

Isitfair®

Council Tax Reform

A non party political nationwide campaign

NEWSLETTER 32

A longer gap than usual between our Newsletters, partly because of cost but also because we had been hoping for something a bit more certain to report. There are changes afoot, as you will see, but at present it's very unclear how these changes will affect our council tax. We are not overly optimistic - it could be that they will be no help at all in which case the protests will undoubtedly start again – but we'll have to wait and see. Freezing a tax which is far too high doesn't, of course, go far enough, and although we have to admit that council tax has, in the main, been reined in over the last two years, there is much more to be done if bills are to be smaller and fairer for all of us.

Let's look at what has been happening within local government. The councils have slimmed down a bit and, like others in the private sector, have seen little in the way of salary rises. I say that, but many of the highly paid executives have seen increases – and not insignificant ones. Councillors in many councils are increasing their own allowances (salaries) and flying in the face of the austerity asked for by Government. Once again the poorest among us are feeling the pain and those at the top are feeling the gain. And where there have been redundancies, just look at some of the payouts. Eric Pickles tells us that he has no control over these salaries, redundancy payments or pensions. If that is the case then I have to say that it is time that this bit of localism was taken back by Government. It cannot be allowed to go on. The councils cannot be trusted with **our** money.

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COUNCIL TAX FREEZE 2012/13

Figures released recently show that 358 of 421 authorities in England qualified for this year's freeze grant (that is, they froze their tax at the 2011/12 level or in one or two cases actually reduced it.)

Not a bad result for many of us. But for those who not only pay their council tax but also contribute by means of other charges, maybe the gain is not all it would seem to be. How much have these councils raised their parking charges, their fees for planning applications, licensing fees, their social care charges? Yes, we are pleased that there is a tighter rein on council tax (at last) but are some of them keeping up their staffing levels and executive salaries via our right hand pockets instead of our left hand pockets? Well, they will say, the money has to come from somewhere

REDUNDANCY/EARLY RETIREMENT/PENSION STRAIN

Statutory redundancy pay is calculated as up to 30 week's pay, depending on age and length of service. The weekly pay amount is limited to a maximum of £430 (increased each February in line with inflation) and the total maximum statutory redundancy pay is therefore £12,900.

BUT - as we have pointed out previously - Councils don't have to stick to this - and they plainly don't. They are permitted to waive the weekly pay ceiling placed on statutory redundancy payments and to calculate redundancy payments on an employee's actual weekly pay. Of substantial benefit, of course, to those earning over that £430 ceiling (£22,360 per year), and, obviously, the more they earn the greater the benefit. Councils may also vary the maximum number of weeks an employee would be entitled to under the statutory

formula. We found examples between the statutory 30, and 80. Small wonder some of the payments are so high.

One extreme case: Kent County Council has confirmed that managing director (Chief Exec) Katherine Kerswell received a £420,000 payoff following her departure last December after less than two years in the job. We would like to know who negotiated the contract which led to her departure being so costly. This is but one case which has attracted a lot of attention: how many more six figure payouts have there been? In fact, a quick shufti at Kent CC's draft statement of accounts for 2011/12 reveals another. It would seem that council tax payers in Kent have reason to be angry.

The terms of redundancy are agreed between the council, unions and employee, and vary across the country. I really think it is high time that the Government intervened and set a standard redundancy for state employees, similar to that in force in the private sector. It is all well and good to talk about localism, but if the councils are not prepared to listen to the electorate, than the Government must step in and enforce adherence to a new and fairer law.

Council tax payers on the whole are well aware of the tightening of belts and the burgeoning cost of living, but is it fair for councils to make these difficult times even more difficult by being overgenerous with our money? Our pips are already squeaking: it is time other well protected sections of the community shared our pain.

We have previously mentioned the cost of pension strain payments made by councils to those taking voluntary redundancy and retiring at the same time. The Daily Mail picked up this story, based on information provided by Isitfair, and found through FOIs, that the cost of strain payments across the country amounted to over £1bn <http://www.dailymail.co.uk/news/article-2129592/1bn-council-staff-early-retirement-taxpayers-hit-again.html?ito=feeds-newsxml>

The table below tells of just one council (paying a maximum of 30 weeks) and just how much money is involved. This local council in 2011/2012 paid out just under £450,000 for 15 people for redundancy, pension strain etc. Remember this is for one district council for one year only. These figures (don't forget many will be much higher) are wholly unacceptable, the system has to change.

Salary band	Number of exits	Redundancy	Pay in Lieu of Notice	Early Retirement Strain Charge	Total
£0-20,000	3	£23,557	£143	£27,726	£51,426
£20-40,000	6	£54,777	£12,774	£58,502	£126,053
£40-£60,000	5	£115,242	£19,120	£114,208	£248,570
£60-80,000	1	0	£18,750	0	£18,750
Total	15	£193,576	£50,787	£200,436	£444,799

COUNCILLORS' ALLOWANCES AND PERKS

Communities and Local Government Secretary Eric Pickles is encouraging residents to check the amount their local councillors are being paid in allowances.

