Leigh-on-Sea Town Council

71-73 Elm Road, Leigh-on-Sea, Essex SS9 1SP - Tel: 01702 716288
council@leighonseatowncouncil.gov.uk www.leighonseatowncouncil.gov.uk

Chairman: Cllr Carole Mulroney
Vice Chairman: Cllr Helen Robertson
Town Clerk: Paul Beckerson

You are hereby summoned to an Extra-Ordinary meeting of the Leigh-on-Sea Town Council, which will take place on **Tuesday 25th October 2016** in Leigh Community Centre, 71-73 Elm Road, Leigh-on-Sea commencing at 7.00 pm when it is hoped to transact the following business.

AGENDA

1. CHAIRMAN'S OPENING REMARKS

2. APOLOGIES FOR ABSENCE

3. DECLARATION OF MEMBERS' INTERESTS

4. APPROVAL OF THE MINUTES OF THE MEETING OF 20th SEPTEMBER 2016

5. PUBLIC REPRESENTATIONS

6. REPORT FROM THE EALC AGM 22 SEPTEMBER 2016 (Report 2618/PB)

The Town Clerk's report of the AGM is attached as Appendix 1.

Members' attention is drawn to the emergency motion which was passed relating to the proposals set out in the Government consultation document "The 2017/18 Local Government Finance Settlement – Technical Consultation Paper" attached hereto.

The EALC resolved as follows –

This meeting is resolutely opposed to proposals by the government to extend council tax referendum principles to some or all local councils; and calls upon all local councils in Essex to respond to the government consultation stating their opposition to the proposals.

The relevant section is 3.3 of the consultation. Question 7 of the consultation relates to 3.3.7 commencing at page 13. "**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?"**

Council are **RECOMMENDED** to consider the issues raised in the consultation with particular reference to question 7, and if so minded, support of the EALC resolution.

COMMITTEES

7. COMMITTEE VACANCY

As a result of the vacancy caused by a Councillor's non-attendance, the following vacancy requires filling on the following Committee:

Planning, Highways and Licensing

It is **RECOMMENDED** that the vacancy be filled.

DECISION ITEMS

8. TRANSFER OF FUNDS TO CCLA

As we have received the second half of the precept we would like to transfer some of the deposit money to the CCLA to achieve a better rate of interest.

The Council is **RECOMMENDED** to approve the transfer of £100,000 to the CCLA Account

Cllr Carole Mulroney
Chairman Leigh-on-Sea Town Council
29th September 2016

Any member who is unable to attend the meeting should send their apologies before the meeting.

DATE OF NEXT MEETING: Tuesday 15th November 2016

Leigh-on-Sea Town Council

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Chairman: Cllr Carole Mulroney
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REPORT 2618/PB

Essex Association of Local Councils (EALC) AGM and Annual Joint Conference of Essex County Council (ECC) and EALC, Foakes Hall, Great Dunmow, 11.30am to 5.30pm 22nd September 2016

EALC 71st Annual General Meeting 2016

Annual Report
The Chairman Cllr John Gili-Ross reported that all but one of the parish councils in Essex were currently members of the Association. There continued to be challenges to the sector with the ever increasing changes to legislation. His theme for the year has been to increase communication and to give "Continued Added Value". Training remains the top priority for the EALC.

Finance and Accounts
The finances of the EALC are on budget, this is largely assisted by the contribution of £40,000 from ECC. They are predicting a small deficit in the next financial year, the deficit for 2015/16 amounting to £1,639.45.

Affiliation Fee
The meeting voted for a 2% increase in the affiliation fee for 2017/18 for the EALC proportion of the fee. The National Association of Local Councils (NALC) is yet to set the national fee there is expected to be an increase of 1.9%. The rise was mainly to cover the increase of 2% in staff remuneration over the financial years 2016/17 and 2017/18.

In the case of LTC this means a rise from £1,717.49 to £1,751.84, an increase of £34.35.

Emergency Motion
An emergency motion was put to the meeting regarding the government's proposals in the consultation paper published on Monday 19th September 2016 'The 2017/18 Local Government Finance Settlement' – Technical Consultation Paper relating to the extension of Council Tax referendum principles to parish and town councils.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/553819/Post_Publication_-_Draft_Settlement_Summer_Consultation.pdf

The consultation document is attached as Appendix A to this report.

Section 3.3.3 to 3.3.4 of the report sets out the referendum principles for parish and town councils. It is proposing that referendum principles be applied to higher-spending councils in 2017/18. It is proposed to apply the principles to authorities 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. The principles state that for increases of less than 2% or up to and including £5 (whichever is the higher) can be set without triggering a referendum. It is expected that the new principle will affect around 120 of England's 8,800 local precepting authorities.

Section 3.3.5 sets out exceptions in situations where there are transfers of functions from other tiers of local government.

Section 3.3.6 states as follows "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."**

Section 3.3.7 states the following recognising the difficulties in such an application as proposed in Section 3.3.6 and asks for views regarding the extension of principles to all parish councils. "We recognise that issues of proportionality, practicality and cost could be raised by such a step, and would therefore welcome views on this."

Question 7 of the consultation relates to 3.3.7 "**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 current proposal for higher spending local council does not at the moment affect Leigh Town Council but clearly any extension to all parishes would. If a referendum has to be held it would cost the Council in excess of £20,000.

