

PUBLIC QUESTION TIME

AGENDA ITEM 5

QUESTION 1

**MRS ROSEMARY ABBISS**, Chairman of Shropshire Association of Local Councils (SALC) will ask the following question:

**Shropshire Association of Local Councils (SALC)** is the local representative voice for parish and town councils (collectively known as local councils) in Shropshire, of which 79% are in membership. Their very close proximity to the community and their knowledge of the local area and residents means they provide and deliver valuable facilities and services to their immediate communities. The importance of parish councils has long been recognised as contributing a vital element to democratic local government.

SALC, on behalf of its member councils, wishes to ask the Council to reconsider proposals to remove the allocation of council tax support grant to Town and Parish Councils for 2015/16.

There has been no direct consultation with Parish and Town councils and SALC therefore surveyed its Members to gauge the effect on them. SALC collated their comments and sent these in response to the **public** consultation. SALC also attended the Performance Management Scrutiny Committee on 28 January asking for their support and was informed that they were awaiting the response to the consultation.

At SALC's Annual Conference on 9<sup>th</sup> February, 50 Member Councils attended to hear from Jonathan Owen, the Chief Executive of the National Association of Local Councils and Helen Ball representing the Larger Town Councils who had met with ministers. The clear message was that although there was no legal mandate to pass on the grant, Government's intention was that principal councils should pass this on. During the conference, member councils were unanimous in the strong concerns that were raised:

- Dissatisfaction at the lack of proper consultation with them on such an important issue.
- Disappointment at Shropshire Council regarding the lack of representation at the conference
- Concern at their apparent perception that Parish and Town Councils don't need the grant and are able to cut their costs, precept or budget to cover the loss.

- Whilst SALC and Parish and Town Councils are sympathetic to the budgetary constraints of Shropshire Council, there is an awareness that Shropshire Council is adding to its reserves for 2015/16
- There is a perception given by Shropshire Council that Parish and Town Councils have large reserves so won't miss the grant. (***Reserves held by parishes are generally contingencies as directed by their audit process.***)
- This is not the best time to withdraw the grant without direct consultation when Local Councils are being asked to do much more and take on extra services such as libraries, toilets etc.
- Communities have already lost the grant funding from the LJC's so local groups are looking to Parish and Town Councils to help.
- Local Councils have already taken thrifty measures to contain the precept but will be forced to reduce or cut spending or increase the precept, with little left to support local organisations
- The withdrawal of the Grant will have major implications on the trust between the tiers of local Government overshadowing the many examples of good, effective relationships (Shropshire Council has a reputation for doing things right with its Parish Councils; its SAMDev work, the annual Place Plan discussions, the involvement of Parish & Town Councillors in the decision making of LJCs: All have been upheld as best practice nationally)
- There should be meaningful conversations, identifying more collaborative working with improved technology available to local councils
- There is an expectation (supported by a letter sent to principal Councils by the Minister) that this grant should be passed down. If Shropshire Council decide not to pass down the grant, many have voiced strong concerns that this is morally wrong.
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**MR M OWEN**, Portfolio Holder for Resources, Finance and Support, will reply as follows:

Shropshire Council's Business Plan and Financial Strategy identifies the need to make £80m savings over the period 2014-17 which fall on top of similar savings levels in the preceding 3 year period. The Council has had to consider all areas of service provision and spend to identify this level of saving whilst seeking to minimise the impact on the public.

The grant to Town and Parish Council is one of the areas of spend the Council has considered as part of the savings required to deliver a balanced 2015/16 budget. The grant proposed to be removed is not a ring-fenced grant, rather it is funded from the Council's baseline resources which fund all Council services.

## **QUESTION 2**

**MR DAVID COOPER**, a Bridgnorth resident will ask the following question:

- a) For the purposes of its forward financial plan, the Council assumes that the Council Tax base will grow by 0.5% a year. However, it actually grew by 1.2% in 2013 and 1.93% in 2014. The Council's Core Strategy assumes an approximate 1.2% a year increase in the number of dwellings in the County. How much extra Council Tax income would the Council receive each year if the Council Tax base grew by 1.2% a year, rather than the 0.5% a year assumed?
- b) In 2013/14 the Council Tax Collection Fund had a surplus of 3.16 Million Pounds, and for 2014/15 the surplus is estimated at just over 4 Million Pounds. The effective collection rate was just under 100% for 2013/14 and around 100.7% for 2014/15. These figures will have been influenced by additional dwellings attracting Council Tax after the Council Tax Base is set in December. For 2015/16 the collection rate is proposed to be assumed as 98% for planning purposes. If an effective 100% collection rate is again achieved next year, how much surplus would this generate to be distributed to Shropshire Council in future years, as compared with the 0.5 Million Pounds assumed in the financial plan for 2016/17 and 2017/18?

**MR M OWEN**, Portfolio Holder for Resources, Finance and Support, will reply as follows:

- a) The Council Tax taxbase for 2015/16 is 102,411.33 Band D Equivalents as agreed by Council in December 2014. The Financial Strategy assumes growth in Council Tax taxbase of 0.5% for 2016/17, giving a taxbase of £102,923.39 Band D Equivalents. The additional income from Council tax for Shropshire Council in the financial strategy assuming the 0.5% increase is £596,407. Assuming an increase in taxbase of 1.2% between 2015/16 and 2016/17 would generate an additional £834,964 for Shropshire Council in 2016/17. For 2017/18, if 1.2% growth was assumed in each of the 2 years, additional income of £1.684m would be estimated in 2017/18. These calculations assume the Council Tax remains at 2015/16 levels. It should be noted that the Council estimates the Council Tax taxbase before the beginning of the financial year. The actual taxbase will vary throughout the year; the growth at the year end may be more than 0.5% but this growth will occur throughout the financial year resulting in only a proportion of the income being due in the year.
- b) The estimated in year Collection Fund surplus for 2014/15 of £4.008m includes all liabilities raised and does not take account of either the collection rate or the collection of previous years' arrears. The actual 2014/15 surplus will be known in June and will reflect the actual collection rate and also

include adjustments for previous years (both arrears collected and amounts written off).

The 2013/14 collection rate was 98.1% and the collection rate for 2014/15 is currently projected at 98%. When collection rates are quoted they always relate to the collection rate relevant to the current year's liability and do not take into account the collection of any previous years' arrears.

The Council Tax taxbase for 2015/16 has been determined as 102,411.33 Band D Equivalents and assumes a collection rate of 98%. If a 100% rather than a 98% collection rate was assumed then the Council Tax taxbase would be 104,501.36 Band D Equivalents which would raise Council Tax income of £157,213,936 (assuming a combined average Band D Amount for all preceptors of £1,504.42). Precept demands for 2015/16 total £154,069,653 so there would be a surplus on the 2015/16 Collection Fund of £3,144,283, however, there is no allowance in this surplus for either write offs or the bad debt provision. Of this surplus £2.563m would be distributed to Shropshire Council in 2016/17 as compared to the £0.500m currently in the Financial Strategy for 2016/17.

It should be noted that the Council's Financial Strategy recognises that historically Business Rates collected have been less than estimated resulting in a deficit in the Business Rates Collection Fund. Any increase in the estimate of surplus in the Council Tax Collection Fund for the Council would need to be considered alongside any changes required to the estimate of the Business Rates Collection Fund.