We do agree, it is a good idea for everyone to be aware of how their money is being spent. *However, looking at the allowances paid to any councillor by just one local authority doesn't provide the full picture.* Many have a number of publicly funded roles as county councillors, district councillors, Police or Fire Authority members, National Park board members, members of the Local Government Association, etc and claim allowances and expenses from each.

You may recall that Isitfair has been investigating (and exposing) this state of affairs for years, but it takes a lot of research to dig out the data.

And so, we firmly believe that councillors must declare **in one place**, just how much money they receive from the public purse. How about it Mr Pickles? Oh, and while they are about it, they should say if they pay into the Local Government Pension Scheme because of course taxpayers will be paying – as employers' contribution - two or three times the amount they pay.

In our last Newsletter we mentioned blackberry phones and mobiles provided by local councils for their employees at taxpayers' expense. We have often expressed disbelief at councils' policy of providing laptops, again at taxpayers' expense, for use by their Councillors, so it was rather refreshing to read Robin Page's article in a recent Telegraph:

"My career as a reincarnated district councillor has started out exactly as I had expected - leaving me in a state of agitated irritation. My first job was to turn down the council laptop offered to me "free". Why should I expect the council taxpayers of south Cambridgeshire to pay for me to have a laptop? The council has now directed all my council emails to my computer at home, paid for and owned by me - it was that simple.

"I suppose it is councillors copying that other bunch of scroungers at the House of Commons..... Am I the only one outraged at the over £200,000 currently being paid out so that these excessively mollycoddled and overprivileged bunch of mis-managers can all have a "free" iPad at our expense? Words fail me."

I suspect that a few other councillors may well feel that this practice is wrong, but how many say "No, thank you"? And how many of us share his angry impatience with the Westminster bunch, with their gold-plated pensions (why is reform taking so long?), huge expenses and allowances, subsidised food and booze – and free iPads?

(We have been in touch and Robin has given us full permission to quote from this article. We hope that in the future, we will be able to bring more of his wisdom to the Isitfair Newsletters.)

UNCOLLECTED COUNCIL TAX

Figures just published show that local authorities in England collected £22.1 billion in council taxes by the end of March 2012 out of a total of £22.7 billion collectable. This gave a national average in year collection rate for council tax in England of 97.3% in 2011-12, no change over 2010-11. **So, over £600 million NOT collected.** To be absolutely fair, collection of council taxes continues after the end of the year and this means that the amount uncollected will reduce, but this is a huge sum. **Every penny of council tax not collected means higher council tax for those who do pay on time.** Some councils need to smarten up their act. Press reports claim the ten councils with the worst arrears are Liverpool, Birmingham, Manchester, Lambeth, Croydon, Hackney, Brent, Southwark, Hounslow and Lewisham. Shire districts collect 98.2%; Unitaries 97.2%; Metropolitan Districts 96.1%; Outer London Boroughs 96.6%; Inner London Boroughs 95.4%.

CHANGES AFOOT

THE LOCAL GOVERNMENT FINANCE BILL is currently on its way through Parliament. This is the Bill which includes, amongst other things, proposals on council tax benefit and on the repatriation of business rates.

(a) **Council Tax Benefit**. The aim is to localise council tax support to local authorities, and to reduce total expenditure on Council Tax Benefit by 10% without affecting that paid to pensioners. But this must surely mean that there will be significantly less available in the pot to help those who qualify but who are not pensioners. Where is the shortfall to come from? Hopefully from savings and economies within Councils, and we do hope this scheme is not in the end going to be an excuse for a stealthy rise in Council Tax or other local charges. Time is short if the arrangements are to be in place in the next financial year and billing

authorities are being encouraged to press ahead, consult with precepting authorities and produce their draft schemes even before the Bill receives Royal Assent.

You may remember that the now seemingly redundant inquiry carried out by Sir Michael Lyons, suggested that the savings limit for council tax benefit should rise to £50,000 and eventually be removed altogether. In view of the present austerity, perhaps it would be too much to expect them to consider the introduction of this any time soon, but surely the rate of interest received on any savings should be taken into consideration. And where is the logic in a system which actually discourages saving?

(b) **Business Rates.** Hugely complicated and we are hearing that even the councils themselves are unsure of how these proposals will affect them.

<http://www.communities.gov.uk/documents/localgovernment/pdf/2053505.pdf> is a Plain English Guide to the Local Government Resource Review: Proposals for Business Rates Retention Consultation - Government Response. Good luck with this!

The Bill was debated in the Commons on 21 May. Debated, yes, by the few who thought it important enough to turn up. Hard to see precise numbers but it can't have been more than about twenty.