The motion passed was:

This meeting is resolutely opposed to proposals by the government to extend council tax referendum principles to some or all local councils; and calls upon all local councils in Essex to respond to the government consultation stating their opposition to the proposals.

The deadline for the consultation is 28th October 2016.

Report from the Chief Executive Officer, Joy Darby
Training continues to be the main priority for the EALC although there is expected to be a downturn next year as new councillor training finishes being a result of the last round of elections in 2015.

Date of Next AGM
Thursday 21st September 2017

ECC and EALC Joint Conference

Cllr Kevin Bentley, ECC Deputy Leader and Cabinet Member for Economic Growth and Partnerships
The Essex Skills Partnership is working with the further education sector to promote and amend courses to match the needs of employers.

Devolution in Greater Essex - this is not preceding at the present time, 7 out of the 8 authorities were against an elected mayor.

ECC is working with the Rural Community Council for Essex (RCCE) to create hubs for the use of broadband wi-fi particularly in rural areas.

The Community Initiatives Fund (CIF) continues to be well supported helping many parishes to run with projects to the benefit of the local communities.

Roger Hirst, Police and Crime Commissioner for Essex
The Commissioner spoke about the developing Police and Crime Plan for Essex 2016-2020, consultation finishes on 7th October 2016. It is hoped to have the final plan in place by November 2016. The plan lists the 7 policing priority areas partly informed by public feedback:

1. More local, visible and accessible policing.
2. Crack down on anti-social behaviour.
3. Be tough on domestic abuse.
4. Reverse the trend in serious violence.
5. Tackle gangs and organised crime.
6. Protect children and vulnerable people from harm.
7. Improve safety on our roads.

Police have been issued with 200 tablets to enable them to complete reporting and paperwork out in the community thereby spending less time in police stations.

The manpower comprising community police teams has been ring fenced and they have no involvement in response policing.

In regards to reporting logged on the 101 number, he apologised for the wait times caused by overuse and recommended that people use the online access which is available.

https://www.essex.police.uk/do-it-online/report-non-emergency-crime/

Essex Police, Chief Constable Stephen Kavanagh
The Chief Constable gave an overview of policing in the county.

- The shift patterns have been changed this in real terms means there are 200 more officers out in the community especially in the early evening.
- There is continuing growth in the county, requiring an uplift in resources, to adapt to the changing needs.
- The cost per head for policing in the county is the cheapest in the country but it is strategically underfunded.
- The funding formula doesn't address the current needs and is in need of revision, this would require a change in government policy and urged those present to lobby for such a change.
- The force has been required to implement a total of £47m in savings since 2011, with a loss of 400 officers and a reduction in PCSOs from 400 to 100, this in real terms means 17% less people.
- The real estate is structurally suited to the 1950s and is currently undergoing a rationalisation to adapt to the needs of the 21st Century.
- Changes in crime meaning for example a 25% increase in reported violence, with increases in child sexual exploitation, modern slavery and cyber-crime. £1.1m has been allocated to cyber-crime.
- Only 25% of police work relates to crime.
- A new Superintendent has been appointed with a remit to recruit 600 new special constables, together with 150 new police cadets (some of which have been involved in bad behaviour in the past).
- There is a requirement to generate a further £45m in savings.

Tim Morris, Institute of Cemetery and Crematorium Management 'A Working Life in Death'

- Because of diminishing land availability there was a case to promote reuse of graves which is still prohibited in England and Wales under canon law. This is done by exhuming the remains and burying them deeper to enable reburial. This is common practice on the continent and is now legal in Scotland.
- He highlighted the dangers of graves being dug without the necessary shoring.
- There was a case for the enforcement of monument installation to prevent the necessity of having to remove memorials.
- The cost can be prohibitive if burials do not go deep enough and adjacent plots then requiring encasement by brickwork.
- Crematoria have had to install cleansing systems to chimneys to remove mercury which comes from teeth.
- There is a recycling scheme for metalwork such as hips etc. which is taken up across the country by 50% of authorities generating £81,000 for charity.

OTHER OPTIONS	To take no action
REASON FOR RECOMMENDATION	To support the EALC motion and respond as a council to the consultation on CT referenda.

CORPORATE IMPLICATIONS Contribution to Council's Aims and Objectives as set out in Leigh-on-Sea Town Council's Core Strategy	If implemented across sector could impact upon the scope of projects the Council could undertake across most of its aims and objectives
FINANCIAL IMPLICATIONS **FUNDING SOURCE**	Possible limits to precept in the future
TIMESCALE	Two to five years
PEOPLE IMPLICATIONS	Limits on staffing resources due to financial constraints
DELEGATION ARRANGEMENTS	None
RISK ASSESSMENT	Medium

Department for Communities and Local Government

The 2017/18 Local Government Finance Settlement

Technical Consultation Paper

September 2016
Department for Communities and Local Government

This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, complete the form at http://forms.communities.gov.uk/ or write to us at:

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Contents

Scope of the consultation

Topic of this consultation:	**This consultation covers proposals for the local government finance settlement for 2017/18.**
Scope of this consultation:	This consultation seeks views on proposals for the local government finance settlement for 2017/18, in particular from representatives of local government
Geographical scope:	These proposals relate to England only.
Impact Assessment:	Since the Government does not envisage that the proposals within this consultation document will have an impact on business, no impact assessment has been produced.

