

## NEWSLETTER 30

The Government is playing the donkey, carrot and stick game with our councils. **You** freeze the council tax and **we** will for one year give you a “bonus” by way of a grant to enable you to do just that. So it is no surprise, watching the Google alerts coming through on a daily basis, that it seems that almost every council is considering that option.

So, what is happening? Grants have been cut considerably across the country, and yet council tax will not rise. The cuts have not yet begun to bite and the threat of redundancies has yet to be carried out. We now find that many councils have huge reserves and huge over-employment. I feel that both have been exacerbated by the continual high rises in council tax over past years. Many councils have been profligate spenders but have also been squirreling away money. Our money. We know that some of this money has been earmarked, of necessity, to cover, for example, the equal pay fiasco, but what about the rest? Does it make the chief executives and the councillors feel powerful to build up these huge bank balances? Do they sit in their ivory towers, like the King of Hearts counting the millions, while they tell us that they have to count the pennies?

Don't you find it amazing that these councils can now make many executives redundant (quite a few of whom have received thousands of pounds in bonuses or honorariums as councils prefer to call them) taking huge amounts of severance pay with them? If they can manage without them now, why were they employed in the first place?

Don't you find it amazing that councils spend millions of pounds on top of the range 'toys' for their councillors and employees, and then regretfully tell us that they will have to lose a 'lollipop lady'? Don't you find it amazing that some councils provide in house counselling for their staff at a cost of hundreds of thousands of pounds, while the council tax payers struggle to pay their extortionate bills each month? I do.

Local government has a long way to go before the threat of cutting children's, youth and elderly services is necessary. The excuses that in order to fund some pet project, they have 'found the money from savings' and that 'it hasn't cost the council tax payer a penny' are wearing thin.

## REFERENDUMS

The Localism Bill, which has recently had its second reading in the House of Commons, includes a provision which would give residents the power to instigate local referendums on any local issue and the **power to veto excessive council tax increases**.

Under the proposal, any council that sets a council tax increase above a set ceiling, approved by Parliament each year, would trigger an automatic referendum of *all registered electors* in their area. Any authority planning an excessive council tax increase will be required to prepare a 'shadow budget' based on the maximum non-excessive council tax increase allowed.

If the referendum were triggered, residents would be asked to choose between the proposed rise and the 'shadow budget'. Factual details of both budgets must be provided, plus the

estimated cost of holding the referendum. At the same time that bills are sent to council taxpayers, the billing authority will send this information, together with polling cards, to every registered local elector.

If the proposed rise in council tax were rejected, the relevant authority would immediately adopt the shadow budget. The billing authority would be able to issue new bills immediately, offer refunds at the end of the year or allow credits against liability in the following year. However, authorities will be required to refund (and re-bill) any local resident who requests this.

This proposal would also apply to Police and Fire Authorities.

Isitfair was invited to take part in the Consultation on the proposal. It was decided to ask members' opinion, but unfortunately the short time span meant that we had little choice but to limit our request to those on our emailing list. We are very sorry that this had to be the case.

Our quite detailed submission to DCLG, based on members' responses, included the following:

- “Many of our members expressed concern about the costs associated with holding referenda. We believe that the referendum ballot papers, where needed, should be sent out along with the Council Tax bill and that the referendum should be a postal vote only. Our membership (94% of those who responded) feel very strongly that only those who actually pay Council Tax should be entitled to vote on any "excessive" increase. (Voting for the Local Council - and what the money is spent on - is a different matter altogether.) Our proposal would ensure that only those named on the Council Tax bill would receive a vote on this type of issue. We believe that this proposal has additional merit, since it would appear that the Government wishes to limit Council Tax increases. Those that do not pay have, in effect, a vested interest in raising Council Tax on others in order to be able to consume more services. This especially applies to students for example.”
- “We certainly believe that **all** precepting Authorities should be included within the referendum proposals. We believe that we have strong evidence that capped Authorities have pushed down the financing of services to uncapped ones - principally Parish Councils. This would defeat what appears to be the Government's objectives.”
- “We are somewhat concerned that the proposals are based on a misunderstanding of the cause of the problem. Our analyses show that the major cause of "unfairness", as well as excessive increases in, Council Tax are associated with the Central Government grant system and the way that, over the years, more responsibilities have been placed on Local Government without providing the matching finance. Central Government seems to have retained power but devolved responsibility.”
- “Some of our membership have expressed their concern that our participation in this consultation process might be taken as our acquiescence in other aspects of the Council Tax system. **We continue to believe very strongly indeed that radical reform of the system is urgent and necessary, (not least to the grant system).**”

It is an acute disappointment that the Coalition remains steadfast in its opinion that any referendum should be open to the entire electorate regardless. Not one single MP took up the issue in the recent debate. May we request that if you too hold this opinion, you should write to your MP and tell him.

