

Item 5 – National Council – Tuesday 28 March 2016

Referendum principles – next steps

1. Government decision on council tax referendums

2. Following lobbying by NALC, county associations and councils, proposals in the Local Government Finance Settlement Technical Consultation 2017/18 to extend council tax referendum principles to parish and town councils were not introduced.

3. The local government minister Marcus Jones MP telephoned the chairman Cllr Sue Baxter on the morning of the settlement to inform her of his decision. We welcomed the decision in a short formal [statement](#) and urged councils to continue to be fiscally responsible, offering to work with government on ways to increase transparency and engagement with residents.

4. The minister subsequently wrote to the chairman to formally notify NALC of his decision (letter attached), key points are below:

- Following careful consideration of responses to the technical consultation the government decided to defer the setting of referendum principles;
- The government has issued a challenge to demonstrate restraint when increasing precepts that are not a direct result of taking on additional responsibilities and will monitor the sector's response to the challenge;
- Deferral can be revisited and government is prepared to consider ways in which large increases can be made more transparent to local tax-payers;
- Stressing the importance of all parishes making effort to comply with existing transparency code publication requirements;
- Thanking NALC and the sector for the constructive engagement during the technical consultation;
- Reiterating how much the government values parishes increasing role in service delivery.

5. Our response and ongoing work

6. Both the Executive Committee and Larger Councils Committee considered the government's decision and agreed to keep up the pressure on this issue but also help the sector respond to the challenge. Proposals we are taking forward including areas where we would welcome your help are set out below:

- Consultation principles: the best councils always consult anyway on annual budget decisions and we may wish to spell out what good consultation looks like and how proposals are crafted, drafted and publicised. *National Council members are asked*

to come to the meeting with examples we can share and which will help us develop guidance.

- Good practice on income generation with examples of how councils generating income in addition to the precept. *National Council members are asked to come to the meeting with examples we can share and which will help us develop guidance.*
 - Good practice on shared services, clustering, transfer of responsibilities and community governance reviews. *We are keen to build on the work of the Smaller Councils Committee on clustering and would ask National Council members to come to the meeting with examples of the above.*
 - Gathering on precept increases in 2017/18. *National Council members are asked to come to the meeting with information on overall precept increases in their area.*
 - Statements by councils justifying: decisions taken including explanations and publication/communications; balances above a certain percentage of annual turnover, for example 25%; reasons for holding revenue balances above a certain level.
 - The establishment of a budget scrutiny methodology/peer review/residents panels;
 - Building upon Best Value principles with councils considering alternatives ways of delivering services.
7. The chairman has also written to all parish and town councils (letter attached) restating the key points from the ministers letter, encouraging councils to step up their efforts to explain spending decisions and significant increases in precept in particular and asking councils to tell us what they are doing so we can promote this more widely.
8. There has been quite a lot of media coverage in recent weeks by the BBC with stories on parish precepts featuring in editions of Sunday Politics and also on the [BBC website](#).

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Our Ref: 2978662

19 JAN 2017

Dear Ken,

Thank you for your email of 1 December expressing concern about the impact of proposals to introduce council tax referendum principles to town and parish councils.

I spoke to your successor Councillor Sue Baxter by telephone on 15 December to inform NALC of the Government's decision on this matter. Following careful consideration of responses to the technical consultation, the Government has decided to defer the setting of referendum principles. However, the Government has issued a challenge to town and parish councils to demonstrate restraint when increasing precepts that are not a direct result of taking on additional responsibilities.

These proposals are outlined in full in the Provisional Local Government Finance Settlement consultation at:

[www.gov.uk/government/uploads/system/uploads/attachment_data/file/577947/Provisional 2017-2018 local government finance settlement consultation.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577947/Provisional_2017-2018_local_government_finance_settlement_consultation.pdf).

The Government will monitor the sector's response to the challenge. The deferral of referendum principles for town and parish councils can be revisited and we are prepared to consider ways in which large increases can be made more transparent to local tax-payers.

