendix also illustrates the changes between financial years of the level of precepts set annually by the parishes and the resulting band D council tax for each parish.
- 2.4 The cost of the annual concurrent function grants forms an element of the Borough Council annual spend and is therefore included in the calculation of the £151.48 annual average Band D charge.
- 2.5 The average band D for parish charges for 2017/18 is £12.96 for GYBC, and range from £0 (for parishes that do not set a precept) to £40.23. Comparable averages for the rest of Norfolk (excluding Norwich City as there are no parishes) are £56.10 and nationally for all shire districts are £40.81. These reflect the non parished and parished areas within individual authorities.
- 2.6 The tax base for the borough council is split into parished and non parished areas as follows reflecting that 56% of the tax base is in parished areas:

	2017/18 Tax base
Parished Areas	15,423
Non Parished Areas – Great Yarmouth and Gorleston	11,919
Total Tax Base	27,342

- 2.7 The average band D that is billed for the residents of Great Yarmouth are outlined below for 2017/18:

Average Band D Council Tax Bill	Parished Areas £	Non-Parished Areas £
Norfolk County Council	1,247.94	1,247.94

Average Band D Council Tax Bill	Parished Areas £	Non-Parished Areas £
Police and Crime Commissioner	217.17	217.17
Borough Council	151.48	151.48
Parish Charge*	22.98	N/A
Total Average Band D	1,639.57	1,616.59
*averaged based on the actual precept per parish		

3. CONCURRENT FUNCTION GRANTS FROM 2018/19

- 3.1 As mentioned above the last review of concurrent function grants paid by the Borough Council to Parishes was for the 2016/17 budget process which saw the removal of a contribution to the parish clerks salary and a reduction in the beach cleaning grant. No further review has since been carried out and the amounts awarded each year have remained fairly level with no significant changes year on year.
- 3.2 There are few examples available nationally of other LA's providing concurrent function grants to town and parish councils. With the wider funding reductions facing Local Authorities, this spending area was therefore previously recommended as a potential saving.
- 3.3 It is recognized that the funding of concurrent function grants is a complex area in terms of the impact to both the Parishes and the Borough Council and understanding how the concurrent function grants are used by the parishes on what could be deemed as Borough Council responsibilities is not clear. Further work will be required to understand what legal obligations the Council is required to fund in respect of parished areas for which the implications will not be known to inform the budget setting process (for Parish and Borough) for the 2018/19 budget. Within the current grants funding is made available for beach cleaning and bus shelters which are not within the responsibility of the Borough Council.
- 3.4 Therefore the following outlines a suggested approach for 2018/19 along with work for the 2019/20 grant:
 - i. For the 2018/19 grant - Remove the grant for beach cleaning (£9,240) and bus shelters (£8,714) and reduce the grant for parks and open spaces by 15% (£90,285 to £76,742) to be allocated pro-rata across the 2017/18 amounts;
 - ii. For 2019/20 – Review the feasibility of the introduction of special expenses alongside further review of the elements contained within parish spend for the burial grounds and parks and open spaces elements of the funding.
- 3.5 The phasing of reductions will allow transitional arrangements to be put in place with the parish councils and for the Borough Council to provide a more detailed review of future arrangements. The potential impact to the parishes (based on the current year tax base and precept) is included in Appendix A. The actual impact will vary depending on the level of precept set and the tax base for 2018/19. The latter will be set by Full Council in December and draft tax bases will be provided to the parish council's ahead to inform their precept setting for 2018/19.

4. COUNCIL TAX SUPPORT GRANT

- 4.1 Local Council tax support (LCTS) was introduced in April 2013 as a replacement to Council Tax benefit as part of the national funding reduction programme and to encourage people to work. Previously the scheme was 100% funded through benefit subsidy payable to the Council from the Department for Work and Pensions (DWP) as part of the subsidy process. Since April 2013 each billing authority has had the discretion to set their own local discount scheme.
- 4.2 The local scheme has remained largely the same since the introduction of LCTS in 2013/14 and essentially means that those that were previously entitled to 100% council tax benefit would be required to pay 8.5%.
- 4.3 The funding for LCTS included an element in relation to parishes for 2013/14 (year one) and this was identified separately. The funding was to be used to mitigate the impact essentially from a reduction in the tax base for borough and parishes. From 2014/15 onwards funding for LCTS is no longer received as a separate subsidy grant but is now within the overall Local Government Funding system as non ring-fenced funding within revenue support grant and baseline business rates funding. RSG funding reduces each year and therefore the funding for LCTS has also reduced, although the Council has continued to pass on the grant to the parishes with no reductions annually to reflect the reduction in funding that the Council receives in respect of LCTS and therefore has continued to fund any shortfall as a result of the CTS scheme to the parishes. It is therefore recommended that the allocation of LCTS grant for 2018/19 to parishes be capped at £33,710 (compared to the 2017/18 amount of £46,070) which will bring the grant allocation in line with the reduced level of funding that the Council has received.
- 4.4 Parishes will use the grant for CTS as part of calculating their annual council tax requirement and therefore this is why an decision is required now ahead of the precepting setting process.
- 4.5 There are varying examples nationally of how CTS grants are passed down to parishes including annual reductions in line with overall funding reductions, full withdrawal and combinations of these.

5. FINANCIAL AND RISK IMPLICATIONS

- 5.1 Introduction of changes to the parishes in terms of reduction to the concurrent function grants paid could have implications to the precept setting and increases to the average band D charge for a parish. This can be mitigated by the parishes in that they will be holding various levels of reserve funds in the same way that the Council is required to hold reserves which can be used to mitigate the reduction in grant. In addition as detailed within the report Parish Councils are not currently subject to capping restrictions.
- 5.2 The Council has continued to face reduction in funding which includes the funding for the council tax support, continuing to protect the parish councils from the impact of council tax support means a greater share of the impact of the introduction of LCTS is funded by the Borough Council.
- 5.3 Parishes set their precepts annually each year and in previous years they have been requested to return their precepts for the following year by mid December. To allow for sufficient time for parishes to set their precepts in the light of the

recommendations contained in the report this deadline will be extended to mid January for the 2018/19 precepts.

