

Milton Abbot Grouped Parish Council Council Tax Referendum Principles - Consultation

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

The view of the National Association of Local Councils is that 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, an expansion of their role and use of powers, and in particular delivering new services, often taken on from principal councils.

There are two principles in particular, item 3.3, within this document that the Council needs to be aware of:

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

The Council is requested to consider its response to the consultation, in particular to the below questions which may impact upon the Council;

- a) *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?*

3.3.3 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.

This year in order to meet anticipated expenditure the Council increased the precept by 9%, the total precept received being £4,248, £12.13 on a Band D property. Therefore, according to the above proposals, MAGPC would not be classed as falling within a 'higher-spending' council.

- b) *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?*

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 14 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.*
- c) *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?*

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.

- d) *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?*

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

In 2016/17 the Council increased the precept by 9%. Although this seems to be a large increase it only amounted to an increase of £0.81p, to £12.13 for the year on a Band D property, raising the total precept income by £347, to £4,248.

The Council Tax Support grant of £163 is likely to be reduced further in the next financial year, this year's reduction being 11.2%. Any such reduction will have to be counteracted by increasing the precept.

However the restriction, proposed to be 2% or £5 whichever is the higher, would not likely cause the Council undue issues as a much larger % increase would be needed to reach the higher figure of a £5 increase on a Band D property.