

Briefing Note on Council Tax Support Grant (CTSG)

Background

As part of the spending review in 2010 the Government announced that the national system of council tax benefit would cease and that support for council tax would be localised from 1 April 2013.

This change affected the calculation of the council tax base to reflect those residents in receipt of council tax support. It was originally expected that parish councils would not be impacted by this change. However, following the conclusion of the Government's consultation on the matter, subsequent guidance and the associated legislation meant that parish councils were also affected by the tax base reduction.

The government provided additional grant to councils in respect of these changes. This funding was 10% less than the costs of implementing the scheme at the time, and has continued to decrease in line with the overall funding reductions faced by the local government.

In 2014-15 an amount of £150k was passported to parish councils in respect of CTSG. The CTSG was allocated to each parish based on the reduction made to the parish tax base due to council tax support.

After making the initial grant payment in 2014-15 the decision was taken not to recalculate the CTSG each year in line with changing levels of council tax support in each area. Instead the 2014-15 allocation was used as the baseline and then reduced in line with funding reductions, see Table 1 below. This meant that parish councils had some stability in the grant funding as they were only impacted by the annual funding reductions without the complication of the changing value of council tax support claims.

Table 1 – Historic CTSG Payments.

Parish Council	2014-15	2015-16	Percentage Reduction	2016-17	Percentage Change
	Passport to Parishes	Passport to Parishes		Passport to Parishes	
	£	£		£	
Bishopstone	818	724	-11.5%	641	-11.5%
Blunsdon	16,027	14,183	-11.5%	12,856	-9.4%*
Castle Eaton	509	450	-11.5%	398	-11.5%
Chiseldon	4,914	4,349	-11.5%	3,849	-11.5%
Covingham	5,084	4,499	-11.5%	3,981	-11.5%
Hannington	411	364	-11.5%	322	-11.5%
Haydon Wick	26,215	23,199	-11.5%	23,983	3.4%*
Highworth	19,839	17,557	-11.5%	15,537	-11.5%
Inglesham	245	217	-11.5%	192	-11.5%
Liddington	839	742	-11.5%	657	-11.5%
Nythe		3,781	NEW*	3,346	-11.5%
South Marston	1,063	941	-11.5%	833	-11.5%
Stanton Fitzwarren	518	458	-11.5%	405	-11.5%
Stratton St Margaret	53,151	43,255	-18.6%*	38,279	-11.5%
Wanborough	2,358	2,087	-11.5%	1,847	-11.5%
Wroughton	18,009	15,937	-11.5%	14,104	-11.5%
Total CTSG to Parish Councils	150,000	132,743		121,230	

* The change in the grant is not the same as for the other parish councils due to the effects of boundary changes affecting those areas

Current situation

In 2017-18 the CTSG was expected to reduce to £107k however, with the introduction of parish councils across the Borough, an additional sum of £133k was allocated to provide CTSG to the new parish councils. The figure of £133k was calculated based on the tax base with the intention of ensuring that all parish councils would receive the same level of grant per Band D equivalent. However, changing the basis of calculation for the existing parishes would have resulted in a lower than expected level of CTSG for those councils and broken the previous approach of providing certainty for them.

As there had been no consultation on a changed methodology it was agreed that for 2017-18, only, existing parish councils would receive CTSG in line with historic arrangements and the new parish councils would receive CTSG calculated under the new methodology. The Council added an additional £32k to the CTSG grant to meet the cost of this and committed to consult on how this is dealt with in future years.

The total CTSG budget is £272k for 2017-18 and this will reduce by 11.5% each year. The basis of this consultation is how this funding will be distributed between the parish councils.

Options for consideration:

1. Maintain the current CTSG allocation, to provide maximum stability
2. Allocate grant to all parish councils based on the reduction in the tax base due to council tax support, recognising that this is likely to lead to changes in the calculation of grant each year;
3. Allocate grant to all parish councils based on the tax base, recognising that this can lead to changes in the calculation but the impact is less than for option 2
4. Any other alternatives that are identified

Appendix 1 sets out the allocation of CTSG in 2017-18 and the impact of options 1-3 on the allocation in 2018-19.

Mick Bowden

Director of Finance

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