I would like to stress the importance of all parishes making every effort to comply with the existing transparency code publication requirements, so that local people can clearly see how and where their money is being spent. I hope that NALC will help to ensure that the very smallest parishes are aware of the transparency fund, which we have made available to help them with the requirement to publish their data online.

I would again like to thank NALC and the sector for its constructive engagement during the technical consultation and want to reiterate how much the Government values parishes' increasing role in service delivery.

PS. I hope that you are well. Thank you for your constructive approach during your time as Chairman of NALC and I would like to wish you well in the future.

*Yours sincerely,
Marcus*

MARCUS JONES MP

SB/JG/100317/ALL PARISH COUNCILS

10 March 2017

To all parish and town councils

Dear Colleague,

PARISH PRECEPTS

In December the government decided not to extend council tax referendum principles to any size of parish or town council for the 2017/18 financial year.

This was a direct result of extensive advocacy by NALC on your behalf to ensure councils continue to have the freedom and flexibility to set budgets according to local needs and priorities.

I very much welcomed this decision given the important and indeed growing role our councils play in communities and local democracy and I am pleased the secretary of state acknowledged this in his statement to the House of Commons and has listened to the sector's concerns.

However the decision is very much a deferral and the government has issued a clear challenge to the sector to demonstrate restraint.

This point was reiterated to me in a letter from the local government minister which we circulated through the chief executive's weekly bulletin, but given the importance of this issue I wanted to draw to your attention again some of his key points:

- Following careful consideration of responses to the technical consultation the government decided to defer the setting of referendum principles;
- The government has issued a challenge to demonstrate restraint when increasing precepts that are not a direct result of taking on additional responsibilities and will monitor the sector's response to the challenge;
- Deferral can be revisited and government is prepared to consider ways in which large increases can be made more transparent to local tax-payers;
- Stressing the importance of all parishes making effort to comply with existing transparency code publication requirements;
- Thanking NALC and the sector for the constructive engagement during the technical consultation;
- Reiterating how much the government values parishes increasing role in service delivery.

Just this week the minister was interviewed for the forthcoming Spring edition of LCR and it is clear parish precepts remains very much a priority as he took the opportunity to restate his

challenge to the sector to demonstrate restraint, stressing he had not taken extending council tax referendums to parishes off table, but adding he was also keen to work with NALC to promote other ways to fund local projects. This latter point we will be following up with him as we are keen to help councils by publishing some guidance on income generation.

However in terms of parish precepts themselves, the government's own figures show increases to parish precepts in recent years have been very modest – going up by on average 6 pence per week – and we know this has been a direct consequence of councils taking on additional responsibilities such as services from principal councils, an increase in costs including National Insurance and funding not being passed on for example council tax support funding.

What you can do

While I have no doubt councils will respond positively to the government's challenge in setting precepts for the forthcoming year I wanted to stress the importance of engaging with residents over increases and being transparent about how their money is spent.

On this latter point I want to encourage councils to step up their efforts to explain spending decisions and significant increases in precept in particular.

This may include use of public meetings, newsletters and other publications, the local press such as newspapers or radio, social media including Facebook and Twitter, council websites, notice boards and information sent out with or at the same time as council tax demands.

I am very keen for us to share good practice in this area hence I would be grateful if you could tell us what you are doing so we can promote this more widely.

There are a number of other things we are doing to help councils such as developing good practice on income generation as mentioned above as well as on consultation and we will be publishing these in coming months.

We will of course be continuing to engage with the government to ensure they fully understand what is going on at the local level.

Finally I wanted to take the opportunity to thank you for everything you do. While these are challenging times for local government I am very proud of the role our councils play in improving our communities as I know you are increasingly doing more. Local services remain under severe pressure and I know our councils are often stepping up to the plate taking on new responsibilities and services.

Yours sincerely,

A handwritten signature in black ink that reads 'SUE BAXTER'.

COUNCILLOR SUE BAXTER
CHAIRMAN