- 5.4 The total of the proposals will reduce the direct cost to the Council of Concurrent Function Grants and Council Tax Support Grants by £44,000 for 2018/19.

6. CONCLUSIONS

- 6.1 The allocation of funding to parish councils for concurrent function grants have not been reviewed since 2016/17 and for council tax support grants not since the introduction of CTS in 2013. For the latter the impact to the parish councils of the introduction of LCTS has been fully mitigated by the Borough Council when the overall funding of LCTS has been assumed to reduce within the overall funding settlement for the Council.
- 6.2 The proposals in the report make recommendations for changes to the concurrent function grants for 2018/19 and a reduction to the CTS grant passed to parish councils.

7. BACKGROUND PAPERS

- 7.1 Current concurrent function grant allocations and precepts for 2017/18.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Area for consideration	Comment
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	
Existing Council Policies:	
Financial Implications:	Contained within the report
Legal Implications (including human rights):	
Risk Implications:	Detailed in the report
Equality Issues/EQIA assessment:	N/A
Crime & Disorder:	N/A
Every Child Matters:	N/A

Concurrent Function Grants

Appendix A

	2016/17			2017/18			Council Tax Increase (parish charge only)	2017/18 Band D Including Parish & Borough Charge	Concurrent Function Grant Payable 2017/18					Impact of CCFG Proposed Reduction to band D*
	Tax base	Precept	Council Tax Band D	Tax base	Precept	Council Tax Band D			Burial Grounds	Beach Cleaning	Parks & Open Spaces	Bus Shelters	TOTAL	
		£	£		£	£		£	£	£	£	£	£	£
Ashby with Oby	24	-	-	23	-	-	0.0%	151.48	-	-	-	-	-	-
Belton with Browston	1,087	37,775	34.75	1,111	38,960	35.07	0.9%	186.55	-	-	12,950	-	12,950	0
Bradwell	3,367	45,428	13.49	3,470	45,575	13.13	-2.7%	164.61	1,215	-	14,180	1,015	16,410	0.29
Burgh Castle	384	5,361	13.96	406	5,400	13.30	-4.7%	164.78	1,050	-	1,550	-	2,600	-
Caister on Sea	2,726	62,074	22.77	2,744	71,066	25.90	13.7%	177.38	-	-	2,550	-	2,550	-
Filby	302	3,525	11.67	319	3,538	11.09	-5.0%	162.57	1,450	-	3,400	150	5,000	0.47
Fleggburgh	377	3,362	8.92	385	4,758	12.36	38.6%	163.84	2,300	-	1,240	-	3,540	-
Fritton with St Olaves	274	6,445	23.52	268	6,567	24.50	4.2%	175.98	550	-	-	-	550	-
Hemsby	1,231	32,205	26.16	1,352	14,801	10.95	-58.1%	162.43	5,800	5,000	9,750	5,899	26,449	8.06
Hopton	1,011	28,794	28.48	1,012	28,820	28.48	0.0%	179.96	1,000	-	500	-	1,500	-
Martham	1,076	43,292	40.23	1,081	43,492	40.23	0.0%	191.71	3,800	-	11,400	200	15,400	0.19
Mautby	138	3,004	21.77	143	2,574	18.00	-17.3%	169.48	2,222	-	1,250	-	3,472	-
Ormesby St Margaret w Scratby	1,477	51,412	34.81	1,586	51,761	32.64	-6.2%	184.12	7,500	3,000	15,000	-	25,500	1.89
Ormesby St Michael	108	1,020	9.44	114	1,252	10.98	16.3%	162.46	850	-	3,000	-	3,850	-
Repps with Bastwick	146	3,444	23.59	147	3,252	22.12	-6.2%	173.60	-	-	4,411	-	4,411	-
Rollesby	330	6,208	18.81	336	6,343	18.88	0.4%	170.36	1,300	-	1,900	200	3,400	0.60
Somerton	108	1,704	15.78	116	1,707	14.72	-6.7%	166.20	760	-	1,025	250	2,035	2.16
Stokesby	115	2,808	24.42	118	2,816	23.86	-2.3%	175.34	812	-	1,919	-	2,731	-
Thurne	50	1,122	22.44	49	1,120	22.86	1.9%	174.34	900	-	540	-	1,440	-
West Caister	74	-	-	75	-	-	0.0%	151.48	-	-	-	-	-	-
Winterton	529	15,160	28.66	568	20,685	36.42	27.1%	187.90	2,600	1,240	3,720	1,000	8,560	3.94
Sub Total - Parishes	14,934	354,143		15,423	354,487				34,109	9,240	90,285	8,714	142,348	
Great Yarmouth & Gorleston	11,788	0	0.00	11,919	0	0.00	0.0%	151.48						
TOTAL	26,722	354,143		27,342	354,487									
Average as calculated over tax base		13.25			12.96									
Norfolk:														
Breckland		79.61			83.93									
Broadland		68.95			73.12									
Great Yarmouth		13.25			12.96									
King's Lynn & West Norfolk		41.16			43.85									
North Norfolk		49.76			53.67									
Norwich		0			0	No parishes								
South Norfolk		66.68			69.04									
Shire Districts - nationally - Average		38.38			40.81									

* Impact to a band D of proposed reductions for 2018/19 based on 2017/18 tax base