**Society of District Council Treasurers**

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James Livingston

Department for Communities and Local Government

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Dear James,

**Technical Response**

Thank you for allowing us the opportunity to comment on the above proposals.

I set out below our responses to the questions raised in the paper.

**Question 1**: **What other, additional grants, beyond those set out in para 2.2.2, could the Government consider including in the multi-year offer?**

The Society is concerned that the 4 year settlement proposal is not a good deal for all Councils with some areas seeing negative RSG in the last year. This does need to be reviewed and corrected urgently.

However, additional grants that could be considered are the replacement grant for the management fee for temporary accommodation, New Homes Bonus to give Councils more certainty of funding and Disabled Facilities Grant (remove from iBCF) to enable the Districts to carry out their statutory functions. In addition the Housing Benefit Administration Grant and Council Tax Support Administration Grant would also be deemed suitable for multi-year settlements.

**Question 2**: **Do you agree with the proposed methodology for allocating funding for the improved Better Care Fund as outlined in paragraph 2.3.4?**

See 1 regarding the Disabled Facilities Grant.

**Question 3: Do you agree with the council tax referendum principles for 2017-18 proposed in paragraphs 3.2.1 to 3.2.2 for principal local authorities?**

In a time of reducing central government funding the referendum principles limit Councils’ ability to raise much needed revenue. The level of council tax should be determined at a local level without the need for costly referendum.

**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?**

The proposed inclusion of parish and town councils within the council tax referendum limits has been under consideration by government for some time. We feel that this in itself has prompted some of the large increases that have been referred to as authorities have sought to raise their income base before the rules change. We feel that it is therefore essential that the government does clarify its position on this issue.

We agree that town and parish councils should be accountable to their residents for what they are spending. Residents are confused when the Council states there will be no increase to council tax but their overall council tax does increase because of an increase to parish/town council rates.

However, council tax referendums will place an additional burden on the local electoral authority. There will be cost/resource implications holding referendums so would want to see mechanisms in place for the parish/town council to have to pay for such a referendum.

There will also be practical issues depending on the timing of referendums (e.g. dealing with the complexity of a referendum being combined with other elections).

All things considered and in line with the response to question 3, we believe the level of council-tax precept should be determined at a local level without the need for costly referendum.

**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?**

Seems reasonable, however, this places additional complexity to calculation for setting the council tax in the timescale available. Most of the transfers of responsibilities will have come about by agreement between the district council and the parish/town council on the basis of service being better and more efficiently delivered at a very local level and not just to take cost out of the district council budget. We would recommend against having another layer of bureaucracy on an already complex calculation.

**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?**

We are genuinely concerned at the cost and complexity of this being extended to all parish and town councils. It is important that all authorities who are implementing significant increases in annual council tax are accountable and explain to their electorate the reasons for such increases. However, where the overall amount being raised is less than the cost of holding a referendum it is not a good use of public funds.

**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?**

The level of council tax at the local precepting level can vary due to factors outside of the control of the parish/town council e.g. fluctuations in the tax base and changes in the level of local council tax support being awarded. For some small parishes, minor changes to these can easily see their council tax increase by more than 2%. To try and exclude the impact of these changes from the calculation would again add a further complexity to it.

Costs of referendum would be prohibitive for smaller parishes. The cost of staffing a polling station is a minimum of £330 (one presiding officer and one poll clerk). Additional costs would include:

* Counting costs
* Polling station costs (sometimes an income to the Parish Council)
* Printing and postage costs (e.g. poll cards and postal votes)

Some of these costs could be reduced if the referendum was held with other scheduled elections but other practical difficulties arise from combined elections placing further burdens on the local authority.

**Question 8: Do you agree with the methodology for calculating the revaluation adjustment to business rates tariff and top-up payments as outlined in paragraphs 3.4.1 to 3.4.8?**

There needs to be more clarification around how this will work, preferably with some sample figures in the equation as there is little or no transparency as to how this impacts on all authorities although we have identified the concerns detailed below.

1. We understand that the government intend to use a lower multiplier when setting the business rates baseline to reflect the impact of future appeal losses. It is not clear in the paper how this will be determined and applied. The government need to provide clear exemplifications to all authorities on this as the sums involved are likely to run into many millions for most authorities. Without this it is not possible to know whether the proposals are likely to achieve their stated objectives.
2. By adjusting at a Gross Level, the impact of reliefs will not be taken into account fairly. If the impact on the gross rates was evenly spread across all properties then this would not normally be an issue. However, in reviewing the draft revaluation for some council’s in 2017 we note that there is a significant increase to property valuations where reliefs will be applied, e.g. Educational premises which automatically qualify for Mandatory Relief. The proposed mechanism would see the authorities unfairly penalized. The current methodology needs to consider the impact of reliefs. This could be done by authorities submitting details of the proportion of their gross rates to which reliefs are applied before and after the draft valuation as part of the NNDR1.

**Question 9**: **Do you agree that the methodology, as outlined in paragraphs 3.5.5 to 3.5.13, for calculating changes to the local share of business rates and tariff and top up payments is correct and does not adversely affect non-pilot areas?**

Again if more transparency were available this would help understanding in all authorities.

**Question 10**: **Are you contemplating a voluntary transfer of funding between the Combined Authority and constituent authorities?**

The Society cannot comment on individual authority arrangements.

**Question 11: Do you have any comments on the impact of the proposals for the 2017-18 settlement outlined in this consultation document on persons who share a protected characteristic? Please provide evidence to support your comments.**

No comment other than we would expect the government to publish its impact assessment with any final proposals.

We look forward to seeing the more detailed proposals from government in 2017.

Yours sincerely

Jill Penn

Head of Finance and Revenue Services

Broadland District Council

On behalf of SDCT