Basic Information

To:	**The consultation will be of particular interest to local authorities, and representative bodies for local authorities.**
Body/bodies responsible for the consultation:	Local Government Finance Directorate within the Department for Communities and Local Government.
Duration:	This consultation will last for 6 weeks from 15 September 2016 to 5pm, 28 October 2016.
Enquiries:	For any enquiries about the consultation please contact James Livingston James.Livingston@communities.gsi.gov.uk or 0303 444 2075
How to respond:	Please respond by completing an online survey at: https://www.surveymonkey.co.uk/r/583WBQL Alternatively, you can respond to the questions in this consultation by email to: LGFConsultation@communities.gsi.gov.uk If you are responding in writing, please make it clear which questions you are responding to. Written responses should be sent to: James Livingston Department for Communities and Local Government 2nd floor, Fry Building 2 Marsham Street London SW1P 4DF

	When you reply it would be very useful if you confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include: - your name, - your position (if applicable), - the name of organisation (if applicable), - an address (including post/code), - an email address, and - a contact telephone number

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.
Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact DCLG Consultation Co/coordinator.

Department for Communities and Local Government
2 Marsham Street
London
SW1P 4DF
Or by e-mail to: consultationcoordinator@communities.gsi.gov.uk

1. Summary of proposals

1.1 Summary

1.1.1 This chapter provides an overview of the wider reforms of local government finance which will help provide context to the proposals for the 2017/18 settlement:

- it provides background information regarding the ongoing reforms to business rates retention and
- it outlines the key themes that the Government is proposing for the 2017/18 local government finance settlement.

1.2 Background

1.2.1 The funding available to councils to deliver their core services for the rest of this Parliament is broadly flat, in cash terms. By then, local government will retain 100% of taxes raised locally. This will give local government additional business rates receipts of around £12.5bn to spend on local services. The system will have stronger incentives to boost growth, and areas that take bold decisions to boost growth will see the benefits. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out.

1.2.2 These reforms represent a unique opportunity to fundamentally change the role of local government and the way it is funded. The move towards self-sufficiency and away from dependence on central government is something that councils have been calling for over a number of decades. The historic 2016/17 local government finance settlement was a first step along this road. It offers those local authorities who are committed to reform far greater certainty over their future funding.

1.3 Summary of proposals

The distribution of central resources

2.1.1 This chapter outlines our proposals for distributing central resources in 2017/18 to build on the four year offer announced in the 2016/17 local government finance settlement. These proposals are intended to give councils that are committed to reform long term certainty, earlier in the year, over more sources of funding. In summary, it outlines:

- the Government's commitment to the multi-year settlement offer and seeks views on expanding this offer
- the proposed approach to distributing funding through the Improved Better Care Fund using a methodology that takes account of each council's capacity to raise resources through the adult social care precept.

Changes to local resources

2.1.2 This chapter outlines the Government's proposals for the 2017/18 local government finance settlement that have implications for the local resources collected by councils. In summary, it includes:

- the Government's proposals for the council tax referendum principles for 2017/18 which are:
    - a core principle of 2%. As in 2016/17, this would continue to apply to shire counties, unitary authorities, London boroughs, the Greater London Authority, fire authorities, and Police and Crime Commissioners except those whose Band D precept is in the lower quartile of that category
    - a continuation of the Adult Social Care precept of an additional 2%, for county councils, unitary authorities and London boroughs (including the Common Council of the City of London and the Council of the Isles of Scilly), subject to consideration of the use made of the Adult Social Care precept in the previous year
    - that shire district councils will be allowed increases of less than 2% or up to and including £5, whichever is higher
    - that Police and Crime Commissioners whose Band D precept is in the lowest quartile of that category will be allowed increases of less than 2% or up to and including £5, whichever is higher
    - 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.
- the proposed approach for adjusting business rates tariff and top ups to cancel out, as far as is practicable, the impact of the 2017 business rates revaluation on local authorities' income
- a proposed methodology for calculating the agreed changes in the local share of retained business rates and the level of tariff and top ups for local authorities piloting 100% business rates retention, designed to ensure that no authorities anywhere in the country are adversely affected by these pilots, and
- a mechanism which would allow places with a devolution deal to revisit the distribution of existing funding streams within their areas, if all affected councils agree.

2. The distribution of central resources

2.1 Summary

2.1.1 This chapter outlines our proposals for distributing central resources in 2017/18 to build on the multi-year settlement offer announced in the 2016/17 local government finance settlement. These proposals are intended to give councils that are committed to reform greater certainty, earlier in the year, over more sources of funding. In particular, the chapter outlines:

- the multi-year settlement offer and seeks views on expanding this offer

- the proposed approach to distributing funding through the Improved Better Care Fund, using a methodology that takes account of each council's capacity to raise resources through the adult social care precept.

2.2 The multi-year settlement offer

2.2.1 On 10 March, the Secretary of State for Communities and Local Government wrote to every local authority in England setting out the conditions for the offer of a multi-year settlement.[1] This made clear that the offer and the production of an efficiency plan should be as simple and straightforward as possible. It is important that plans cover the full four year period and are open and transparent about the benefits they will bring and show how greater certainty can create the necessary conditions for further savings.

