



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 18 December 2012 at 11:15pm**

Present:

Councillors S J Osborne (Chair), D R Edmunds, I A Nicholson, J V Harris and J Stockdale

Officers Attending:

R Allan, Scrutiny and Committee Officer
I Morris, Revenues Manager
J Magness, Director of Finance

In attendance:

Councillor A Dean
Councillor A X Smith

Minutes

7 Minutes

The Minutes of the meeting held on 27 November 2012 were approved as a correct record and signed by the Chair.

8 Local Council Tax Support Scheme

The Panel considered Report No 206/12 which provided Councillors with a final update on the Local Council Tax Support Scheme.

The Director of Finance took Councillors through the Report. He advised that this was the Scrutiny Panel's final meeting to consider and provide comments prior to Council's consideration on 10 January 2013 of a Local Council Tax Support Scheme to be adopted from April 2013. He reminded the Panel that East Sussex Councils, the East Sussex Fire Authority and the Sussex Police Authority had been committed to assessing and developing a common Scheme for East Sussex. An initial draft scheme started the consultation process and two further schemes were later considered following the announcement of the Government's transitional grant offer to mitigate the cost of these schemes. He added that the Council was required by law to set the Council Tax Base before 31 January each year. This deadline enables East Sussex County Council, Sussex Police Authority and East Sussex Fire and Rescue to complete their budget and

council tax setting processes on a timely basis, and apportion their precepts between the billing authorities in the county.

The Director of Finance took the Panel through the three draft Schemes and the different aspects of each Scheme. He advised that the East Sussex officer project team had met since the last Scrutiny Panel. The general consensus appeared to be a preference for the option 2 scheme. The advantages of participating in option 2 (the transitional scheme) were:

- The County Council, Fire and Police authorities were primary consultees in the development of local schemes and had made it clear that their preference was for a scheme that mitigated the shortfall, in order to maintain resources for front line services.
- The County Council was already consulting on a savings package of £60m without any impact of this new scheme being considered.
- All Councils faced higher savings targets next year. In the light of this and the prospect of significant further reductions from 2014/2015 announced in the December 2012 HM Treasury Budget Statement it was essential to mitigate losses as far as possible.
- This option (and option 3) substantially addressed the concerns of many respondents to the consultation survey.
- Should any Town and Parish Councils be contemplating an inflation increase on last year's precept, the gearing effect of this scheme on the new taxbase arrangements would produce a magnified percentage tax rise higher than the inflation rate.
- From the outset East Sussex Councils sought to find a common solution and in the spirit of joint working, a common outcome would be the preferred result.

The Director of Finance outlined the disadvantages of not having a common scheme which were:

- The need for more in-house resources to project manage and handle the detail of the scheme.
- Higher financial cost of implementing a scheme for one council.
- Lose some of the ability to share ideas and evaluate challenges with colleagues in other councils.
- Harder to deliver future back office solutions that could save money for the public purse / contribute towards savings targets.
- Losing sight of the bigger picture as it affects all partners in the public sector, all of whom remain challenged to provide front line public

services in the current financial climate.

In response to a Councillor's question, the Director of Finance agreed that the position in regard to Town and Parish Councils was not sustainable year on year, and that Town and Parish Councils had been made aware of that fact.

The Director of Finance advised that work incentives were intended to be a key feature of local schemes. He explained that the earlier consideration of adjusting earnings disregards had been superseded with the preferred option of extending the current four week run on period to either eight or twelve weeks. The "cost" of extending to 8 weeks was £20,000 and to 12 weeks was £40,000. If this incentive worked for existing claimants there may well be an offset in terms of local scheme discounts granted. The general consensus for councils considering this "bolt-on" to the core scheme was to adopt an eight week run on period for the first year of operation.

The Director of Finance advised that the Royal British Legion had written to the Council to propose that protection was given to claimants where they or their dependants were in receipt of a war widow's pension, war widower's pension, war disablement pension or a guaranteed income payment or survivor's guaranteed income payable under the Armed Forces Compensation Scheme. He added that the Council could consider the application of this to existing Council Tax Benefit claims for persons of pensionable age where a war widow's pension, war widower's pension or war disablement pension were received and which cannot be disregarded (i.e. ignored) as income under the new national rules for persons of pensionable age.

The Director of Finance explained the Councilors that Town and Parish Councils needed to know the Council's Tax Base in order to assist in setting their precepts. In recent years, Cabinet, at its January meeting, had approved the total Tax Base and the constituent elements which would apply in each Town and Parish area of the District. At the same time, Cabinet had confirmed the level of discounts which would apply to second homes and long-term empty properties. He advised that it was not possible for Cabinet to approve the 2013/2014 Tax Base at its 7 January meeting.

In order to assist Town and Parish Councils set their precepts the Leader of the Council in consultation with the Director of Finance had proposed that Cabinet approve a zero percent tax increase for any town or parish that sets the same or lower precept amount in 2013/2014 as in 2012/2013. This will give certainty to the Town and Parish Councils for the coming year.

A Councillor expressed concern that the Transitional Scheme would significantly affect some resident's personal income, and that the National Default Scheme was a better Scheme for the Council as it provided the Council as a whole with a shortfall, rather than affecting an individual's

personal income. The majority of Panel members supported the reasons for the adoption of the core East Sussex Scheme (Transitional Grant Scheme:Option 2).

Resolved:

8.1 That the Scrutiny and Committee Officer be requested to arrange a further meeting of the Scrutiny Panel – Localised Council Tax Support Scheme in early 2013 to consider the Localised Council Tax Support Scheme for future years.

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and it was further

Recommended:

8.2 That Council be requested to adopt the core East Sussex Scheme (Transitional Grant Scheme:Option 2) as the Local Council Tax Support Scheme for Lewes District Council;

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8.3 That Council be requested to adopt the doubling of the benefit run on period from 4 to 8 weeks in the Local Council Tax Support Scheme as a means to incentivise work;

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8.4 That Council be requested to adopt the Armed Forces Community Covenant as part of the Local Council Tax Support Scheme;

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8.5 That Council be requested to support the positive action taken to help Town and Parish Councils with their 2013/14 precept setting process; and

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8.6 That Cabinet be requested to note the Scrutiny Panel's endorsement that the Director of Finance, in consultation with the Leader of the Council, determine the final amounts for the Council Tax Base for 2013/14 in the event that a Tax Base is not agreed at Council on 10 January 2013.

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The meeting ended at 12.15pm

S J Osborne
Chair