

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**FINANCE, INNOVATION and PROPERTY ADVISORY BOARD**

**23 September 2015**

**Report of the Director of Finance and Transformation**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Key Decision**

**1 FINANCIAL ARRANGEMENTS WITH PARISH COUNCILS**

**This report gives details of the proposed allocations to individual parish councils under the Scheme of Financial Arrangements with Parish Councils for the financial year 2016/17.**

**1.1 Introduction**

- 1.1.1 The Council has a Scheme of Financial Arrangements with Parish Councils to provide funding for local services under the provisions of the Local Government Act 1972. This Act allows payments by one council to another where both councils have powers to carry out a specific function. The Borough Council uses these powers to assist parishes with the cost of services they provide which are provided by the Borough Council in areas without a Parish.
- 1.1.2 In 2013, the Council, in liaison with the Parish Partnership Panel, agreed the budget for the Scheme of Financial Arrangements with Parish Councils would increase or decrease by the same percentage as the increase or decrease in the Borough Council's Local Government Finance Settlement including New Homes Bonus funding in the previous year. It was, however, acknowledged that when the New Homes Bonus scheme reaches its sixth year or is replaced by something else, the method of setting the budget described above could result in a significant decrease for the Parishes.
- 1.1.3 Applying the method described above for the forthcoming financial year, the rates used for calculating the allocations for the scheme increase by 0.4%.
- 1.1.4 As Members are aware, the Overview and Scrutiny (O&S) Committee are presently embarking on a work programme which includes a review of grants to the voluntary sector and other third parties (including funding for parish councils). Whilst the outcome of this review is yet unknown, it is appropriate to alert Parish Councils to the potential for change in the way any funding may be allocated in the future.

- 1.1.5 At the Parish Partnership Panel on 10 September, I advised representatives of the funding proposals for 2016/17, but also alerted them to the fact that, dependent upon the outcome of the O&S review, 2016/17 could be the last year that this methodology is employed. To ensure that all parish councils are aware of this review and the potential for change, I will include reference to the review in the notification letters to each parish council.
- 1.1.6 During 2014/15, the transition to individual elector registration temporarily decreased the number of electors on the register. As a result last year's Basic Allocation was increased by 1.3% instead of a rate per elector. The allocation for 2016/17 has returned to a rate per elector.
- 1.1.7 **[Annex 1]** sets out details of the allocations to individual parish councils in accordance with the above methodology.

## **1.2 Legal Implications**

- 1.2.1 The Financial Arrangements with Parish Councils are in accordance with Section 136 of the Local Government Act 1972 which says: "Two or more local authorities may make arrangements for defraying any expenditure by one of them in exercising any functions exercisable by both or all of them."

## **1.3 Financial and Value for Money Considerations**

- 1.3.1 As set out above.

## **1.4 Risk Assessment**

- 1.4.1 There will always be a degree of risk associated with third party service delivery, however, our experiences with the Parish Councils lead us to believe this risk is very small.

## **1.5 Equality Impact Assessment**

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## **1.6 Recommendations**

- 1.6.1 Members are asked to **RECOMMEND** to Cabinet that:
1. The methodology outlined above is adopted in calculating the allocations to parish councils under the Scheme of Financial Arrangements with Parish Councils for the year 2016/17.
  2. Parish Councils be notified of their allocations as set out in **[Annex 1]** and be advised that 2016/17 could potentially be the last year in which the current methodology is employed.

Background papers:

contact: Francis Gahan

Nil

Sharon Shelton  
Director of Finance and Transformation