

The Town/Parish Council Tax precept scam

Have you ever looked closely at your Council Tax (CT) demand to see who gets your money; what proportion they get, and what percentage increases have been added to the different elements since last year?

In what are known as two-tier Local Government areas, your CT will be shared out, in varying amounts, between the County Council; the District or Borough Council; the Police Authority; the Fire & Rescue Authority, and – if you have one – your Town or Parish Council. In Local Government jargon, the amount paid to each of these bodies is known as a *precept*.

Figure 1 shows a typical example of what happens to your CT in most places in the country.

[Note: If you live in an area with a single tier of local government, i.e. a Unitary or a Metropolitan Authority, or if you live in London, fewer bodies share the money. And, in a few places, the Fire Service charge is included in the County charge.]

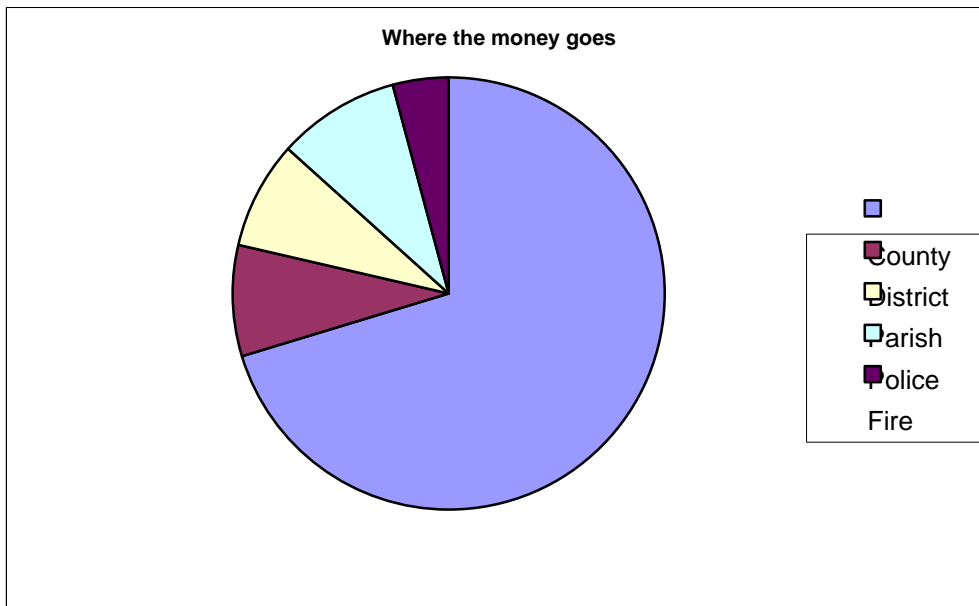


Figure 1. How the Council Tax cake is divided

Each body sets its own precept every year and the total of all the precepts determines how much your total CT bill will be.

The District/Borough Council is responsible for collecting all the tax and then distributing it to the others.

Because there have been some horrendous increases in CT in recent years, and in an attempt to limit the increases in the individual precepts, the Government now specifies a maximum percentage increase that can be applied. This is known as a cap. Currently (2009), the cap is 5% and applies to the precepts demanded by each body – **with the exception of Town and Parish Councils!**

This means that Town and Parish Councils can increase their precept by whatever percentage they wish!

Being well aware that the cap does not apply to Towns and Parishes, a growing number of District Councils are offloading some of their non-statutory duties onto Towns and Parishes in their area – but keeping the money that they would have had to spend on these duties. This means that people are paying twice for the offloaded services and has resulted in many Town and Parish precepts rocketing and, in a growing number of cases, now being as much or even more than the precepts demanded by the District or Borough council.

In a growing number of places, these uncapped increases add, considerably, to the total increase in the CT bill and push the total increase to over the 5% limit – to 6%, 7% or even more.

The Government has been aware of this state of affairs for years and even documented it in a Green Paper^{*} issued in 2000 - <http://www.local.odpm.gov.uk/greenpap/annexj.htm> - where, in section J15 is stated: -

"...there are a few towns and parishes where the parish precept is larger than the council tax due to the district council. In these cases, it is illogical that taxpayers should have protection via the Government's reserve capping

powers from excessive council tax increases made by the district, but no protection from excessive increases in the [parish] precept.”

