



Lewes District Council

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Scrutiny Panel – Localised Council Tax Support Scheme

Minutes of a meeting of the **Scrutiny Panel – Localised Council Tax Support Scheme** held in the **Warren Room, Lewes House, 32 High Street, Lewes** on **Tuesday 27 November 2012 at 10:00am**

Present:

Councillors S J Osborne (Chair), D R Edmunds and J Stockdale

Officers Attending:

R Allan, Scrutiny and Committee Officer

I Morris, Revenues Manager

J Magness, Director of Finance

In attendance:

C Smith, Stop The Cuts

Councillor A X Smith

Minutes

4 Minutes

The Minutes of the meeting held on 7 November 2012 were approved as a correct record and signed by the Chair.

5 Apologies for Absence

Apologies for absence had been received from Councillors J V Harris and I A Nicholson.

6 Local Council Tax Support Scheme

The Panel considered the Briefing Note concerning the Local Council Tax Support Scheme.

The Director of Finance took Councillors through the Briefing Note. He set out the three options that the Panel could recommend as the District's Local Council Tax Support Scheme, namely the Consultation Scheme, the Transitional Grant Scheme and the National Default Scheme. He explained that in each of the three schemes approximately 11.7% of the shortfall would be met by Lewes District Council. He added that the shortfall in each option was likely to be reduced by £102,000 if the class C (empty property) exemption was set at one month as the figures in the table in the Briefing Note reflected 42 days.

In response to a Councillor's question, the Director of Finance advised that the shortfall would increase if work incentives such as extended run on periods and earning disregards were introduced. The Revenues Manager added that the nearer a scheme was to the National Default Scheme the less administration costs the Council would incur.

The Director of Finance took the Panel through the Transitional Scheme. He explained that this Scheme enabled Councils in East Sussex to benefit from the transitional grant that the Government had provided as the Scheme complied with the grant's criteria. The essence of the proposal was that the £20 maximum payment was dropped but the minimum £5 per week qualifying criteria remained as did the proposal to end the second adult rebate. The doubling of non-dependent deductions was dropped and replaced with a reasonable increase. This Scheme led to a shortfall of £379,000. He confirmed that there would be an additional Full Council meeting in January 2013 to approve the Scheme.

The Panel was concerned about how the Transitional Scheme would affect residents in the District. The Revenues Manager advised that 430 households would be affected by the increase in non-dependents' deductions. He clarified that there had been a steady increase over a number of years which residents had become accustomed to. The Director of Finance explained that the survey results from the public consultation illustrated that most members of the public did not understand the second adult rebate and they had misinterpreted this aspect of the Scheme as relating to non-dependent deductions.

In response to a Councillor's question, the Director of Finance advised that the collection rate of monies owing in all schemes would be reduced, with a smaller drop in the Transitional Grant and National Default Schemes. He clarified that the Transitional Grant and National Default Schemes would not require any additional staff in the Revenues Department, whereas the Consultation Scheme would.

The Panel confirmed that they were not satisfied with the Consultation Scheme due to the lack of transitional grant money and for the reasons set out in their previous meeting on 7 November 2012.

The Director of Finance took the Panel through the differences between the Transitional Grant Scheme and the National Default Scheme. He explained that the National Default Scheme would lead to the largest shortfall for all the Councils in East Sussex, especially the County Council. A discussion followed, and Councillors questioned whether it was better for Councils to deal with a shortfall of funding, which would lead to a cut in services, or to reduce benefits for individual members of the District.

The Director of Finance advised that the benefit to the Council of having its own Scheme, as opposed to the National or Transitional Grant Schemes, was the ability to be flexible and the power to use tapers which could help to

incentivise work.

The Panel felt that the Transitional Scheme still adversely affected members of the community in low paid work and did not provide any incentives to work. It added that the National Default Scheme did produce a larger shortfall of funding for Councils, but that this shortfall was better than affecting an individual's personal income. The Panel felt that it was important to note that none of the three Schemes were ideal and that they did not provide a clear incentive to work for members of the community. No firm decision was reached on which proposed work incentive to recommend.

Recommended:

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| <p>6.1 That Cabinet be requested to reject the Consultation Scheme and Transitional Grant Scheme as the Localised Council Tax Support Scheme for Lewes District Council;</p> | <p>S&CO</p> |
| <p>6.2 That Cabinet be requested to consider whether tapering could be used in future Local Council Tax Support Schemes; and</p> | <p>S&CO</p> |
| <p>6.3 That Cabinet be requested to adopt the National Default Scheme for one year as the Local Council Tax Support Scheme for Lewes District Council unless a revised Transitional Scheme that includes work incentives is available for consideration.</p> | <p>S&CO</p> |

The meeting ended at 11.15am

S J Osborne
Chair