



Department for  
Communities and  
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Dear Jane

**WILTSHIRE COUNCIL LOBBYING ON THE 2013/14 DRAFT FINANCIAL SETTLEMENT -  
LOCALISATION OF COUNCIL TAX SUPPORT ON PARISH COUNCILS**

Thank you for your letter of 11th January.

I welcome your support for the goals of localism and encouraging people back into work.

You express concern that the reduction in funding for local council tax support is greater than 10%. This is not the case. The Government has always been clear that the policy would deliver a 10% saving on the costs of Council Tax Benefit had that continued in 2013-14. The saving is therefore calculated on forecast expenditure for that year, rather than a previous year's expenditure.

Let me reassure you that the Government will provide funding for local authorities to assist with the costs of providing council tax support at 90 per cent of the Office for Budget Responsibility forecast of subsidised council tax benefit expenditure for 2013-14. This will be allocated to individual local authorities on the basis of 2011/12 Council Tax Benefit expenditure. The latest forecast, on which allocations are based, was published alongside the Chancellor's Autumn Statement on 5 December.

In response to your comments on the parish elements of local council tax support funding, as you know, the Government published the "Localising support for Council Tax - Council Tax base and funding for local precepting authorities" consultation document on 28 August 2012 which set out the proposals for calculating the council tax base as a result of localising council tax support.

Following the close of the consultation and careful consideration of the representations made, it became clear that the initial approach set out in the consultation paper would have created unintended financial pressures on billing authorities.

The Government therefore laid regulations in Parliament that allowed for new local council

tax support schemes to be reflected in the calculation of the council tax base for all authorities. This means that all councils will share the impacts of the implementation of local council tax support, in the same manner that they will benefit from the other reforms, such as the empty homes premium, that can increase the council tax base.

We recognise that there is potential for these proposals to impact on parish and town councils budgets in the same way they could for billing authorities and major preceptors however billing authorities will be able to pass on funding to parish and town councils. Precisely how much funding should be passed down will be a local decision. I expect that billing authorities will also want to consider what impact any changes they make under the technical reforms could have on the tax base of the parish.

Spending on Council Tax Benefit doubled under the previous administration. The localisation of Council Tax support will help tackle the deficit, delivering savings of £470 million a year of taxpayers' money and it will give all councils stronger incentives to cut fraud, promote local enterprise and get people back into work.

Your ever  
S  
Eric

**THE RT HON ERIC PICKLES MP**