



Parish Precept Information and Support Event



Officers



- Simon Riley
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Objective



To offer clarity and guidance to parishes in preparation for their Precept submission for budget year 2015-2016

Agenda



- What we suggested you did between October and December
- What is a tax base and why is it important?
- Precept grant – **Why do Parishes get it and why has it decreased?**
- Where should Parishes be now?
- Basics of how to calculate your precept using the 'budget analysis sheet'
- Re-introduce the precept calculator with working examples
- The Important Date

What we suggested you do between October and December

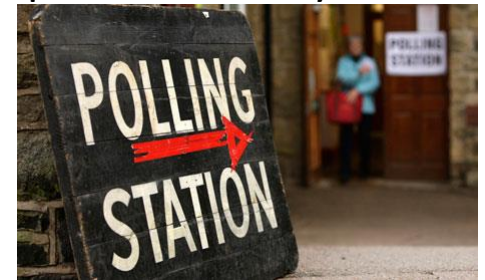


Discuss with your parish council/meeting what your community needs which to budget for and research costings.

Use the second sheet in the HDC precept spread sheet 'Budget requirement analysis' to assist with this.

For example:

- **election** costs
- **youth** provision
- improvement to **play areas**
- creation/maintenance/expansion of **allotments**
- new community **benches**
- new parish **noticeboards/Village sign**
- community **defibrillator**
- Begin saving for a **cycle route**
- Begin saving for a **community facility**
- **Local support for local groups**



Why did we suggest not confirming your precept until after 16th December?

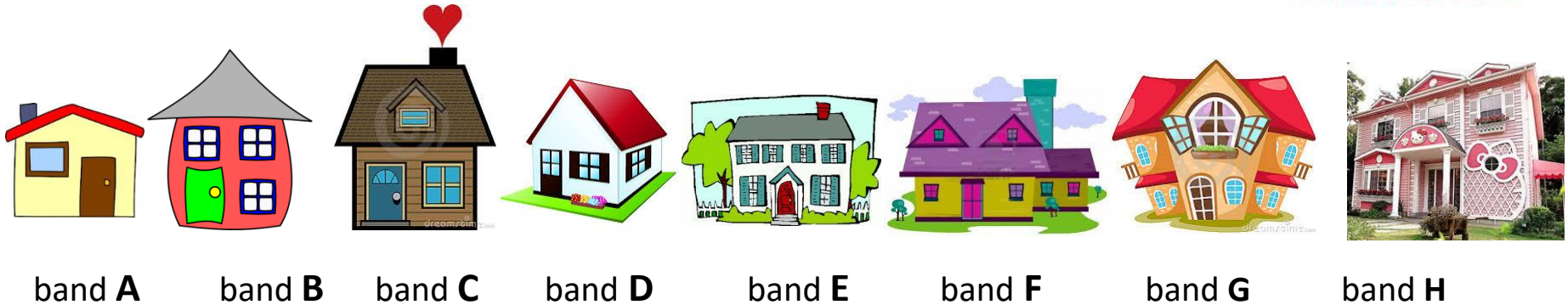


We need to give you the tax base information before you can finalise your precept

We only collect this information in December and we gave this to you on the 16th December

Why is this important?