2.2.2 The offer, as described in the Secretary of State's letter of 10 March, includes:

- Revenue Support Grant
- Business rates tariff and top up payments, which will not change for reasons relating to the relative needs of local authorities
- Rural Services Delivery Grant and
- Transition Grant.

2.2.3 Plans should be locally owned and driven and as such we have not provided guidance or set out what they should contain. However councils should consider sector-led advice produced by the Local Government Association and CIPFA on what efficiency plans could include (http://tinyurl.com/zqhpsyo). Councils have until

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[1] The letter confirmed that the Government will offer any council that wishes to take it up a four-year funding settlement to 2019-20. This includes:

- Common Council of the City of London
- London borough councils
- District Councils
- County Councils
- Council of the Isles of Scilly
- Greater London Authority
- Metropolitan County Fire and Rescue Authorities
- Combined Fire and Rescue Authorities.

14 October 2016 to accept the offer by sending an email or letter to MultiYearSettlements@communities.gsi.gov.uk with a link to their published efficiency plan. After the deadline for receipt, DCLG will respond to councils on the 4 year offer as soon as practicable.

2.2.4 We expect the take up for this offer to be high as it gives councils an excellent opportunity to increase the level of certainty they have regarding their financial position for the rest of this Parliament. Barring exceptional circumstances, and subject to the normal statutory consultation process for the local government finance settlement,[2] the Government intends to confirm the constituent elements of the multi-year offer for the remaining years of the Parliament for qualifying councils soon after 14 October. These amounts, together with any additional grants which might be part of the offer (see paragraph 2.2.6, below), would then be published as part of the 2017/18 provisional local government finance settlement in due course.

2.2.5 However, those councils that choose not to accept the offer will be subject to the existing annual process for determining the level of central funding that they will receive.

2.2.6 The Government would also like to consider expanding the current multi-year offer to give local councils who are committed to reform the opportunity for more security over more of their funding for the rest of this parliament. This could potentially be achieved by including more grants in the offer.

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

2.3 Distribution of the improved Better Care Fund

2.3.1 The Spending Review 2015 announced the introduction of the improved Better Care Fund worth £105 million in 2017/18, £800 million in 2018/19 and £1.5 billion in 2019/20.

2.3.2 The Government set out its proposed approach to allocating the improved Better Care Fund allocations alongside the provisional Local Government Finance Settlement 2016/17 and committed to consult on the distribution of the fund in due course.

2.3.3 Having carefully considered its approach and the views received in response to the consultation on the settlement, the Government proposes to maintain the approach for 2017/18 set out in chapter 5 of the consultation on the provisional 2016/17 local government finance settlement published on 17 December 2015.[3] This approach recognises that authorities have varying capacity to raise council tax, and will

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[2] As prescribed in sections 78 and 78A of the Local Government Finance Act 1988.

[3] Available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/494385/Provisional_settlement_consultation_document.pdf

allocate the funding through a separate grant to local government, using a methodology which provides more funding to those authorities which benefit less from the adult social care council tax precept.

2.3.4 The proposed methodology for each financial year is as follows:

i. We calculate the additional funding available to spend on adult social care at a national level, combining the 2% council tax flexibility for adult social care and the additional funding for the improved Better Care Fund.

ii. We then calculate the share of that national amount which each authority with responsibility for social care would receive if it were distributed according to the 2013 adult social care relative needs formula.

iii. We then calculate how much each authority with responsibility for social care could raise from the additional 2% council tax flexibility for adult social care.

iv. The additional funding for the improved Better Care Fund is then allocated in such a way that, when combined with the money which could be raised from the council tax flexibility, each council would receive its share of the combined national amount as calculated in step (ii) above.

v. These allocations are adjusted so that, where an authority could raise more from the additional council tax flexibility for social care than its share of the national amount calculated in step (ii), its allocation for the improved Better Care Fund is set to zero rather than a notional negative figure.

vi. The remainder of the allocations are then reduced proportionately, so that the combined totals sum to the national total for additional funding available to spend on adult social care, as calculated in step (i).

2.3.5 The resulting illustrative proposed allocations of the improved Better Care Fund by local authority can be found at https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2016-to-2017

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?

3. Changes to local resources

3.1 Summary

3.1.1 This chapter outlines the Government's proposals for the 2017/18 local government finance settlement that have implications for the local resources collected by councils. These proposals include:

- provisional council tax Referendum principles for 2017/18
- the Government's approach to adjusting tariff and top ups to ensure as far as possible that local authorities have a predictable level of income regardless of the impact of the 2017 business rates revaluation
- a methodology for calculating the change in the local share and the level of tariff and top ups for local authorities piloting 100% business rates retention
- a mechanism through which funding could be transferred to a Combined Authority if all councils affected agree to the transfer.

3.2 Council tax referendum principles for local authorities

3.2.1 In the Spending Review, the Government announced a new adult social care precept worth 2% for authorities with responsibility for adult social care for the remainder of the Parliament. This new precept was in addition to a 'core' council tax referendum principle of 2% which would be reviewed annually. A range of flexibilities were offered to certain other categories of authority, with the remainder able to increase by up to the core 2% without triggering a local referendum. The Government is committed to keeping council tax low and, under the existing principles, the average Band D increase for 2016/17 was 3.1%, which means that council tax is still 9% lower in real terms than it was in 2009/10.