We have since asked for clarification on the inclusion (or otherwise) of parish councils in this proposal. This is the response:

*'As set out in the consultation document, the intention is that parish and town councils should be included in the new referendum provisions subject to a de minimis threshold. This threshold will exclude such councils where either the increase in the basic amount of council tax is below a defined amount or where the total income generated is below a fixed level. It is anticipated that this will exclude the majority of smaller towns and parishes from the referendums provisions.'*

Having swotted up on our Latin, it would appear that in this instance the effect of “de minimis” will broadly mean that the rise will be judged in pounds and pence rather than in percentage. Which of course makes sense: a rise of, say, 5% in a County precept would have a marked effect on bills whereas 5% on a parish precept would (in most cases) not.

Full text of the Isitfair response and other documents on this subject are available on our website.

### **Isn't it time for Council Tax to be Scrutinised?**

by Brian Jaye

This is the question that should be on every taxpayer's mind especially in times of austerity.

Every taxpayer should reflect that this property tax is now in its eighteenth year, it is a tax which has increased more than any other method of taxation.

We have all read that it doubled under the New Labour administration, but that is not what we should be looking at. We need to look back to what you were charged in 1993/94. It is only then you arrive at the true cost to you the taxpayer.

As an example, and not using average percentages but reality, in North Dorset the Sturminster Newton band 'D' precept has increased from £473.90 to £1,636.92 an increase of 245%, a far cry from doubling.

It is because of this I met with Robert Walter MP [Cons.] for North Dorset in December 2010 and requested him on behalf of Isitfair to call for debate in the House of Commons. At this time he suggested that this could be achieved through the Backbenchers' Business Committee and that he would speak to colleagues regarding this matter. I have since received feedback from him stating quote, “While Mr Walter is sympathetic to the group's views and is prepared to express those views on your behalf, he remains supportive of the Government's position. Therefore he feels it would be more appropriate for the group to nominate an MP willing to lead the case”. Not what was expected of him but at least he is prepared to put forward my views.

Isitfair feel that we should not give up our aim to achieve a Council Tax Debate in the House of Commons as apart from some passing comments by some Members of Parliament it has never been scrutinised since its inception in spite of all the problems associated with it.

Remember, when the original Council Tax Bill was presented to the House of Commons in March 1991 it included the following statements, [a] seen to be fair [b] take into account ability to pay [c] ease of collection. There are other elements within the document which certainly do not apply, such as “there will be a single bill for each household comprising two essential elements, the **number of adults living there** and the value of the property”, and “**the system should ensure that regional variations in property values do not lead to disproportionate bills in high price areas**”. Do these principles exist today? Simply, No! With regards to “ease of collection” 1.2 million court summonses were issued in England in 2008/9

We therefore request all our members to contact their Members of Parliament requesting them to place before the Backbenchers’ Business Committee a request for Council Tax to be debated in the House of Commons.

### **ISITFAIR MEETING AT DCLG**

Christine Melsom, Michael Boon and Janet Kelly met with Bob Neill MP, Parliamentary Under Secretary of State at the Department for Communities and Local Government, and his officials in November last. There was limited time available, but we discussed with him and/or left behind documents on the following subjects:

- Parish Councils (offloading non statutory duties). Mr Neill pointed out that it was up to the town/parish councils whether or not they took on these non-statutory duties. With regard to capping, we assured him that we were, of course, aware that parish/town councils do not receive grants from central Government and that it followed that parish council precepts could not be capped by central government.
- Referendums on council tax rises. We emphasised the point that in our consultation with Isitfair members 87% strongly agreed (and 7% agreed) with the statement, “Only those who actually pay Council Tax should be entitled to vote in any referendum on the level of Council Tax to be charged. Electors who do not pay Council Tax, (or receive 100% Council Tax Benefit), should be excluded from such consultation.” The reception for this was rather lukewarm.
- Council Tax and Grants. Mr Neill volunteered that council tax was too high, but drew attention to the government scheme to enable a “freeze” for one year by those authorities who chose to take part. It had been hoped to do this for two years but this was not possible in the current financial climate. We were assured that work is in progress to improve the current situation on grants. Mr Neill said that another Local Government Funding review was planned (due to start in February). Michael spoke briefly about his paper on Central Government Grants which outlined his suggestion that it would perhaps make more sense to base any Central Government grants to Local Authorities on the basis of the incomes of the residents of those Authorities, than basing them on property prices.

