

REPORT TO: STRATEGY AND RESOURCES

Date: 4 November 2019

TOPIC: PARISH GRANTS 2020/21

REPORT BY: HEAD OF RESOURCES

1 INTRODUCTION

- 1.1 Parish grants have historically been paid to Parish and Town Councils and annually cost the North Devon Council revenue budget £69,597.
- 1.2 Members approved in February 2019 as part of the Medium Term Financial Strategy 2019-2023 to look to remove the grants from 2020/21 onwards as part of measures to bridge the future year's budget gaps that had been identified.
- 1.3 Having previously contacted other Councils in the Devon area, North Devon Council are the only one that still retained payment of a grant to Parish and Town Councils.
- 1.4 Parish and Town Councils do have the ability to raise funding (without any referendum thresholds) through their individual annual precepts.
- 1.5 This report is to gain member approval in advance of formulating the detailed 2020/21 revenue budget for the removal of Parish grants in order that Parish and Town Councils can be notified prior to setting their individual budgets and precept levels.

2 RECOMMENDATIONS

- 2.1 That Members approve in principal to remove the Parish grants as part of formulating the Revenue budget for 2020/21 year and in line with the approved Medium Term Financial Strategy.
- 2.2 Subject to 2.1 being approved, that Parish and Town Councils are notified of the proposed change immediately in order that they can plan for and set their annual budget and precept levels.

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that Members have a savings plan in place to deliver the long-term financial strategy of the Council.
- 3.2 To ensure decisions about future budget plans for 2020/21 year are taken in advance to enable both North Devon Council and Parish/Town Councils to plan for any financial implications the decision might have.

4 REPORT

- 4.1 For the last two financial year's 2018/19 and 2019/20; proposals have been put forwards by the Executive committee when formulating the budget to reduce and fully remove the grant funding paid to Parish and Town Councils. The original proposal outlined by the Leader at the Parish Forum held 10th July 2017 was to reduce the grant by 50% for 2018/19 and fully remove the grant for 2019/20 onwards.
- 4.2 Parish and Town Councils were communicated of the planned reductions at an early opportunity and notified by letter in advance of setting their individual budgets in order that they could plan accordingly for the impact.
- 4.3 Many of the Parish and Town Councils had allowed for the reduction when setting their precepts for the 2018/19 year; as they have to approve their budget levels prior to North Devon Council approving their budget and setting the Council Tax level for the forthcoming year.
- 4.4 However, at Full Council in February 2018 when considering the detailed budget put forwards by the Executive, Members voted to retain the parish grants at their full level, even though a number of Parish and Town Councils had already precepted separately for the grant reduction or had decided within their budget that the grant was no longer required anyway.
- 4.5 The 2018/19 budget therefore provided a 'budget windfall' to the Parish and Town Councils who had anticipated the original planned reduction of their grant by 50%.
- 4.6 For the 2019/20 financial year, the same process as above was implemented. At the Parish Forum on 7 November 2018, the Head of Resources outlined the plan to reduce grants by the initial 50% again for 2019/20 and be fully removed by 2020/21.
- 4.7 Parish and Town Councils were again notified by letter of the planned reductions and assumed these impacts for their individual budget preparations and when the 2019/20 budget was finally put forwards to North Devon Council members in February 2019; the grants were approved to again remain at the full level; thus again producing a further 'windfall' for the current financial year.
- 4.8 The current cost of the grants is £69,597 and these are shown for each Parish and Town Council in **Appendix A**.

- 4.9 A number of Parish and Town Councils as mentioned above have adjusted their base budget and precept levels over 2018/19 and 2019/20 in anticipation of a grant reduction and if the level of funding was still required they have the ability to raise the budget through their Council tax precept they individually set annually.
- 4.10 Unlike District Councils, Parish and Town Councils do not currently have a referendum threshold for increases they propose for raising their Council tax precept levels.
- 4.11 The individual grants shown in **Appendix A** also show the impact on Parish and Town Councils of increasing their precept to accommodate the full grant funding if this is still required; this is shown as the Band D average Council tax impact (note: this is only relevant if Parish and Town Councils have not already factored this in as above when setting their last two year's budgets which we are aware a number of them have).
- 4.12 Also shown within the analysis within **Appendix A** is the current budgetary impact the Parish Grant total cost has on the average Band D Council tax payer within the North Devon Council element of the Council tax bill.
- 4.13 As highlighted for the 2018/19 and 2019/20 years, this has proved to be politically challenging when bringing forwards the detailed budget and thus why an early decision on this is required to ensure this Council has sufficient time to plan for budget implications that may result and to allow the appropriate communication to Parish and Town Councils accordingly.

5 RESOURCE IMPLICATIONS

- 5.1 Members approved at Full Council on 25 February 2019 the Medium Term Financial Strategy for 2019-2023 period. The forecast cumulative budget gap / (surplus) was outlined as;

Years	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m
Budget gap / (surplus)	0	0.401	0.470	0.666

- 5.2 Attached as **Appendix B** shows the detailed plan behind the budget forecasts and the approved savings plans already factored in that leave us with the above **budget gaps still to bridge** to balance the future year budget pressures identified. As highlighted in yellow, one of the savings plans identified was to remove the grants paid to Parish Councils.
- 5.3 If members make the decision not to remove the Parish Grant scheme for 2020/21 as outlined in the above financial plan then this will increase the above forecast budget gaps to £0.481m in 2020/21 to £0.746m in 2022/23 and thus additional savings would need to be identified to bridge the future funding gaps.

6 EQUALITIES ASSESSMENT

6.1 There are no equalities implications anticipated as a result of this report.

7 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?
Part 3 Annexe 4	Delegated
Part 4 Budget Procedure Rules	Delegated

8 STATEMENT OF CONFIDENTIALITY

8.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

9 BACKGROUND PAPERS

9.1 The background papers are available for inspection and kept by the author of the report.

10 STATEMENT OF INTERNAL ADVICE

10.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

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Date: 14 October 2019