

## **Local council precepts and the DCLG ‘capping regime’**

**1) Background** At the National Council meeting in March, I requested that National ALC should arrange with CALCs to gather evidence systematically on parish precepts: not only statistics but also the reasons why councils have raised their precepts. However, the response was that CALCs had already been asked to submit examples of precept increases, and so no further action by NALC was required.

I have therefore asked NALC’s Policy/Development staff to provide a progress report to the June meeting of the Policy Committee, regarding the gathering of this evidence. In addition, I have drafted this paper to enable the Policy Committee to decide what role it wishes to play, and whether any further evidence should be collected.

**2) Building our case** The DCLG routinely gathers and publishes data on local council precepts, as below:

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<b>Parishes and other local precepting authorities charging a non-zero precept</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Total number <sup>(a)</sup>	8,805	8,813	8,810	8,818	8,840
Tax base <sup>(a)</sup> (thousands)	7,307.4	7,424.2	7,560.4	7,754.3	7,954.4
Aggregate of local precepts <sup>(b)</sup> (£000)	367,048	388,808	409,146	445,073	485,474
Average parish precept per Band D (£)	50.23	52.37	54.12	57.40	61.03
Change (£)	2.49	2.14	1.75	3.28	3.63
Percentage change	<b>5.2%</b>	<b>4.3%</b>	<b>3.3%</b>	<b>6.1%</b>	<b>6.3%</b>

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Clearly, there is currently a year-on year acceleration in ‘precept inflation’. There seems little point in National ALC and CALCs simply gathering data which proves what DCLG already knows. What would be more useful would be for us to ‘drill-down’ to establish the reasons why precept-inflation is occurring. To do this, it would be useful if National ALC could ‘prescribe’ the format and methodology for CALCs to use, so that the results can be aggregated across the country.

**3) What are the reasons for precept-inflation?** With the backing of my own CALC, I am therefore looking to National ALC to provide this leadership. I suggest that we should all be gathering evidence from the full range of ‘sizes’ of council, not just the largest ones, because we cannot be confident that DCLG would exempt medium and smaller councils from any future capping regime. I think it would be appropriate to ask for the information for the 3 financial years 15-16, 16-17 and 17-18, so long as this does not unduly complicate the data-gathering.

To enable cross-tabulation, information would also be needed for each council on some background variables, such as Council Tax base and electorate numbers. For consistency across the country, account will need to be taken of the fact that some areas are still benefitting from the DCLG’s Localisation of Council Tax Benefits grant (either fully or partly), while others are not.

So that we can know the reason(s) for any significant increase in the precept, and to aid subsequent analysis, some tick-boxes could be used to cover the more-predictable reasons, such as:

- Take-over of responsibility for principal authority services (which would probably need to be listed)
- To service a loan on the acquisition of community assets
- To provide more support to local charities and other voluntary activity
- To meet new statutory requirements such as pension auto-enrolment
- To compensate for the loss/withdrawal of Localisation of Council Tax benefits grant
- To pay for elections and by-elections
- To restore depleted balances
- Any other obvious reasons?
- And ( *a very sensitive one, but likely to be true in some instances*) to increase our precepting baseline before the DCLG begins to impose a capping regime

**4) Capturing good-practice re budgeting and precepting** A second, and equally important exercise, is to gather evidence and promote good-practice regarding community engagement/consultation over the setting of budgets and precepts. Should this be part of the same survey, or conducted on a more-selective, case-study basis? Is this work already being undertaken?

**5) Next steps?** I assume that the threat of Precept Capping Referendums is currently one of the Association's major concerns. If this detailed evidence gathering is already happening, the Policy Committee's role may simply be to facilitate, monitor etc. However, if it is not, then I hope that the National ALC Policy/Development staff should be able to advise the Policy Committee on the practicalities, timetable etc. of conducting this exercise.

**6) Implications for future policy work** The Policy Committee may also wish to reflect on how we conduct future evidence-gathering exercises, which are designed to assist our Policy work.

David Francis, 15 June 2017

Paper compiled for National ALC's Policy Committee