(c) **Single Occupancy Discount.** One thing which came up was a proposal that would have left the 25 per cent single occupancy discount, at present a statutory requirement of the Local Government Finance Act 1992, at the mercy of local councils. (You may be aware that there were many councils calling on the government to give them discretion on the size of this discount – some even suggested that it could be ‘done away with’ altogether.)

But it would appear that this has been kicked into the long grass: here is Andrew Stunell's response (Under Secretary of State at DCLG), courtesy of Hansard:

*"Whatever the superficial attractions of the new clause—particularly to billing authorities, whose revenue-raising powers would be increased—it would certainly not be attractive to the 29% of households in which people live alone or the 7% of households that are single-parent families. Those categories include many older people, including widows and widowers, and the Government have made it clear that we intend that they retain their protection. We have prefigured that with our two-year council tax freeze, **and our clear intention is to ensure that there is no loss of single person discount.**"*

Of course, to look at this another way, if local councils were allowed to do their own thing with the single occupancy discount, maybe they would recognise that 25% is actually not very fair, and put it up. I'm sure!

(d) **The strangest claim.** We noticed during the debate that our old friend Pat Glass MP, who featured in Newsletter 30, has hit form again.

"Every person in my local authority has lost £70, yet every person in deepest deprived Surrey has gained £2."

Is she just a wind up merchant? I have tried very hard, but failed, to find where she got these figures. In fact, I have asked her, but haven't yet had an answer.

Council Tax Payments

It looks likely that from April next year we will have the legal right to pay our council tax in 12 monthly payments, if we so wish, rather than the fixed 10 in the course of a year.

A SCHEME WHICH IS UP AND RUNNING

The New Homes Bonus is paid by Government to local authorities for each new home built (or brought back into use). The bonus equates to the national average for the council tax band and is paid for six years. An additional flat rate £350 per annum (also for six years) will be paid for each additional "affordable home". A debatable term in this day and age, we feel.

In two-tier Council areas (ie the Shires), the bonus is divided, 20% for County and 80% for District. However, this is apparently a starting point for local negotiation. An official response on this subject states, "Every development is different and will need different services to support it. Local authorities and local communities are best placed to negotiate these to meet the needs of local neighbourhoods. Parish and town councils are encouraged to negotiate with local authorities to ensure that the benefits of growth are reaped by the communities themselves." Yet more for parish and town councils to take on then!! Quite interesting that it is possible that National Park Authorities will, subject to negotiation of course, also benefit from some of this grant.

PARISH/TOWN COUNCILS

A couple of points:

(1) This year, all major precepting authorities were told that any rise in their council tax demand above 3.5% (4% for the GLA, Police and Fire Authorities; 3.75% for City of London) would trigger an automatic local referendum. They have all either frozen their tax (and been paid the second freeze grant) or have kept within those limits. Well, maybe there is just one quite big thumbs up for the new referendum system then. BUT town and parish councils were not included in all this.

We have on a number of occasions drawn attention to the current situation whereby parish councils are not subject to any formal brake on their spending. We are aware that additional money may be demanded not necessarily because of extravagance by parish councils themselves but because District councils have been off loading non statutory duties, hardly fair without off loading the required funding too.

Government figures show that Parish/Town council precepts have this year risen by an average of 4.2%. The dreaded average again! We are aware of many with rises vastly above that percentage amount. We acknowledge that for many of these small councils, whilst a rise in percentage terms may appear to be quite large, in pounds and pence it is not. There are now, however, many instances where the parish council element of our council tax bill has overtaken that of the Fire Authority, and in some instances it is approaching, or has overtaken, that for the District.

We recall the words of Local Government Minister, Bob Neill, on 8 February last year:

"The Secretary of State will not determine principles for local precepting authorities for 2012-13. However, he wishes to make it clear that he intends to revisit this issue next year, having considered the extent to which local precepting authorities have exercised restraint in relation to council tax this year."

(For "local precepting authorities", read "town and parish councils".)

We intend to maintain pressure on this.

(2) It would appear that government is actively encouraging the formation of new parish councils, all part of their localism agenda. The following is an extract from the White Paper, *Open Public Services*.

"It is already possible for principal local authorities to delegate functions to a neighbourhood council. We will consult on the scope for enabling neighbourhood councils (i.e. parish, town and community councils) to take greater control over local services. This will focus on the local public realm, leisure opportunities and community activity and could include: street improvements, parking and traffic restrictions; local libraries;

local museums and arts; sports, local parks and leisure facilities; licensing of certain premises other than for the provision of alcohol; minor bye-laws and lower-level anti-social controls; and community grants. Any empowerment of neighbourhood councils to take on these services would need to fit into a local scheme of delegation, developed in consultation between the principal local authority and the proposed new neighbourhood councils. However, we will consult on how a national framework for these local schemes could assist councils at all levels to promote decentralisation of power. If neighbourhood councils take greater control of their local area, we believe that this will encourage demand for new councils in those, largely urban, areas which are not currently parished”.

