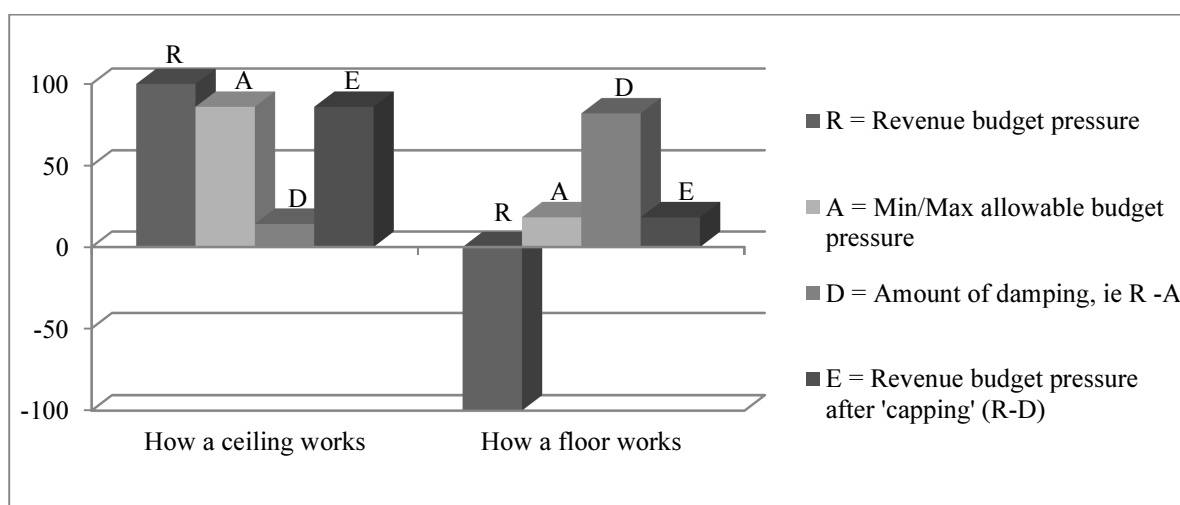


Funding

1. Overall funding for local schemes will be based on 90% of the forecast, subsidised council tax expenditure, in relation to England, for 2013/14. That was estimated at £3,697m and so theoretically, 90% of that estimated expenditure is £3,327.3m. Members should note these figures exclude some local authority council tax benefit expenditure, on areas such as local schemes (for war widows etc.), that do not attract subsidy and will not, as a consequence, attract 90% funding.
2. The 90% overall funding will be distributed to billing authorities according to each authority's share of annual, subsidised council tax expenditure for the year 2011/12. Unfortunately I am unable, at this stage to confirm what that figure is as we will not know the figure until later on in the year. The Government is using, at this stage, figures for 2010/11, which show that the total expenditure for England was £4,299.3m. Our expenditure for that year was, according to the Government's figures, £7.5m, meaning that we accounted for 0.1744% of the overall expenditure. Therefore, it appears that funding for the Tonbridge and Malling area would be in the order of £5.8m, i.e. 0.1744% of 3,327.3m.
3. As an aside, interestingly, Members will note that the forecast costs for 2013/14 are less than the actual figures for 2010/11.
4. The amount of funding to each billing authority will then be shared between the billing authority and the major precepting authorities in each area according to their share of council tax in the year 2012/13. The shares for 2012/13 are: Kent County Council – 71.24%; Tonbridge & Malling (including parishes) – 14.71%; Police – 9.43%; and Fire – 4.62%.
5. Theoretically, this would result in total funding for TMBC and the parishes in the region of £854,000 (14.71% x 5.8m). **However**, the annex to the consultation paper suggests that TMBC would receive £773,000 and that a further grant of £172,000 would be paid to us that would be attributable to our parishes. That would mean total funding of £945,000; a positive difference of £91,000 from the earlier £854,000. **The Government is, however, stressing that these figures are merely indicative.** Members have to bear in mind that the Government is using figures for 2010/11, adjusted for forecast expenditure in 2011/12.
6. The funding will be provided through the business rates retention scheme and will not be ring-fenced.
7. The Government expects billing authorities and local precepting authorities (i.e parish councils) to work together to manage the potential impact on the local precepting authority Band D council tax level. The Government

suggests that this could be achieved by billing authorities passing down an element of the funding to the local precepting authority. The Government has indicated that it will monitor council tax increases by local precepting authorities and could set principles for higher-spending local precepting authorities in relation to excessive council tax increases. This is obviously a matter on which we need to consult with the parish councils and I suggest we schedule this as an item for discussion at the Parish Partnership Panel in September.

The Government proposes that, in the first year of the scheme of localised council tax support, there should be a 'ceiling' relating to the maximum revenue budget pressure that an authority should face because of the new arrangements. That would recognise the fact that, for some authorities, council tax benefit forms a relatively high proportion of overall revenue expenditure. For illustrative purposes, the Government has used a 'ceiling' 0.86%. The Government has also suggested a 'floor' of 0.18%. In assessing pressure on billing authority revenue budgets, the Government is excluding local precepting authority revenue expenditure and the local precepting authority element of council tax benefit expenditure. Policing bodies are excluded from the arrangements for floors and ceilings. The arrangements for floors and ceilings can probably best be illustrated in chart form:



8. DCLG is working with the DWP regarding arrangements for the funding of administrative costs.

9. Although the Government is ruling out the adjustment of the funding distribution to take account of the proportion of caseload comprising pensioners, there are other aspects of the funding régime on which I would like clarification. My Revenue and Benefits Manager will be attending a seminar on the subject prior to the Cabinet meeting. I shall report verbally to the meeting on the outcome of the seminar.

