

## **2017/18 Local Government Finance Settlement Consultation**

### **Overview**

Since the introduction of council tax referendums in 2012/13, no referendum principles have extended to town and parish councils, although the government made it clear that they would be reviewing it.

That time is now!

They are concerned about the increases in parish precepts, which rose by 6.1% this year - £36 million more than in 2015/16.

In NALC's view, these figures illustrate how councils are continuing to invest in local communities, with increases in many cases attributable to making up for a shortfall in council tax support funding, a general expansion of their role and use of powers, and in particular delivering new services, often taken on from principal councils.

There are 2 principles within this document which you need to be aware of:

1. A proposal to cap principle authorities and 'higher-spending' town and parish councils at 2% or up to £5 (whichever is higher)
2. to extend this proposal to all Parish and Town Councils.

Deadline for responses: 28<sup>th</sup> October 2016

### **NALC Advices**

These proposals labelled as “a centralist sledgehammer to crack a nut” by the National Association of Local Councils (NALC) will “damage communities and local services as well as undermining the role of local councillors”.

“Local councils are doing a brilliant job improving their areas; whether it’s by building community resilience, increasing house building through neighbourhood planning, providing local transport solutions, supporting the local economy and businesses, organising community events and festivals, helping meet social care needs and making places dementia friendly or giving grants to help local groups and organisations – all this and more for an average cost to residents of just over a pound a week.

“It is vital local councils continue to have the freedom and flexibility to raise the resources they need to invest in local services, especially at a time when they are taking on services and assets from principal councils, often much valued services which would otherwise cease completely and which communities want to see continue.

“Given their important and growing role, local councils should be celebrated and supported, not hindered by central government.

NALC will oppose these plans very strongly and are keen to work with the government and help them understand the impact of these proposals which will damage communities and local services as well as undermining the role of local councillors.

## **The 2017/18 Local Government Finance Settlement Consultation Paper**

The consultation paper from the Department for Communities and Local Government (DCLG) makes proposals to bring local councils in line with principal councils by requiring them to hold a referendum if they plan to increase their part of council tax above a certain amount, with the effect of introducing ‘capping’ for the first time.

### **Proposals**

The Government is minded to apply referendum principles to larger, higher-spending town and parish councils in 2017/18. There are 8,800 precepting parishes in England, which vary widely in terms in terms of resident population and precept change. They believe there is a strong argument in favour of extending referendums to those larger parishes whose precept is equivalent in size to that of a district council.

They propose that referendum principles are introduced for local precepting authorities (town and parish councils) whose Band D precept is higher than that of the lowest charging district council for 2016/17 (£75.46), and which have a total precept for 2016/17 of at least £500,000 (subject to the next paragraph). These parishes would face the same referendum principles as shire districts: increases of less than 2% or up to and including £5 (whichever is higher) can be set without triggering a referendum. Based on these thresholds, the Government expects this new principle with affect around 120 of England’s 8,800 local precepting parishes.

In doing this, the Government wishes to ensure that parishes continue to have the flexibility to take on responsibilities from other tiers of local government without being unduly constrained by council tax referendum principles. It is therefore proposed that parishes will not be in the category to which the referendum principle applies where there has been a transfer of responsibilities, and where three conditions are satisfied:

- i. the parish council and a principle council covering the area of the parish council have each resolved that a particular function carried out by the principle council in relation to the parish council’s area in the financial year 2016-17 is to be carried out instead by the parish council in the financial year 2017-18
- ii. the parish council and the principal council have agreed the reasonable cost of the exercise of that particular function in the parish council’s area by the parish council in the financial year 2017-18
- iii. that the agreed cost, if collected by way of the parish council precept would take the parish council over the threshold of a 2% or £5 increase on the previous year

### **Additional Information**

2016/17 BTC Band D: £40.24, an increase of 4.85% from previous year

A link to the full consultation document can be found at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/553819/Post\\_Publication\\_-\\_Draft\\_Settlement\\_Summer\\_Consultation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/553819/Post_Publication_-_Draft_Settlement_Summer_Consultation.pdf)