The problem was also recognised in a Department for Communities and Local Government (DCLG) document issued in March 2007 - www.local.communities.gov.uk/finance/ctax/ctax078.pdf - where is stated:

“Parish precepts in 2007-08 will total £299 million. This represents an increase of 6.7% over the 2006-07 figure of £280 million.”

The chart below shows just one example of how the District and Parish precepts for one village in Hampshire has increased over the years.

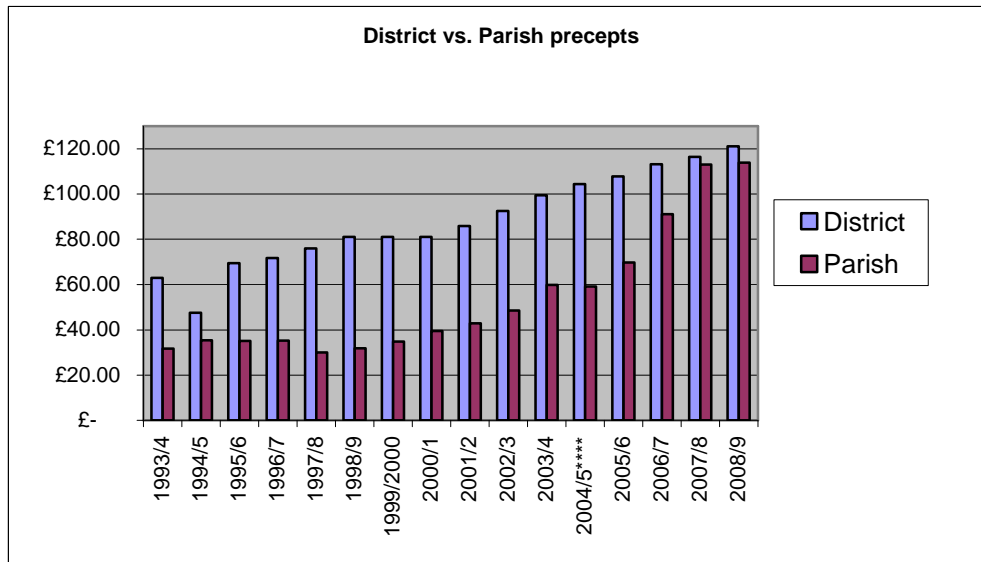


Figure 2. The relative increases in Town/Parish Council Tax

Successive Government Ministers have done nothing to correct this non-capping anomaly. Indeed, when Phil Woolas was the Local Government Minister, the Isitfair council tax protest group (www.isitfair.co.uk) asked him about this, and he responded by stating that the Government had “no plans to cap Town or Parish precepts”.

And so it has been. Nothing has changed since Woolas made that statement and, through its inaction, the govt. has continued, tacitly, to support this underhand way of getting around the 5% cap.

The result? More and more non-statutory functions (but not the funds to finance them) are being off-loaded onto Towns and Parishes. Towns/Parishes can't be forced to take on these extra responsibilities but some do – possibly unaware of the financial implications. Either way, it seems that many of the Districts keep the cash that they had previously been spending on the transferred functions; still increase their precept by just under the 5% cap, and the Town/Parish (i.e. the Town/Parish residents) pay again for the cost of the transferred services through huge increases in their local precepts.

This is double-taxation, as admitted by the Government - in J18 of <http://www.local.odpm.gov.uk/greenpap/annexj.htm> and in a DCLG document dated May 2002: <http://www.local.communities.gov.uk/finance/ctax/doubltax/05.htm>

The BBC picked up the non-capping issue in the Politics Show from the West of England as long ago as April 2004 and included a quote from Charles Vernon, the Mayor of Malmesbury at the time, who said: “The strange thing about local government finances is that every parish can raise a precept which is not capped.”

See http://news.bbc.co.uk/1/hi/programmes/politics_show/3666303.stm for a BBC article about this.