Eric Pickles had previously shown interest in this and we were a trifle disappointed that Mr Neill more or less dismissed it as overly complicated.

- Councillors' allowances. We can see no reason at all why councillors should not be required to disclose, in an easily accessible place, preferably on line, full details of how much they draw *in total* from the public purse. Mr Neill considered this could place an unacceptable burden on council staff and that only a few people were interested anyway. We said that councillors should be enabled to do the job themselves. (Because the general public is on the whole unaware of the situation it does not mean that they are not interested!)
- Local Democracy. Low turnout at elections. Are there too many councillors?
- Extravagance in Local Government. The Chief Executive – Is this post really necessary? Non-Jobs. Staff “perks”.
- Anomalies. Wandsworth and Westminster council tax. Why is it so much less than everywhere else? (We still don't know!!)

Perhaps not one of our most successful meetings, but we believe we managed to get the Isitfair point of view over.

### **LEFT HAND AND RIGHT HAND?**

The Rt Hon Eric Pickles MP, now Secretary of State for Communities and Local Government, has on a number of occasions acknowledged to Isitfair during meetings at Westminster that things have indeed gone wrong with the council tax system, and that although it would take time, his aim would be to put things right. His statements to the House of Commons have consistently referred to the need for reform. And, at our meeting at the end of last year, Bob Neill candidly admitted to us that council tax was too high.

Exchange of correspondence between Isitfair members and the Department of Communities and Local Government suggests that there is within the department a file of “useful” phrases bequeathed them by the previous administration to assist when responding to questions and comments on council tax. It must surely be time to ditch them.

Here are three examples, used recently by one Baroness Hanham, a Parliamentary Under Secretary of State.

- “Council tax benefit is available to help those on low incomes”. This is a favourite; we could write a book on it.
- “The Government believe it is reasonable for local authorities to have a modest property tax generating part of their revenue and has no plans to get rid of it.” Sounds familiar. No doubt there are places in the country where there is a “modest” property tax; one of them of course is not too far from the good Baroness's office! However, anyone who lives, for example, in a Shire county, or maybe in one or another of the Outer London Boroughs, would regard this statement as farcical.

- “I do not agree that there is anything wrong with the council tax system.” WHAT?

Is this the opinion that is held by the Coalition? Or is it maybe that the words of Eric Pickles and Bob Neill have not yet filtered down to the Baroness and the staff?

We have made our feelings known on this particular episode. Again, for those of you with internet access, this correspondence is included in full on the Isitfair web site - [www.isitfair.co.uk](http://www.isitfair.co.uk)

## **IN PARLIAMENT**

by Janet Kelly

Questions to the Secretary of State for Local Government and the parliamentary debate on the Localism Bill on 17 January threw up a few interesting points, possibly not picked up in the press. *We sincerely hope they have been noted by local councils.* Here are some snippets courtesy of *Hansard*:

The **Eric Pickles** responses on:

- Councillors' Allowances. “...extra remuneration for councillors at a time of crisis is singularly inappropriate.”
- Chief Executives' pay: “I have suggested to chief executives that in order to demonstrate that they are on the side of the workers, they should take a 10% cut if they are earning more than £200,000 and a 5% cut if they are earning more than £150,000. In future, under this Bill, such remunerations will not be arrived at through cosy little deals between the leader and the applicant but must come before the full council, which will have to endorse them. I am pretty sure that common sense will rear its head and we will no longer see this ridiculous creep in the sums of money for chief executives, who will be more cognisant of their responsibilities.”

From **Grant Shapps** answering the following question from Andrew Turner (IoW) – “What can be done to stop local authorities withdrawing services, such as libraries and lavatories, and expecting town and parish councils to take them over, thereby increasing the local precept? People will not benefit from the Government's support to protect them from council tax bills rising if the local precept rises instead.”

- “...Unless an authority has already merged its human resources, legal services and planning departments and cut the chief executive pay that Opposition Members are so keen to defend, there is no excuse for trying to charge more for those services, or indeed, as my hon. Friend points out, for trying to shove them off on to, perhaps, parish councils.”

From **Andrew Stunell**:

- “The local government finance review will start later this month and will indeed produce a new determination of funding for local authorities that gives them much more freedom to spend and raise their revenue, starting from 2013.”

