



Report to: Cabinet

Subject: Review of Parish Aid

Date: 2 December 2004

Author: Head of Finance

PURPOSE OF REPORT

To seek approval of proposals for a revised scheme of Parish Revenue Aid.

BACKGROUND

The current system of revenue grant-aid was established some twenty years ago, and was based on contributions to the concurrent expenditure of each Parish. Such expenditure is defined as that in respect of services that could also be provided and paid for directly by the Borough Council, for example playing fields. Over the years, it has been accepted that certain areas of concurrent expenditure are somewhat subjective, and its suitability as the basis for a scheme of grant allocation has been questioned.

The Performance Plan for 2001/02 identified that a report on Parish Aid should be commissioned, and at the Policy & Finance Committee of 11 March 2002 it was agreed to ask the relevant Scrutiny Committee to conduct such a review.

Subsequently, on 14 April 2003, the Resources & Management Scrutiny Committee considered the report of the Member Working Group on Parish Aid. No compelling reason was found to change the methodology regarding the allocation of Capital Aid, however with regard to Revenue Aid, it was resolved to ask Councillor Poynter to lead a review of the philosophy and principles of the funding of Parish Councils, in order to assist in the development of a long-term strategy.

Following meetings with members from each Parish Council, Councillor Poynter presented a report to Cabinet on 21 July 2004, detailing the findings of his review.

PROPOSAL

The basic principles employed in the Review were:

- Following the Review, no Parish should receive a cut in cash terms
- No incentive to spend or tax more should be created
- There should be no effect on the 2004/05 allocation, other than the allocation of the previously with-held sum
- Any scheme should be simple to calculate, and not be based on arbitrary decisions regarding “types” of expenditure
- Aid for one Council should not be greatly impacted upon by spending changes by others

Three alternative schemes for revenue grant-aid to parishes were devised, and consultation with all Parishes undertaken. The options were as follows:

- 1) Per Capita allocation, with a fixed “baseline” adjustment to ensure that no Parish suffers a cut in funding
- 2) 50% Per Capita & 50% based on net Parish Expenditure, with a reducing “protection element” to ensure that no Parish suffers a cut in funding
- 3) No change to the overall methodology, but full allocation of 2004/05 sums

The deadline for responses in respect of the above proposals was 31 October 2004, and eight out of the eleven Parishes have replied. Their preferences are as follows:

- Option 1 Two
- Option 2 Three
- Option 3 Three

In the light of the above, it is clear that there is no conclusive result. Parishes differ greatly in size and in the services they provide, and no system can ever perfectly meet all their needs. However, Options 1 and 2 both introduce a link with population (size) and Option 2 also incorporates a link with net expenditure (services provided). It is therefore proposed to establish a revised scheme of Parish revenue-aid in line with Option 2. An element of the total available funding will be extracted and allocated as “protection” in order to ensure that no Parish suffers a cut in funding. The remainder of the available grant will be split 50:50 on a per capita and a net expenditure basis. The initial base for population will be the mid 2000 figure (the latest available), and for net expenditure will be the Form A (provisional notification of likely precept requirements) for 2004/05.

RESOURCE IMPLICATIONS

The current budget for Parish revenue aid is £158,500, of which the sum of £147,500 has been allocated to Parishes. The table below details the original and revised aid available for each Parish, including the allocation of the previously withheld £11,000. No additional funding is required.

Parish	Popl'n Mid 2000	Net Exp- Form A 2004/05	Per Capita Basis	Net Exp Basis	Protection Element	TOTAL REVISED AID	Original Aid
	£	£	£	£	£	£	£
Bestwood	4,865	17,698	8,550	2,263	0	10,813	1,591
Burton Joyce	3,435	85,772	6,036	10,970	11,606	28,612	28,612
Calverton	6,970	103,603	12,248	13,251	23,662	49,161	49,161
Colwick	3,070	41,390	5,395	5,294	6,882	17,571	17,571
Lambley	1,125	12,800	1,977	1,637	400	4,014	4,014
Linby	230	2,900	404	371	0	775	500
Newstead	1,140	13,474	2,003	1,723	448	4,174	4,174
Papplewick	630	7,005	1,107	896	0	2,003	500
Ravenshead	5,885	95,703	10,342	12,240	11,998	34,580	34,580
St'k Bardolph	140	810	246	104	150	500	500
Woodborough	1,910	22,797	3,356	2,916	25	6,297	6,297
TOTAL	29,400	403,952	51,664	51,665	55,171	158,500	147,500

RECOMMENDATION

Members are asked to approve the revised scheme of Parish revenue aid in accordance with Option 2 of the above report. This scheme is to be effective for years commencing 1 April 2004, and full details are given at Appendix 1.

Parish Revenue Aid Scheme November 2004

- Each year, commencing with 2004/05, Gedling Borough Council shall determine the total sum to be made available for Parish revenue grant-aid.
- The maximum grant-aid for each Parish shall be the sum of the “per-capita element”, the “net-expenditure element” and the “protection element”. The minimum grant shall be £500.
- The basis for the per-capita element shall be the latest available population figures.
- The basis for the net expenditure element shall be the Form A (provisional notification of likely precept requirements) for the year preceding the one for which the allocation is being calculated.
- If at a late date, additional funds are made available to any Parish in respect of specific agreed schemes, the net expenditure on the relevant Form A for that Parish shall be reduced by value of the additional funds given.
- The protection element shall be the sum requiring to be extracted from the total available funds in order to ensure that no Parish suffers a loss in relation to the original sum provided for the year 2004/05.
- The remaining funds shall be allocated 50% on a per capita basis and 50% on a net expenditure basis. A total maximum grant-aid figure for each Parish shall be determined by the addition of the three elements.
- Payment of 50% of the maximum sum shall be made on 30 April of the relevant year, with a further payable on 25% on 30 September. Payment of the remaining 25% shall be dependent upon receipt of a duly certified Form B (revenue grant aid final claim) as soon as possible after 31st March of the relevant year. In cases where only the minimum £500 grant is payable, this shall be paid in two instalments of £250, on 30 April and 30 September, irrespective of actual parish expenditure.
- No Parish shall receive more in grant-aid than it spends. The only exception to this shall be cases where only the minimum grant of £500 is payable.
- Upon receipt by GBC of Form B, should the amount already paid to a Parish exceed the total of its final net expenditure, such overpayment shall be refunded to Gedling Borough Council as soon as possible.
- In the event that a Parish does not qualify for its maximum grant-aid, the unused sum shall be treated as an under-spending on the Borough Council’s budget. No carry forward of unclaimed amounts shall be allowed, and no reallocation to other Parishes shall be made.