



Department for Communities and Local Government

Brandon Lewis MP
Parliamentary Under Secretary of State

***Department for Communities and Local
Government***

Eland House
Bressenden Place
London SW1E 5DU

Tel: 0303 444 3430
Fax: 0303 444 3986
E-Mail: brandon.lewis@communities.gsi.gov.uk

www.communities.gov.uk

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To all Local Authority Leaders

Dear Colleague,

REMOVING UNNECESSARY RED TAPE: COUNCIL TAX SETTING

As you will know, the Localism Act 2011 abolished the last Administration's bureaucratic and controversial Standards Board regime. We have intentionally sought to move to a lighter-touch regime which focuses on openness and transparency.

In August 2012, we published a [practical guide](#) for councillors, to complement the [illustrative local code of conduct](#) we published in April 2012. However, as highlighted in a recent [Parliamentary debate](#) on the topic, we are keen to avoid unnecessary and bureaucratic gold-plating of the new regime.

That debate and associated correspondence has highlighted that some council monitoring officers are informing their councillors that being a council tax payer is a disclosable pecuniary interest in any Budget debate. Councillors are then informed they would be committing a criminal offence if they speak or vote in that debate unless they obtain a formal dispensation.

Whilst my department does not issue legal advice, in our opinion, such dispensations are unnecessary. Council tax liability applies to the generality of the population; councillors have no unique position in that regard.

Being a council taxpayer or being eligible for a discount under the new local arrangements for council tax support are pecuniary interests, but **are not disclosable pecuniary interests** as specified in regulations. Therefore a **councillor does not need to seek a dispensation** in order to participate in discussions or vote on decisions in the council tax setting process or local arrangements for council tax support. I made this clear in the [Parliamentary debate](#), which I would encourage you to read.

Holders of public office should be guided by the Nolan Principles. I believe that the blanket act of every councillor declaring the obvious (that residents are liable for council tax) adds nothing to that cause. Indeed, Section 106 of the Local Government Finance Act 1992 prohibits councillors who are in council tax arrears (by two or more months) from voting on Budgets. So there is a clear expectation that the generality of councillors are paying council tax.

I hope this is helpful in reducing your council's administrative paperwork and we will shortly be updating our practical guide for councillors to reflect this view.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Brandon', with a long horizontal flourish extending to the right.

BRANDON LEWIS MP