

# What is a Parish Precept?

A Parish Council receives funding through a part of the local Council Tax. This is referred to as a The Parish Precept.

## How is the precept calculated?

Each Parish Council forecasts the amount of funding it will require for the following year and requests this funding from its local authority (East Riding of Yorkshire Council) in the form of a precept tax that is included within the local Council Tax. A Council Tax base is calculated by equating to the number of Band D equivalent properties in each Parish after accounting for items such as:

Property numbers in each band during the year (i.e. including the results of changes and appeals).

Disabled relief

Discounts and exemptions

Provision for bad or doubtful debts

Allowance for growth

The tax base figures are expressed as Band D equivalents in accordance with the relevant regulations. This means that a property in Band B will be expressed as being equivalent to 7/9ths (or 0.8) of a Band D property whilst a property in Band H will be expressed as two Band D properties.

The tax base is used to indicate the amount of Council Tax required for the Parish to cover the precept by performing the following calculation:

1. Divide the precept by the Council tax base for your Parish. This will provide you with the Council Tax for a Band D property.
2. Multiply the Band D Council Tax by the appropriate factor to calculate the Council Tax for each of the other bands.

These factors are shown in the following table:

<b>Band</b>	<b>Factor</b>	<b>Comment</b>
A	5/9	(entitled to Disabled Relief)
A	6/9	
B	7/9	
C	8/9	
D	1	
E	11/9	
F	13/9	
G	15/9	
H	2	

For example if a Parish has a tax base consisting of the equivalent of 1,000 Band D properties and levies a precept of £20,000 the Council Tax for a Band D property would be £20. Multiplying by the appropriate factors the Council Tax for each Band would be as follows:

Band	Formla	Example Council Tax	Comment
A	£20 x 5/9	£11.11	(entitled to Disabled Relief)
A	£20 x 6/9	£13.33	
B	£20 x 7/9	£15.56	
C	£20 x 8/9	£17.78	
D	£20 x 1	£20.00	
E	£20 x 11/9	£24.44	
F	£20 x 13/9	£28.89	
G	£20 x 15/9	£33.33	
H	£20 x 2	£40.00	

It should be noted that the Council Tax includes the Parish precept, ERYC levied rate and the Police and Fire Authorities.

## What does all this mean?

All this means that even if the Parish Council requests the same financial precept for the whole parish for the next financial year, due to changes in the number of Band D equivalent properties in the Parish, the individual precept against each property may change. This can result in the individual precept rising or falling by a small percentage even when the parish precept as a whole has not changed.

## Localising Council Tax Support

Council tax benefit is being abolished by the government on 1 April 2013. It is to be replaced with a local council tax support scheme. The responsibility for designing local schemes is to be passed to each local authority in England.

This change is part of the governments wider welfare reform programme which aims to:

- Create the right incentives to get more people into work by making sure work always pays;
- Protect the most vulnerable people in our society;
- Deliver fairness to people claiming benefits and to the taxpayer;
- Make savings to the overall welfare bill as part of the deficit reduction strategy.

This has resulted in less funding being available to ERYC from central government. The tax base has therefore reduced leading to a possible increase in the cost of the Parish Council Precept to residents. For 2013/14 this has been absorbed by a grant from ERYC but there is no surety that this will continue in the vulnerable years to 2017. Each year will have to be considered independently.