Tax Base



Band D is the average

Different sizes of houses pay different amounts of Council Tax

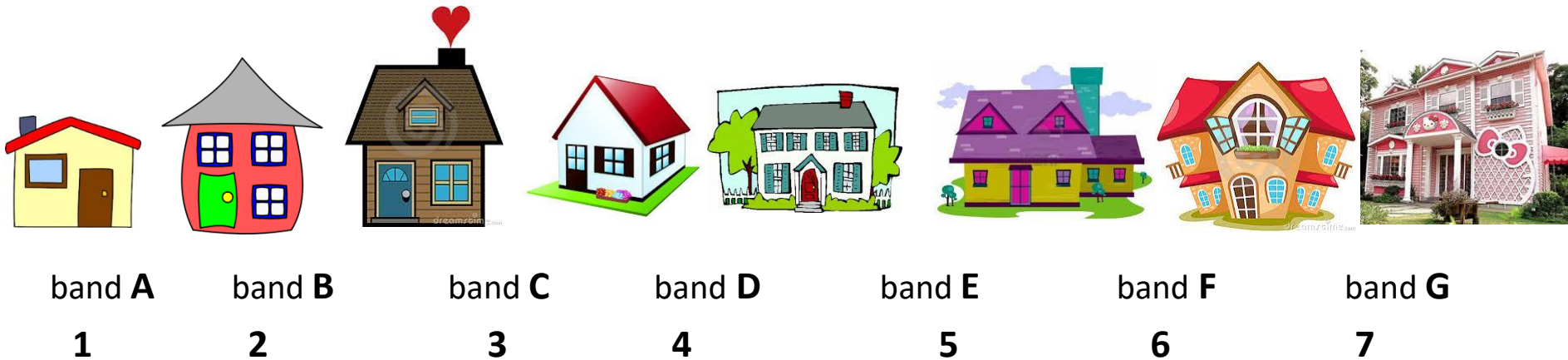
Therefore

Different sized houses also pay different amounts of Precept

Tax Base: example 1



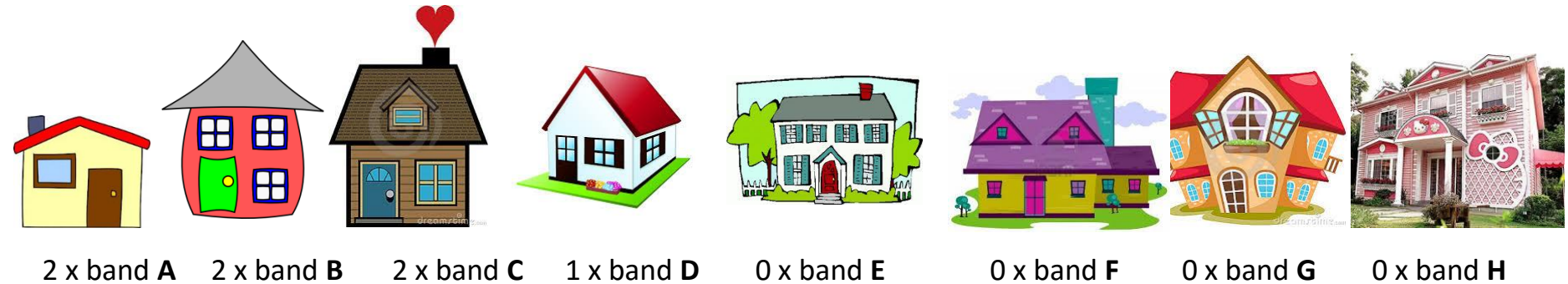
A village has 7 houses, one of each house band:



Tax Base: example 2



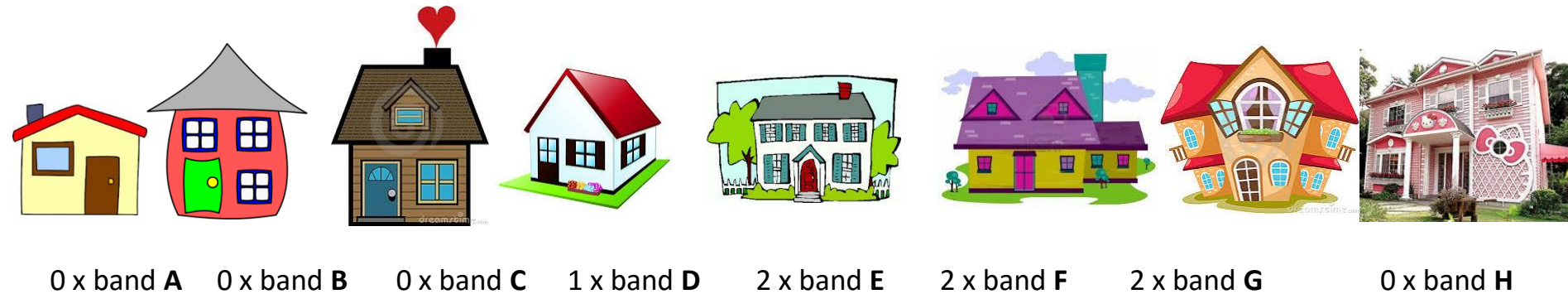
A village has 7 houses, with house bands as follows:



Tax Base: example 3



Another village has 7 houses, with house bands as follows:

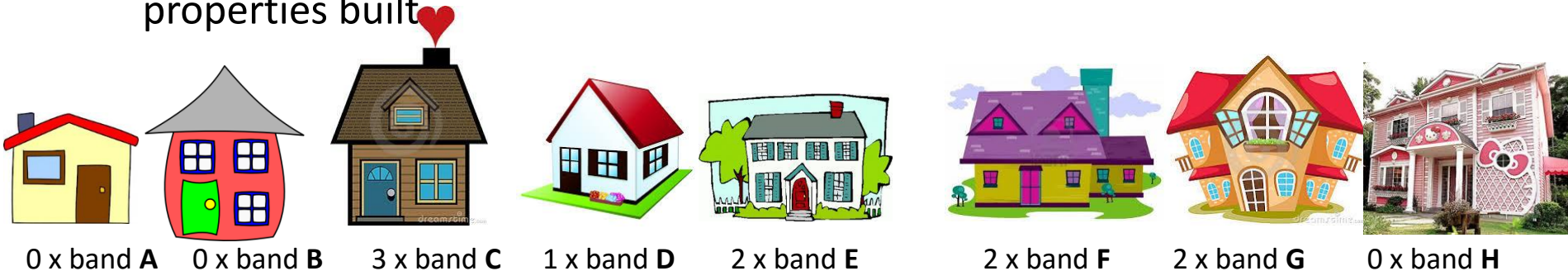


As you can see.....The Tax base value changes with changes to make up of houses

What causes changes to tax base?



- New Home
 - Demolitions
 - Requests by owners to change house band category
 - If they receive council tax support
- FOR EXAMPLE: the last village with 7 houses has three new band C properties built



So

Why is this important?



Parishes need to be mindful of any changes in tax base throughout the year

If you set precept with out considering tax base..

EXAMPLE:

- Precept amount £100
- No of band D equivalent Houses 13/14 10 = £10 per house
- No of band D equivalent Houses 14/15 12 = £8.33 per house
- If you don't change the amount of precept you are requesting (ie $£10 \times 12 = £120$) then each house will pay less Council Tax
- More residents = more need = more funding needed???

Working Examples



Tax Base increase no change in precept Kibworth Beauchamp

2013/14	Tax Base		1,475.3
	Precept	£	55,218.75
2014/15	Tax Base		1,525.3
	Precept	£	55,218.75
2013/14	Band D Council Tax	£	37.43
2014/15	Band D Council Tax	£	36.20
	Increase / (Decrease) in Tax Base		50.0
	Increase / (Decrease) in Tax Base		3.4%
	Increase / (Decrease) in Precept	£	0.00
	Increase / (Decrease) in Precept		0.0%
	Increase / (Decrease) in Council Tax	£	(1.23)
	Increase / (Decrease) in Council Tax		(3.3%)

Precept increase no change in Tax Base Kibworth Beauchamp

2013/14	Tax Base		1,475.3
	Precept	£	55,218.75
2014/15	Tax Base		1,475.3
	Precept	£	56,500.00
2013/14	Band D Council Tax	£	37.43
2014/15	Band D Council Tax	£	38.30
	Increase / (Decrease) in Tax Base		0.0
	Increase / (Decrease) in Tax Base		0.0%
	Increase / (Decrease) in Precept	£	1,281.25
	Increase / (Decrease) in Precept		2.3%
	Increase / (Decrease) in Council Tax	£	0.87
	Increase / (Decrease) in Council Tax		2.3%

With regards to increases/decreases in precepts...



- Capping - At present there are no indications on capping, however under the Localism Act 2011 there are specific requirements to not increase excessively
- Parish Council tax is now reported to DCLG through the Council Tax Requirement form submitted by HDC
- If the increase in Council Tax is significantly higher than 2% please contact HDC finance to discuss prior to Parish approval

Precept Grant to Parishes (page 1)



“Grants are issued by Government to mitigate against the effects of the Localisation of Council Tax”



Precept Grant to Parishes (page 2)



The Localisation of Council Tax has changed the way we collect council tax from those in receipt of benefit

- THE OLD WAY: Benefit recipients used to pay council tax but they would received council tax benefit. Parishes would still get precept
- THE NEW WAY = Local Council Tax support is applied for and granted, this reduces the Council Tax Band D equivalent. This means the parish has a lower tax base to collect precepts from
- The grant is given by Government to County Council, District Councils and Parish Councils to fill the funding gap for those households which we collect a reduced amount from