3.2.2 In order to balance the aim of keeping council tax low for local residents with the need for councils to raise sufficient funding to support local services, the Government is minded to propose referendum principles the same as those set in 2016/17, subject to the views of respondents to this consultation and consideration of the use made of the adult social care precept in 2016/17. This would mean:

- a core principle of 2%. This would continue to apply to shire counties, unitary authorities, London boroughs, the Greater London Authority, fire authorities, and Police and Crime Commissioners except those whose Band D precept is in the lower quartile of that category (see below)
- a continuation of the Adult Social Care precept of an additional 2%, for County Councils, unitary authorities and London boroughs (including the Common Council of the City of London and the Council of the Isles of Scilly), subject to consideration of the use made of the Adult Social Care precept in the previous year

- shire district councils will be allowed increases of less than 2% or up to and including £5, whichever is higher

- Police and Crime Commissioners in the lowest quartile will be allowed increases of less than 2% or up to and including £5, whichever is higher.

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?

3.3 Council tax referendum principles for parish and town councils

3.3.1 Since the introduction of council tax referendums in 2012/13, no referendum principles have been set for local precepting authorities such as town and parish councils ("parishes"), although the Government has made it clear that we would keep this under review and take action if necessary.

3.3.2 We recognise the value of parishes and the greater role in service delivery that many are performing to deliver ambitious services for their residents. However, the increase in the average Band D council tax level of 6.1% set by parishes in 2016/17 is notably higher than those in the previous 5 years, as shown in Table 1 below:

Table 1: Average percentage increase in Band D council tax levels set by parishes

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Parishes	2.3%	3.9%	5.2%	4.3%	3.3%	6.1%

3.3.3 In light of this, 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.

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 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.

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.

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.

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?

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?

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?

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?

3.4 The business rates revaluation adjustment

3.4.1 The next business rates revaluation takes effect from 1 April 2017. Revaluation is a revenue neutral exercise so the total rates bill will stay the same at the England level in real terms, after allowing for appeals. At the local authority level, overall bills will increase or fall depending upon whether rateable values in that area have performed above or below the average for England, after allowing for appeals.

3.4.2 This creates change in the system outside the control of local authorities. When the Government introduced the 50% business rate retention scheme it signalled that it would adjust each authority's tariff or top up following a revaluation to ensure, as far as is practicable, that their retained income is the same after revaluation as immediately before. This will ensure that the growth incentive created by the rates retention scheme and the delivery of public services will not be weakened by losses of income outside the control of authorities. The following section describes how we will implement this commitment.

The adjustment for the revaluation

3.4.3 For a local authority, the measure of rates income in the rates retention scheme is its share of "non-domestic rating income" as defined in regulations and captured on the NNDR3 form. Therefore, the objective of the revaluation adjustment is to identify and isolate the amount by which non-domestic rating income in the authority will change purely due to the revaluation. Once identified, the relevant shares of these amounts can then be deducted or added to the tariffs or top ups to cancel out the impact of revaluation.

3.4.4 For example:

> An authority sees its local share of non-domestic rating income grow due to revaluation from £100m to £122m. It has a £20m top up. With no adjustment, the £22m increase would feed through into extra revenue for the authority. To compensate we need to deduct £22m from the £20m top up giving a tariff of £2m.

3.4.5 In practice we do not believe it will be possible to directly measure the changes in non-domestic rating income arising from the revaluation alone. Instead we propose to estimate the change using a proxy (derived from gross rates payable). The proxy will be calculated by comparing the local authority's rateable value before and after the revaluation to quantify the impact the revaluation has on the tax base. This effect will then be applied to the authority's gross business rates income before the revaluation to produce a figure for the council's income post-revaluation. Subtracting this post-revaluation income figure from the pre-revaluation income and apportioning it according to the authority's share of business rates income under the scheme will produce the change that needs to be made to its tariff or top up in order to ensure that it has, as far as practicable, the same income after the revaluation as it had before.

3.4.6 We propose to make this adjustment in three stages: on a provisional basis in the 2017-18 settlement; on a final basis with a reconciliation in the 2018-19 settlement; and finally, by cancelling out the reconciliation in the 2019-20 settlement.

3.4.7 Annex A provides more detailed information about the calculations involved in the proposed methodology for the revaluation adjustment.

Appeals against the 2017 rating list

3.4.8 The adjustment for revaluation is for those impacts discernable at the time of the revaluation only (and captured in the rateable values on 31/3/17 and 1/4/17 as we look at them on that day). Changes to the revaluation which occur after 1 April

2017 by virtue of backdated amendments or appeals (including those backdated to 1/4/17) fall within the operation of the rates retention system in the normal way.

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?

3.5 Adjustments to business rates in areas piloting 100% business rates retention

3.5.1 At the 2015 Autumn Statement the Government committed to piloting approaches to 100% business rates retention in London, Manchester and Liverpool from 1 April 2017.

3.5.2 The Government also committed that the pilots' offer would be available to other areas with ratified devolution deals and that as part of the pilots, the "local share" of business rates could be increased from as early as 2017-18.