In 2008-9, St Annes, Kirkham and Lytham, in the Fylde Borough Council area, imposed hikes of between 16 and 21 per cent in their Town/Parish precepts – while Fylde Borough still increased its share of the CT by 4.99% - conveniently just under the Government 5% cap. Fylde Council leader, John Coombes, openly admitted that this was a method of charging taxpayers more - but without breaching the Government's five per cent capping limit. Councillor Liz Oades, leader of the opposition, said: “The town and parish councils will now be charging for parks and cleaning the streets, but unless Fylde lower their rates people are going to be paying for the same services twice.”

See: <http://www.blackpoolgazette.co.uk/blackpoolnews/Anger-at-tax-39con39-plan.3762285.jp> updated at http://www.thisislancashire.co.uk:80/news/headlines/display.var.2108432.0.fylde_sets_council_tax_bill.php

In 2009, four parish councils in the Winchester City council area were told they would have to fund half the cost of their village public loos - or the loos would be shut down. The local villagers don't make much use of these facilities (unless they are "caught short") and the loos are primarily used by visitors and, as such, are a district facility and should continue to be funded by the district.

In addition, parishes are not under any obligation to take on these functions if they don't want to so, for Winchester to try and force the villages to cough up under threat of closing down the loos could be considered to be bullying, at least; blackmail at worst.

A whole host of things can be offloaded onto parish councils. For a complete list take a look at pages 67 to 72 in *The Good Councillor's Guide* at: - <http://www.nalc.gov.uk/Document/Download.aspx?uid=99f5c787-29d8-4c4b-a1b2-a2a38b6adad3>

There are other possible ramifications from these activities. While it is certainly the case that many Town/Parish councils currently decline to pay themselves allowances, if they take on an increasing number of functions and responsibilities, many Town and Parish councils are now considering taking up this option — in a move that will push CT bills even higher! They can do this under existing legislation — see: www.opsi.gov.uk/SI/si2003/20031021.htm#24)

That said, a significant number of Town/Parish councils already do pay allowances. In the majority of cases, the current amounts may be small compared to the allowances paid to members of other, higher authorities, but this is the thin end of a potentially large wedge.

For example — for 2008/9 - the members of Wootton and East Hunsbury Parish Council in Northamptonshire were proposing to award themselves a 500% increase in their allowances, to be funded by a 16% increase in the Parish precept and which — if adopted - would mean each Parish Councillor could collect a £4,000 allowance.

It was only after local people protested and said they wanted the village "de-parished" that the Parish council did a U-turn and agreed to pay themselves £750 each — as had been recommended by an independent remuneration panel. The increase in the Parish precept was pegged back to 3.14%.

See: -

<http://www.northamptonchron.co.uk:80/news/50037-pay-rise-councillors-propose.3667022.jp>

<http://www.northamptonchron.co.uk:80/news/50037-pay-rise-plan-could.3675177.jp>

<http://www.northamptonchron.co.uk/news/Council39s-Uturn-on-50037-pay.3682098.jp>

And — amongst other startling statistics — of the thousands of complaints lodged with the Standards Board for England about possible mis-deeds by members of Local Authorities, about 50% have been about Town and Parish Councils. See:

<http://www.standardsforengland.gov.uk/CaseInformation/MonthlyStatisticalDigest/Typeofauthority-allegations/>

And, in a quietly released government announcement on February 15 2008, the law has been changed so that new Town and Parish councils can be set up without seeking prior Government approval, which has, up until now, been a requirement. It makes you wonder why — does it not?

See: <http://www.communities.gov.uk:80/news/corporate/697732>

So - the floodgates have been well and truly opened. There could be thousands more Councillors; £millions more in allowances and expenses, and the possible additional burden of taxpayers having to foot the bill for the pensions of a growing number of parish council employees (and, maybe, parish councillors' pensions) if they choose to join the gold-plated; index-linked; taxpayer-funded, final-salary Local Government Pension Scheme.

Are you ready to dig deeper and pay even more Council Tax — under threat of court action against you?

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* A **green paper** is a government report of a proposal - without any commitment to action. A green paper may (repeat **may**) result in the production of a **white paper**. White papers lay out policy, or proposed action, and signify a clear intention on the part of a Government to pass new laws.