Precept Grant to Parishes (page 3)



- **EXAMPLE:**



x 100 at £10 = £1,000

BUT if 10 of these houses receive council tax support

Therefore to collect your £1000 precept each of the 90 houses will need to pay £11.11

GOVERNMENT GRANT given to fill shortfall, but grant amount given has decreased

But something to note



Options on how to account for grant

1. Use to fill the gap

- Pros – keeps precept down
- Cons – as the grant decreases each year you will have to increase your precept to fill the gap. Be aware of potential capping in the future

2. Account as a windfall

- Pros – it means you will not be forced to increase precept each year the grant is decreased/withdrawn
- Cons – you precept will increase (*unless you took it as a windfall last time*)

Where we are now?



- The tax base information has now been issued by HDC
- The grant amount per parish has been shared with parishes
- The excel spreadsheet/tax base calculator for 2015/2016 has now been issued by the HDC
- Parish Councils/Meetings since the 16th December should have, or should be organising a public meeting before the 20th January to confirm their precept.
- The finance department need a copy of this meeting's minutes. Be sure to minute both the precept amount, and the grant amount separately. I.e. if you are treating the grant as a windfall, please be sure to minute this. If not, please make it clear that you are using the grant to keep the precept low.
- We need all precepts confirmed by **21 January 2015**. Please send to HDCfinance@harborough.gov.uk. This should be sent by the Parish Chairperson for a Parish Meeting. It can come from either the Chairperson or the Clerk for a Parish Council

How to Calculate your precept using the Precept Calculator



- HDC has provided the Precept Calculator. This is a standard template (largely pre-populated) with clear boxes for Parishes to complete
- Complete the budget template based on what you will need to spend for the next year
- Check reasonableness of percentage increase on summary sheet

Step 1 of 2: The 'Budget Analysis Sheet'



2				
3		1. Parish Precept Requirement of 2015/16	£	
4			Please Do Not Enter Pence	
5				
11		General Expenses		
12		LRALC Subscription		
13		Parish Plan Work		
14		Recreation Grounds		
15		Roadside Safety		
16		Street Lighting		
17		Village Hall		
18		Youth Provision		
19				
20				
21		Other		
22				
23		See attached (if you prefer to attach your budget need please enter on this row)		
24				
25		Grant treated as windfall		
26				
27				
28		TOTAL BUDGET REQUIREMENT FOR 2015/16	0	
29				
30				

Step 2 of 2: 'Populate the Precept Calculator'

Microsoft Excel interface showing the 'Precept Calculator' spreadsheet for 'Frolesworth'.

name	C	D	E
	Frolesworth	Type Name	
	2014/15 Tax Base	135.8	Number of Band D equivalent Properties
	2014/15 Precept	486.73	£ this is net of the grant in 2014/15
	2015/16 Tax Base	134.6	
	2015/16 Budget Requirement	0.00	£ This will pick up from the Budget Requirement analysis sheet
	Grant	8.41	£
	2015/16 Precept	(8.41)	£ This will be the actual precept you set
	Council Tax for Parish 2014/15	£3.58	
	Council Tax for Parish 2015/16	£(0.06)	
	Increase / (Decrease) in Tax Base	(1.2)	Number of Band D properties
	Increase / (Decrease) in Tax Base	(0.9%)	%
	Increase / (Decrease) in Precept	(495.14)	£
	Increase / (Decrease) in Precept	(101.7%)	%
	Increase / (Decrease) in Council Tax	(3.65)	£
	Increase / (Decrease) in Council Tax	(101.7%)	%
	Is increase in Council Tax over 2%	No	

Tax checker | Budget requirement analysis | Bank Details



So lets go to the Precept Calculator.....

HDC's contacts



- Please use our generic email address as this will ensure queries / precept returns are picked up by another team member in the case of unexpected absence.

HDCfinance@harborough.gov.uk

- Main precept contact – Claire Bentley, Team Leader – Accounts 01858 821220
- Alternative Precept contact - Kirsty Cowell, Finance Services Manager 01858 821250 or 07876 398352
- Payments contact – Pam Lattimore, Accounts Payable officer 01858 821242 (please do not contact Pam with precept queries)



ANY
QUESTIONS
?



We look forward to receiving your precept submissions by the
20th January