3.5.3 To ensure that an increase in the "local share" of business rates is fiscally neutral at the point of change, the Government and pilot areas are exploring:

- ending entitlement to certain grants and other funding streams
- devolving additional responsibilities to pilot areas and
- adjusting existing business rate tariffs and top ups.

3.5.4 The Government intends to use the pilots to test mechanisms for full rollout of the 100% retention scheme. Any cost to the system from elements of the pilots will not impact on non-pilot authorities.

Methodology for calculating the additional local share in pilot areas

3.5.5 The calculation of the value of an additional local share will be based on the pilot areas' Baseline Funding Levels and notional Business Rates Baselines (i.e. the 2013/14 Business Rates Baseline, uprated by subsequent changes to the small business rates multiplier). This will preserve the integrity of the existing scheme by ensuring that the value of the additional share is exclusive of any growth (or decline) in business rates achieved by pilot authorities since 2013-14.

3.5.6 For each pilot authority, the value of funding streams and the new responsibilities rolled in to the business rates retention system (hereinafter referred to as "Grant") will be added to the existing Baseline Funding Level to create a "new" Baseline Funding Level for the authority.

3.5.7 There are two different options on offer to pilot authorities in 2017-18. Either:

a) the local percentage share of business rates is increased only by the value of the "Grant" rolled-in or

b) the local percentage share of business rates is increased to 100% and, to the extent that the "Grant" rolled in is not equivalent to 100% of local business rates, tariffs and top ups are adjusted appropriately.

3.5.8 Under option a) above, the additional percentage share of business rates will be equal to:

Grant / notional Business Rates Baseline x existing % share of business rates

3.5.9 This additional percentage share will be added to the existing percentage share to give the percentage to be retained in 2017/18.

3.5.10 Under option b) above, the notional Business Rates Baseline of each authority will be adjusted to reflect the increase in the local share to 100%.[4] The adjustment to the notional Business Rates Baseline is equal to:

Business Rates Baseline / existing % share of business rates x 100%

3.5.11 For option B, the difference between the new Baseline Funding Level and the new notional Business Rates Baseline will be the tariff or top up for 2017-18.

Calculation of Baseline Funding Levels and Tariffs and Top ups

3.5.12 Baseline Funding Level and business rate tariff and top up figures were set as part of the Local Government Finance Settlement in February 2016 using OBR estimates of the Retail Price Index (RPI) as a proxy for the changes in the small business rating multiplier. The actual multiplier for 2017-18 will be set once September 2016's RPI is published. At the 2017-18 Settlement, Government will also update Baseline Funding Levels and tariffs/top ups for later years based on up-to-date estimates of RPI.

3.5.13 If it is necessary to make any agreed changes to amounts of Revenue Support Grant, the retained local share or tariffs and top ups for 2017-18, these will be made after the change in the small business rating multiplier are known. Whilst we will publish indicative figures for later years, it is the Government's intention to recalculate the value of the local share (and the possible knock-on consequences for tariffs and top ups) for future Local Government Finance Settlements based on the actual change to the small business rating multiplier for those years.

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?

3.6 Voluntary transfers of funding to Mayoral Combined Authorities

3.6.1 Devolution Deals have established the new duties that Mayoral Combined Authorities will be responsible for. There is the potential to adjust the calculation of

[4] In most areas, the 100% will be split between different tiers of authority.

grant and business rates payments to reflect any changes in the way existing duties are carried out by authorities. These changes would only be made in areas where it is requested by the Mayoral Combined Authority and all authorities affected by any changes agreed to the proposals.

3.6.2 Before doing this, we would need all local authorities affected by the transfer of funding arrangements to agree to the process and to provide the numbers on which the calculations would be based.

3.6.3 If the funding is to be transferred in the form of grant, then it would be possible to decide on an authority by authority basis how much grant is to be paid to the Combined Authority instead of the authorities who currently receive funding. It would be up to the local authorities affected to agree how this should be done.

3.6.4 If the funding is to be transferred in the form of a share of business rates, then the same procedure as above would be followed, but an additional step would be required to convert the amount for each authority into a percentage of their business rates that would transfer to the combined authority and the shares of business rates would then need to be reflected in regulations. Section 3.5 outlines how this would be done.

3.6.5 If the funding is to be transferred in the form of council tax then it would be necessary to ensure any transfer did not in itself increase the burden on council tax payers. In order to affect the transfer the same Band D level would need to be transferred away from all the currently funded authorities. This could be achieved by dividing the total amount to be transferred to the Combined Authority by the total number of Band D equivalent properties within the currently funded authorities. Alternative Notional Amounts could then be used to reduce the currently funded authorities' baselines and create a new baseline for the Mayor; this would ensure that no local referendums would be triggered due to the transfer of funding. This could only be done if the service transferred was the responsibility of the Mayor rather than that of the combined authority.

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

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.

Annex A: 50% Business Rates Retention: Methodology for adjusting for the 2017 revaluation

B.1. In order to ensure, as far as is practicable, the impact of the 2017 revaluation is neutralised in the rates retention scheme, DCLG propose to make the following adjustments to tariffs and top ups. This will be in addition to the normal inflation adjustments made to tariffs and top ups.

