

**Chris Megainey**  
Deputy Director



**Ministry of Housing,  
Communities &  
Local Government**

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**Chief Finance Officers of only those billing authorities with parishes in England**  
(Via email only)

28 March 2018

Dear Colleague,

### **COMPENSATING PARISHES FOR LOSS OF INCOME DUE TO LOCAL COUNCIL TAX SUPPORT SCHEMES**

The Government signalled in its recently published response to an Independent Review of Local Council Tax Support Schemes that it will explore ways in which it can strengthen the requirement for principal authorities to pass a share of local council tax support to their towns and parishes. A copy of the full Government response is at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/676786/LCTS\\_Government\\_Response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/676786/LCTS_Government_Response.pdf).

The Department recently approached some of the parishes that wrote to us in 2017 to complain about this issue and they have confirmed that the issues remain. The Government's clear expectation is that billing authorities will work with parish and town councils to pass down funding so that increases in their precepts can be avoided. However, some billing authorities are still not passing local council tax support funding on to parish and town councils, and would urge them to reconsider. Without a share of local council tax support funding, parishes may come under pressure to further increase their council tax precept in order to fill the gap, or may have to scale back the services they provide.

Before we decide next steps, we would like to know billing authorities' perspectives on this issue which would help us to better understand the scale of the problem. **We would be grateful if you could answer the question in the form attached with yes or no and return it by email to: [Council.Tax@communities.gsi.gov.uk](mailto:Council.Tax@communities.gsi.gov.uk) by 27 April 2018.**

If you require any further information regarding the contents of this letter please contact Mercy Adebisi at: [Mercy.Adebisi@Communities.gsi.gov.uk](mailto:Mercy.Adebisi@Communities.gsi.gov.uk).

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Deputy Director, Local Government Finance



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**COMPENSATING PARISHES FOR LOSS OF INCOME DUE TO COUNCIL TAX  
SUPPORT SCHEMES**

**Question to Billing Authorities**

**Did/will your billing authority compensate parishes for loss of income due to local council tax support schemes from the Revenue Support Grant in the following financial years? Please indicate yes or no.**

- 2013/14 Yes
- 2014/15 Yes
- 2015/16 Yes
- 2015/17 Yes
- 2017/18 No
- 2018/19 No

**Comments:** The Council ceased receiving any Revenue Support Grant in 2017/18 having seen incremental reductions in RSG ever since the Council Tax Support payment was 'rolled in'. Although we understand that the Secretary of State is to launch a consultation this Spring regarding the impact of 'Negative RSG', all other things being equal we are due to see Negative RSG clawback of just short of £1m in 2019/20. Therefore we do not have any RSG from which to pass on CTR payments!

We consulted parish councils (as well as the public) during 2016 about withdrawing CTR payments plus grants made under s136, with the intention of instead bringing in special expenses for the non-parished area to create more equity across the borough. The majority of parish councils supported this approach and acknowledged the impact on their own finances in doing so. Parish councils also acknowledged that the borough council's RSG was being phased out and would cease in 2017/18. Special expenses was consequently introduced in 2017/18 and grants and CTR payments were withdrawn in full liaison with the parish councils in our area.

To enforce a reversal of this decision would be wholly perverse. Firstly, because the borough council does not actually receive any RSG anymore, and secondly because the parish councils in our area have been party to the decision made. A reversal would mean that equivalent savings would need to be made by the borough council in order to 'balance the books' which is ludicrous when this has been planned and worked through with the local councils.

**Name of Billing Authority** Tonbridge and Malling Borough Council

**Name of Chief Finance Officer** Sharon Shelton

**Signature**  **Date** 12 April 2018