

## Report No. 2

Policy and Resources Committee 11<sup>th</sup> October 2016

### Consultation on Local Government Finance Settlement

#### 1. Purpose of the report

1.1 To advise the committee of a consultation document issued by the Department for Communities and Local Government (DCLG) and to seek any relevant comments.

#### 2. Background

2.1 The DCLG issued a technical consultation document in September this year on the subject of the Local Government Finance Settlement for 2017/18.

2.2 The major issues contained in the document relate to Wiltshire Council and include a potential multi-year settlement figure to allow for greater security and the opportunity for business rates to be retained locally.

2.3 Included within the document is confirmation that the council tax referendum principles for unitary authorities will continue as for the current year with a figure of 2% plus a potential continuation of the Adult Social Care precept of an additional 2%.

2.4 The controls are commonly referred to as “capping” and in order to increase council tax above these levels the council is required to hold a referendum to seek the view of residents.

2.5 Also included in the consultation document is reference to similar controls being placed upon town and parish councils, something which has often been mentioned but not previously included in a consultation document.

#### 3 Proposals

3.1 The DCLG are seeking views on the proposal that referendum principles are introduced for 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, while taking account of transfers of responsibilities, and that consideration is given to the extension of referendums to all local precepting authorities.

3.2 The document also states that the Government is aware that increases in precepts continue to concern all local tax payers and is therefore prepared to consider extending referendums to all towns and parishes.

3.3 It is the proposals outlined in paras 3.1 and 3.2 that the committee is requested to comment upon.

3.4 There are specific questions contained within the document and the relevant one are as follows with the appropriate paragraphs of the document are included as an appendix to this report :

**Question 4: Do you agree that referendum principles should be extended to larger, higher- spending town and parish councils in 2017/18 as set out in paragraphs 3.3.3 to 3.3.4?**

**Question 5: Do you agree with the proposed approach to take account of the transfer of responsibilities to town and parish councils as outlined in paragraph 3.3.5?**

**Question 6: Do you agree with the suggestion that referendum principles may be extended to all local precepting authorities as set out in paragraph 3.3.6? If so what level of principle should be set?**

**Question 7: Do you have views on the practical implications of a possible extension of referendum principles to all local precepting authorities as set out in paragraph 3.3.7?**

3.5 The full document may be found at:

<https://www.gov.uk/government/consultations/local-government-finance-settlement-2017-to-2018-technical-consultation>

4. Financial implications and risks

4.1 The report is directed related to potential financial implications for the town council.

4.2 The cost of a referendum for the Town Council is likely to be in the region of £3,000 to £5,000 and considerably more for Wiltshire Council. The money for a referendum for the Town Council would need to be taken from reserves.

4.3 Early indications are that Malmesbury Town Council would not yet be included in the group where a referendum is required but with increased growth and any major additional expenditure plans the situation may change.

4.4 In the event that the Government opts to include all towns and parishes within the principles then Malmesbury would need to be aware of the new impact of any proposals for an increase in tax.

5 Recommendations

5.1 Members are requested to note the report and agree the responses to be made to the DCLG before the closing date of 26<sup>th</sup> October 2016.

Jeff Penfold  
Town Clerk  
3<sup>rd</sup> October 2016

## Appendix 1

### Extracts from the Consultation Document

The full document may be obtained at: <https://www.gov.uk/government/consultations/local-government-finance-settlement-2017-to-2018-technical-consultation>

#### **Question 4**

- 3.3.3 In light of this, the Government is minded to apply referendum principles to larger, higher-spending town and parish councils in 2017/18. There are around 8,800 precepting parishes in England, which vary widely in terms of resident population and precept charge. We 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.
- 3.3.4 We 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 will affect around 120 of England's 8,800 local precepting parishes.

#### **Question 5**

- 3.3.5 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 principal council covering the area of the parish council have each resolved that a particular function carried out by the principal 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.

#### **Question 6**

- 3.3.6 A large proportion of parishes are modest in size – for example, around 4,000 parishes have precepts of £25 or less. However, the Government is aware that increases in these precepts continue to concern local tax payers and is therefore prepared to consider extending referendums to all parishes.

#### **Question 7**

- 3.3.7 We recognise that issues of proportionality, practicality and cost could be raised by such a step, and would welcome views on this.