B.2. Ideally, we would directly measure the change in non-domestic rating income between 31/3/17 and 1/4/17 (the 2 days either side of the revaluation). However:

- being the last day of the financial year and a Friday there could be many alterations on 31 March 2017 with retrospective effect (typically appeals credited on that day). The authority would, therefore, need to take a view as to how much of their provision they have released to fund those appeals and how much actually reduced non-domestic rates income for that day
- we would need to consider whether changes to the provisions for the year should also be allocated to the income for the day and if so how
- there will be other accounting adjustments in income which would need to be reflected for the day – such as bad debt.

B.3. In practice we believe this would be too complicated and too sensitive to refunds, backdated alterations and subjective allocations of accounting adjustments. Instead the Government will use a proxy to measure the change in rates income due to the revaluation. We will then apply that proxy (as a factor) to the non-domestic rating income for 2016/17. That would then give an estimate of the change in in non-domestic rating income between 31/3/17 and 1/4/17.

Choice of a proxy for revaluation change

B.4. As a proxy, we propose to adopt the change in gross rates payable before all reliefs and accounting adjustments between 31 March 2017 and 1 April 2017. Essentially, this is just the rateable value x small business multiplier for those 2 days.

B.5. This proxy will not itself reflect changes in reliefs such as Small Business Rate Relief (SBRR). However, the proxy will be applied to non-domestic rating income which will already reflect the degree to which local income is affected by reliefs. So the adjustment will, by adopting non-domestic rating income, reflect the position of those authorities with a lot of SBRR.

B.6. Where the proxy could be less accurate is where reliefs in a local area change due to the revaluation out of line with the proxy for all properties in the area. Many percentage awards of reliefs will not change due to the revaluation (e.g. charitable relief) as their eligibility and percentage is not driven by rateable value - so for them the proxy should work as well as it does for any property. And some have little impact (e.g. the empty property relief lower threshold) and some reliefs are insignificant (rural rate relief).

B.7. In principle, there is more scope for the revaluation factor for small properties receiving SBRR to be different to all properties. However:

- it is not possible to say what that revaluation factor for SBRR properties would have been. The Government has made large changes to the eligibility of SBRR for 1 April 2017. Had the Government not done anything to SBRR we would in any case have adjusted the thresholds for the relief and the Small Business (SB) multiplier. In the absence of the need for that decision we cannot isolate the effect of the Budget change to SBRR from the revaluation change

- we believe the impact would still be marginal.

B.8. Therefore, we believe adopting a proxy based on the gross change in rateable value using the Small Business multipliers is a practical and proportionate method. However, we will keep this under review for the final adjustment in the 2018/19 settlement (see below). We will also separately pay section 31 for the SBRR changes in the 2016 Budget including the increase in the threshold for the SB multiplier and will consider that payment in the context of the revaluation adjustment.

Provisional and Final adjustments

B.9. We will not have actual 2016/17 non-domestic rates income or rateable values at 1 April 2017 in time for the 2017/18 settlement. Therefore, we propose to make the revaluation adjustment in 3 stages:

- provisional 2017/18 top ups and tariffs will be calculated in the autumn of 2016 based on forecasts. This will be based on NNDR3 non-domestic rates income for 2015/16 increased in line with inflation and rateable values for the 2010 and 2017 lists available at the draft list stage (30 September 2016)

- final 2017/18 top ups and tariffs will be calculated in the autumn of 2017. The 2018/19 settlement will then include a reconciliation of the 2017/18 adjustment

- in 2019/20 we will cancel the one off reconciliation adjustment for 2018/19.

Appeals and the multiplier

B.10. At the revaluation the Secretary of State is allowed, in setting the multiplier, to anticipate future appeals on both the old and new rating list. This has the effect of increasing the multiplier so in effect we over-collect in the early years of the rating list and then under-collect in later years as the appeals start to come through with retrospective effect.

B.11. Local government is responsible for accounting for appeals through their forecast of business rates income using proper accounting practice. Therefore they will make a provision at the start of the 2017 rating list to reflect all expected future appeals. To offset the effect of this provision we propose to remove from the revaluation adjustment the impact of future appeals. We will do this by calculating the revaluation adjustment using a notional small business multiplier for 2017/18 which has not been adjusted for appeals.

B.12. This approach will give local authorities funds to deal with volatility and ensure retained rates income and spending does not fall from 1 April 2017 due to large new provisions for the revaluation.

B.13. Having regard to the above, the following are the adjustments we propose to make to future settlements to implement the revaluation adjustment.

2017/18 Settlement

B.14. For the 2017/18 settlement top ups and tariffs for the previous year will be adjusted for each local authority by the addition of the following amount (such that a negative outcome gives rise to a deduction):

$$J = C\left(1 - \frac{A}{B}\right)D$$

Where:

A	is total rateable value in all of the draft 2017 local rating lists covering the authority's area using the draft lists provided to Billing Authorities on 30 September 2016 multiplied by the adjusted provisional small business non-domestic rating multiplier for 2017/18. "Adjusted provisional small business non-domestic rating multiplier" is the provisional small business multiplier as included in the draft Local Government Finance Settlement but adjusted to an assumption that the effect of the alterations referred to in paragraph 5(6) & 5(7) of Schedule 7 to the Local Government Finance Act 1988 was to have no effect on rateable values or hereditaments.
B	is the total rateable value in all of the 2010 local rating lists covering the authority's area for 23 September 2016 and measured on that day multiplied by 0.484.
C	is the non-domestic rating income for the authority for 2015/16 (line 12 page 1 NNDR3) multiplied by 0.484/0.480
D	is the local share.

