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Sent by email to: lgfcorrespondence@levellingup.gov.uk

15 January 2024

Dear Madam/Sir,

CONSULTATION: PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024 TO 2025

The Society of Local Council Clerks (SLCC) submits the following comments on the above consultation document. These comments relate to:

Question 3: Do you agree with the proposed package of council tax referendum principles for 2024-25?

The SLCC welcomes the decision that council tax referendum principles are not going to be extended to town and parish councils in 2024/25. Town and parish councils have not been subject to this provision since it was first introduced in 2012/13. Since then, the sector has been subject to an annual decision by the Secretary of State (apart from a three-year commitment announced for 2019/20) that town and parish councils would not have the council tax referendum principles extended to them.

The continuation of the government making these decisions on an annual basis has the somewhat perverse effect of making town and parish councils very cautious in either reducing their precept, not increasing it in line with inflation or in line with the general increase limit applicable to district councils. This arises from the fear that the referendum principles will be introduced in the following financial year and the baseline for such calculations may not reflect the underlying financial position of the council. By way of example, a council deciding to reduce its' precept by taking money from its reserve fund to achieve a balanced revenue budget would, frankly, be hamstrung in the following year if these principles were introduced.

At the very least the SLCC would ask that consideration be given to the introduction of a further three-year commitment not to extend the principles to the sector in order that longer term financial planning can take place in the knowledge of some certainty.

The consultation document also refers to an effective warning that decisions taken by the sector as a whole will be kept under review by the government. This is also unhelpful to the town and parish council sector; many councils are experiencing the

devolution of services from district/county/unitary councils as they seek to find savings to keep their precepts within the limits imposed under the referendum principles.

Whilst many services being devolved are relatively small in financial terms, they are important to the communities served by town and parish councils and can have a disproportionate effect on parish precepts. Faced with the option of either accepting the devolved service and increasing the council tax accordingly, or refusing the devolution and seeing the service being lost to the community, most councils will opt for the former and then deal with the financial impacts. This scenario is very common in the sector and the government should take this into consideration when it reviews the council tax decisions taken by parish councils both now and in the future.

Yours sincerely,

A handwritten signature in black ink that reads "Rob Smith". The signature is written in a cursive style with a large initial "R" and a distinct "S".

Rob Smith

Chief Executive SLCC