These were among the subjects raised during the Isitfair meeting with Bob Neill in November.

We are disappointed that no mention was made during the Commons debate of the disquiet felt by many about voting rights in the proposed referenda on council tax increases. As mentioned earlier, the overwhelming majority of our members when asked for an opinion on this issue considered that the vote should be confined to those who pay council tax. It would seem that not a single MP thought this was an important enough point to raise in this debate. Perhaps they need reminding!!

A number of MPs brought up the subject of the cuts in funding announced for 2011/12 and 2012/13. I personally feel I will scream if another MP mentions “leafy Hampshire” or “affluent Surrey” and am very pleased indeed that full details of Formula Grant Per Head have now been published.

One of the rants really stood out, I thought. *Hansard* reports that Pat Glass, MP for North West Durham said, “...We have already heard today that in Hartlepool the cut per person will be £113. In the Lib Dem-led local authority of Newcastle, the figure is £99 per person, and for those who live in Durham it will be £70 per person. However, those who live in the deprived community of Richmond upon Thames will be hit by a massive cut of £5 per person, and those who live in Buckinghamshire, that well known centre of deprivation and poverty, will be hit by a cut of £4 per person. Sadly, those who reside in deepest poverty-ridden Surrey will find their council spending cut by a crippling £2 per person.”

It is not clear where this MP’s figures came from but I think we get her drift! Yes, cuts hurt, but no doubt she knows very well that the DCLG release shows that Hartlepool’s formula grant per head for 2011-12 is £603.44, Newcastle’s £628.58, Durham’s £480.37. In Surrey, the average across the eleven Districts (that is, County + District) is £178.42. In Buckinghamshire the figure (County + average across four Districts) is £189.75, in Richmond it is £189.68.

And there, of course, lies the reason for the DCLG’s publishing the details of grants per head. For any of you who have internet access this paper is well worth a look. It is a real eye opener. See also the map which shows at a glance the situation across England

<http://www.communities.gov.uk/documents/newsroom/1786823/1804766.xls>

<http://www.communities.gov.uk/documents/newsroom/pdf/1804871.pdf>

Here are some examples (figures include Fire Service grants but not Police Service):

	Lowest formula grant per head	Highest formula grant per head
Inner London Borough	Wandsworth £559.34	Hackney £1,075.21
Outer London Borough	Richmond upon Thames £189.68	Newham £951.47
Metropolitan Districts	Solihull £290.15	Knowsley £819.61
Unitaries	Wokingham £141.86	Middlesbrough £647.33
Shire counties + districts	Mole Valley £170.47	Barrow-in-Furness £415.62

We here at Isitfair have always realised that there are parts of the country which need more help in the way of central government grants than others. It is widely recognised that some form of equalisation between local authorities of differing affluence must continue under any form of local taxation. But, and it is a big but, the differences in grants are now so, so huge they must surely be questionable.

And could it be that some of these highly dependent authorities have become complacent, so used to the comfort zone provided by their huge grants, that they cannot see that their loud protests at the cuts in grant for 2011/12 cut no ice with the people in many other areas whose councils' budgets have been squeezed hard year after year?

### **AND LASTLY**

So there we have it. The new Government has been very busy. Whether or not we will benefit much is something we must all watch closely. One thing is for sure, they are intent on turning local government upside down and inside out. Anything, just anything, that looks as though it may impact on our already too high council tax, must be questioned. Local government must begin to think about us, their employers, and less about the fripperies in which they have been keen to indulge. Like you and me, they must think more about balancing the books and doing so without expecting more from us. They must learn to look after the pennies, I am sure that some of us could teach them a thing or two about managing. If you can't afford it then you go without.

I hate to bring the subject of costs up, but it has to be done. The newsletter now costs about 55p (postage, printing and envelopes) and the increase in postage due in April will increase costs considerably. We, thankfully have members prepared to help packing envelopes. If you are on the internet, information is available and our newsletters can be read on the website [www.isitfair.co.uk](http://www.isitfair.co.uk) I also send out to all our members by e mail on a fairly regular basis. So if you can receive our newsletters by e mail (or via the website) please let me know. As much as I enjoy writing to you, the cost does prevent me from doing so as frequently as I would like to. As it is Isitfair receives no funding from any organisation and survives on donations, gifts of stamps and on our stationers' and printers' generosity.

Must close the chickens up before the fox does his evening round. He tries very hard to supplement his diet, but has failed in his efforts every time – so far.

Yours very much in the cause

Christine