

Brighton & Hove City Council response to the Communities and Local Government Consultation Paper – Local referendums to veto excessive council tax increases

Question 1: Do you agree that local precepting authorities, such as town and parish councils, should be included within the provisions for council tax referendums? If so,

- o are there details about the budget setting process for local precepting authorities which need to be taken into account?
- o will the 'double lock' mechanism work to protect the majority of town and parish councils?

Brighton & Hove City Council response:

The council welcomes the introduction of a standard de-minimus principle to ensure that small authorities, such as the only parish in the city Rottingdean, will be excluded from the referendum requirement.

The council also has 3 levying bodies known as Enclosure Committees which set additional council taxes for local residents in their relevant square or crescent to pay for the upkeep and maintenance of communal gardens. Current legislation restricts the maximum increase in the annual levy to the change in the previous years September RPI. The Enclosure Committees have complained to the council that this restricts their finances artificially. The council has previously approached CLG and been told that a change requires new legislation and they had no plans to change legislation on this matter. The council hopes that the Coalition Government will also take the opportunity whilst amending legislation for the introduction of referendums to amend the current legislation so that these bodies of local residents can have the freedom to decide what an appropriate annual garden levy should be.

Question 2: Are the Local Authorities (Conduct of Referendums) (England) Regulations 2007 the right model for organising and administering council tax referendums?

Brighton & Hove City Council response:

The above regulations are a good starting point in that they provide for the conduct of a referendum at the local level, and allow for the combination of referendums with local government elections. They would need some amendment, as they were designed for referendums following petitions about councils' executive arrangements. Sufficient time would need to be allowed to make these amendments, to ensure that new regulations are in place at least six months before any referendum to allow for proper planning and administration.

Question 3: Are there any practical difficulties in requiring council tax referendums to take place no later than the first Thursday of May?

Brighton & Hove City Council response:

Our recommendation is to hold the referendum as soon as reasonably practicable after Budget Council meeting. There would be practical difficulties in booking polling stations and procuring printers for the ballot papers if the decision on a referendum was not taken until February or early March.

Question 4: What are the advantages and disadvantages of holding a council tax referendum on the same day as another local referendum, or jointly with a local and/or general election? Current regulations allow for higher expenses per elector in a referendum than in a local election – would this raise any concerns if both votes are held on the same day?

Brighton & Hove City Council response:

For administrative reasons, we recommend that a council tax referendum is held on the same day as any other referendum or election due at around the same period.

Question 5: What provision, if any, should be made for properties where the council tax payer is not a local elector?

Brighton & Hove City Council response:

We support the idea of council tax payers who are not local electors being included in the referendum, so long as the cost and administration involved in identifying such persons are not unreasonable.

Question 6: Does the timetable at Annex A provide sufficient stability and certainty for local authorities when planning their budgets? Does it provide sufficient time to organise and administer referendums?

Brighton & Hove City Council response:

The council begins its annual budget preparation and planning in July and at that time sets out an indicative council tax strategy. It would therefore be preferable for the provisional council tax referendum principles at least for the first year to be announced in June to help the decision-making process.

As stated in the answer to question 3 there will be difficulties if the decision to have a council tax referendum is taken towards the end of the budget and council tax setting process. This is likely to be more likely in councils where there is no overall control and such decisions may not be made until the date of Budget Council. If an unexpected referendum was triggered at the Budget Council meeting then it would

not be possible to meet the timescale for referendum information to go with the annual bills due to extremely tight print deadlines. Therefore the information would have to go out under separate cover incurring additional costs.

Question 7: Is it right to give local authorities the discretion to issue new bills immediately, offer refunds at the end of the year or allow credits against liability in the following year?

Brighton & Hove City Council response:

For reasons of administrative efficiency the discretion referred to in the question would be welcome, although it may be considered unfair for council tax payers to have to wait 12 months for a refund or credit. They may take the view that the council is profiting at their expense by not making an instant refund. However, our practical response to a veto would be customer-focussed to help mitigate this perception. Our computer system would automatically adjust the council tax payer's direct debit for the remainder of the year during which the lower council tax applies, but we would probably also offer a full refund of any overpayment.

The administrative flexibility would also help to reduce any detrimental impact on collection rates and recovery processes, which is a risk certainly in the short term. We cannot easily predict the behaviour of our taxpayers in these untested circumstances. Even relatively small fluctuations in collection rates could cost hundreds of thousands of pounds, but this would be mitigated if the referendum and re-billing were to be completed as early in the year as possible, and if we can respond flexibly to our taxpayers' preferences.

Question 8: How should billing authorities treat bank interest earned on excessive increases that have been rejected in a referendum?

B&H Proposed response:

Any bank interest earned by the council is anticipated to be minimal particularly as the council would endeavour to make refunds as promptly as possible and therefore this is unlikely to cause disquiet or resentment amongst taxpayers.

Question 9: What practical difficulties, if any, would there be for a billing authority seeking to recoup the cost of a referendum held on behalf of one or more precepting authorities?

Brighton & Hove City Council response:

We recommend giving billing authorities a statutory power to recover the cost of a referendum from a precepting authority, where that authority's precept was the trigger for the referendum. We further recommend that the precepting authority is placed under a statutory

duty to meet the demand for costs within a set timescale and that guidance should be drawn up on the way costs should be allocated in multiple referendums and when held jointly with other elections.

Question 10: Are there any technical difficulties with the removal of alternative notional amount reports?

Brighton & Hove City Council response:

The council is not aware of any difficulties.

Question 11: With the abolition of capping, is there any reason why authorities should be required to calculate a budget requirement each year?

Brighton & Hove City Council response:

There will be a need to determine the net budget of each authority on a consistent basis if comparisons with other local authorities are to be made on a like-for-like basis.