

HAPTC LAIS1393 Risk of Precept Capping

Under the Localism Act 2011, Government can make an annual decision on whether to introduce automatic precept referendums where they deem precept increases to be 'excessive' for local councils. Government is able to decide what the threshold will be for triggering referendums and to which councils this trigger will be applied. Although these referendums have been applied to other types of local authorities, Government has threatened to apply them to local councils but, to date, has not done so.

This could be all about to change with plans outlined in *2017/18 Local Government Finance Settlement: Technical Consultation Paper* <https://www.gov.uk/government/consultations/local-government-finance-settlement-2017-to-2018-technical-consultation> which was published on 15 September 2016.

All councils are affected and will wish to consider making a response to this important consultation on fundamental aspects of their financial arrangements.

The proposals define principles for applying automatic referendums to the highest spending councils but all councils will be concerned about the precedent this would set and about the specific question in the proposals about whether to extend referendums to all local councils. If this proceeds, it would be the first time a Government has interfered with the ability of local councils to determine for themselves what money should be raised for the local community. Even if the community has been fully consulted and wants an increase, the taxpayer would be forced to pay for the additional cost of an automatic referendum in order to be able to raise its own money for its own needs, based on a blanket threshold set centrally by Government.

The threshold proposed in this consultation for larger councils is lower and catches more councils than previously anticipated. Government could alter the threshold up or down, once it has considered the consultation responses and, **it should be underlined that there is a suggestion of applying automatic referendums to all local councils.**

In summary, the proposal is '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.'

This LAIS advises you about the consultation and provides some of the points that have previously been raised in objecting to the application of automatic precept referendums to assist those formulating responses to the consultation.

This consultation can be responded to via an online survey at <https://www.surveymonkey.co.uk/r/583WBQL>, via email to LGFConsultation@communities.gsi.gov.uk or in writing to James Livingston, Department for Communities and Local Government, 2nd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF.

Date: this consultation closes at 5pm, 28 October 2016.