



Leigh-on-Sea Town Council

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FINANCING THE TOWN COUNCIL – THE PRECEPT

The Precept is a tax, included within the local Council tax, which enables the Town Council to perform its functions.

Town and Parish Councils can apply for other funding such as grants and funding awards, generally for specific projects, but they do not receive funds directly from central Government, Southend Borough Council or from business rates.

How is the Precept calculated?

The Town Council is required (in law) to agree a budget before it can set its Precept and both must be agreed by the full Town Council.

Once the Town Council has forecast its budget requirements for the following financial year, it requests this funding from its 'local billing authority' – in our case, Southend Borough Council (SBC) – in the form of the Precept.

SBC then converts the Precept into an amount per Council Tax payer that is added to the Council Tax bill (according to the property band) for all the dwellings within the Town Council area.

The Tax Base

The Tax Base is produced from the Council Tax system at SBC which gives a listing of all the properties in the Town Council area within the Borough. It then adjusts this to take into account any discounts that are given, for example, single occupancy, second homes or homes that are empty or exempt. The estimated number of Band D equivalents to be built in the year are also added to the list. This then gives the total number of Band D equivalent properties to use for the Tax Base.

The Tax Base is used to calculate the Band D charge which is done by dividing the total Precept requirement by the Tax Base and then dividing by the baseline number set for Band D which is 9 to ensure a corresponding financial amount can be stated e.g. £50.58

There are a number of reasons why the Tax Base changes. It can go up if more homes are created but it can go down due to more properties in the Town Council area claiming for discounts. Other factors will include homes being demolished, becoming empty, becoming second homes, boundary changes or even a change in collection date.