2018/19 Settlement

B.15. For the 2018/19 settlement tariffs and top ups for the previous year will be adjusted for each local authority by the addition of the following 2 amounts (such that a negative outcome gives rise to a deduction):

Amount 1 (on-going adjustment)

$$G\left(1-\frac{E}{F}\right)H$$

Amount 2 (reconciliation of 2017/18)

$$G\left(1-\frac{E}{F}\right)H-J$$

Where:

E	is total rateable value in all of the 2017 local rating lists covering the authority's area for 1 April 2017 and measured on that day multiplied by the adjusted small business non-domestic rating multiplier for 2017/18. "Adjusted small business non-domestic rating multiplier" is the small business multiplier as included in the Local Government Finance Settlement but adjusted to an assumption that the effect of the alterations referred to in paragraph 5(6) & 5(7) of Schedule 7 to the Local Government Finance Act 1988 was to have no effect on rateable values or hereditaments.
F	is the total rateable value in all of the 2010 local rating lists covering the authority's area for 31 March 2017 and measured on that day multiplied by 0.484.
G	is the non-domestic rating income for the authority for 2016/17.
H	is the local share.
J	is the result of the formula above for the 2017/18 settlement for the authority.

2019/20 settlement

B.16. Finally we will need an adjustment to the 2019/20 settlement to cancel the adjustment from the previous year's top up or tariff for the reconciliation of 2017/18 (thereby leaving in the top up or tariff the ongoing adjustment only). For the 2019/20 settlement top ups and tariffs for the previous year will be adjusted for each local authority by deducting the following amount:

Amount 2 in respect of 2018/19 x -1

Notes:

i. We aim to provide certainty for local government by explaining this methodology now. However, DCLG will keep this methodology under review in order to allow scope for further adjustments to be made in 2018/19, for example to account for any significant issues of unfairness.

ii. The tariffs and top ups will also need to be increased in line with inflation in the normal way each year. To achieve this we may, in practice, first strip out inflation from the revaluation adjustment. We may do this by adopted a “zero inflation” SB multiplier at A above.

iii. The revaluation factor is calculated before SBRR and before the SB supplement (i.e. it is just based on the SB multiplier). We will separately pay section 31 for the SBRR changes in 2016/17 including the increase in the threshold for the SB multiplier. We will consider that payment in the context of the revaluation adjustment.

iv. The 2010 and 2017 lists should match – i.e. have the same hereditaments with same physical attributes etc. The draft list provided to you for 30 September will be taken from the live list on 23 September – hence the use of that date. We believe this methodology will achieve this but we will continue to check that assumption.

v. The adjustment to the multiplier for 2017/18 is to remove the impact of the appeals assumption from the multiplier. This will reduce the multiplier in the calculation which in turn will give local authorities a surplus to offset against future appeal.

Annex B: Summary of consultation questions

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?

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?

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?

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?

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?

Question 6: Do you have any comments on 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?

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?

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?

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?

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

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.

Annex C: Glossary of technical terms

Baseline funding level

The amount of an individual local authority's Start-Up Funding Assessment for 2013/14 provided through the *local share* of the Estimated Business Rates Aggregate uprated each year by the change to the small business multiplier (in line with RPI).

Business rates baseline

Determined for individual authorities at the outset of the business rates retention scheme by dividing the *local share* of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

Central share

The percentage share of locally collected business rates that is paid to central government by billing authorities. This is set at 50%. The *central share* is re-distributed to local government through grants including the *Revenue Support Grant*. This replaces the previous 'set-aside' policy.

Local government spending control total

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit (LG DEL) plus the local share of the Estimated Business Rates Aggregate that is allocated to the local government sector by Government for each year of a Spending Review. It does not include the resources identified in the 2013 Spending Round for social care and Troubled Families.

Local share

The percentage share of locally collected business rates that is retained by local government. This is set at 50%.

Revenue Support Grant

Billing and most major precepting authorities receive Revenue Support Grant from central government in addition to their local share of business rates Aggregate. An authority's Revenue Support Grant amount plus the local share of the Estimated Business Rates Aggregate will together comprise its Settlement Funding Assessment.

Safety net

Mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5% below their *baseline funding level* (with baseline funding levels being uprated by the small business rates *multiplier* for the purposes of assessing eligibility for support).

Start-up funding assessment

A local authority's share of the local government spending control *total* which will comprise its Revenue Support Grant for the year in question and its *baseline funding level*.

Tariffs and top ups

Calculated by comparing at the outset of the business rate retention scheme an individual authority's business rates baseline against its baseline funding level. Tariffs and top ups are self-funding, fixed at the start of the scheme and index linked to RPI in future years.

Tariff authority

An authority with, at the outset of the scheme, a higher individual authority business rates baseline than its baseline funding level, and which therefore pays a tariff.

Top-up authority

An authority with, at the outset of the scheme, a lower individual authority business rates baseline than its baseline funding level, and which therefore receives a top up.