Very praiseworthy you may think. Decisions on local matters made by local people. But we are concerned that this could turn out to be a double edged sword which, unless parish and town councils are treated in the same way as the other precepting authorities, could well lead to higher council tax bills. And parishes would need some pretty astute negotiators to make sure of funding, current and future. Which leads to another matter. With all these new responsibilities, more parish councillors will be expecting to be paid allowances for their time and effort - and membership of the Local Government Pension Scheme would be a nice little extra no doubt.

POLICE COMMISSIONERS

Rightly or wrongly, we are going to get Police Commissioners and elections are due in November. Political parties are busy choosing their candidates. And there are plenty of has-beens and never-wozzers about it would seem. But, seriously, don't you think these appointments should be above party politics? Ability and experience, that's what's needed, and integrity (to be very old-fashioned maybe). *Nothing whatsoever to do with party politics.*

SCAMS

(1) We have heard that bogus traders have been telling residents their council tax will rise if they don't get their homes properly insulated. Please be assured that insulation in homes has no bearing on council tax rates.

(2) We continue to get reports of householders being approached by firms offering to look into property banding – for a fee of course. The latest ones are in Tameside and Bradford. As we have said previously, you can easily check your banding on line (www.voa.gov.uk) or write to the Valuation Office Agency. This is what VOA say on the matter:

“Checking your council tax banding does not cost you anything. VOA staff are always available to guide you through the process, so you do not have to employ an estate agent, solicitor, surveyor or any other person to assist you unless you choose to do so.”

As well to bear in mind that enquiries can lead to your band going up!

FACTS AND FIGURES

For those of you who may quite like a few figures, here are some more:

- The average Band D council tax set by local authorities in England for 2012-13 will be £1,444 (£1,304 in London; £1,401 in metropolitan districts; £1,492 in Shire districts). In Wales it is £1,188. In Scotland £1,149.
- The average council tax per dwelling in England will be £1,201. In Wales £1,036. In Scotland £985.

And here are some highest, and lowest (England only):

Average per dwelling (Band D in brackets):

Highest:

Elmbridge, Surrey £1,830 (£1,553)

South Bucks £1,815 (£1,489)

Richmond-upon-Thames £1,788 (£1,594)

Lowest:

Wandsworth £663 (£684)

Westminster £777 (£685)

Manchester £817 (£1,327)

All the figures are available on line at <http://www.communities.gov.uk/documents/statistics/xls/2110549.xls>

<http://wales.gov.uk/docs/statistics/2012/120322sdr472012en.pdf>

<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance/DatasetsCouncilTax>

Formula Grant per head (England)

The stats for 2012/13 have just been released:

<http://www.local.communities.gov.uk/finance/1213/fgphtable.xls>

Highest and lowest:

- Inner London – Hackney £1000; Wandsworth £519
- Outer London – Newham £890; Richmond £185
- Metropolitans – Knowsley £766; Stockport £316
- Unitaries – Middlesbrough £612; Wokingham £138
- Shires – Barrow in Furness, Cumbria £395; Mole Valley, Surrey £163.

DEVON PENSIONERS' ACTION FORUM

It is with great regret that we have to tell you that the Devon Pensioners Action Forum has decided to close. As with many groups, the lack of volunteers has made it impossible to continue. I would like to thank all the members and committee for their support of us over the years and to wish them well. One good thing to have come out of this will be the 'free' time the committee members will now enjoy!

ISITFAIR NEWSLETTERS

We are very sorry that the latest rise in the cost of postage has made our surface mail Newsletter very infrequent.

- If you have an email address, let me know and I will transfer your name to that list.
- Are you a representative of a group? If so, please let me know.

AND TO FINISH

I want to tell you a story.

“Once upon a time there were councils across the land sobbing and wringing their hands, bewailing the fact that the naughty old Government had cut their grants. These councils proclaimed that because of this nasty greedy Government, they would be forced to cut services to the people in every corner of the country. Everyone would have to pay for the wicked decision to give them less money. Every section of the community would have to be prepared to tighten their belts and forego services which, over many years, they had grown to expect.. The people, being law abiding citizens, accepted the word of the councillors and prepared for the worst.

“Then, one day, the town crier took his place outside the local news hounds office and declared that one of these councils was fighting in the council chamber regarding who should run this very hard up establishment. He was surprised to find, even though the council was broke, there was a duel in progress for the position of leader. An upstart who had previously tried to unseat the leader, was full of intention to do the same again.

Apparently a promise had been made that this green under the collar councillor, after a little more experience, should take over the helm. The crafty leader was really very keen to hang on to his seat and laid plans to stop the onslaught of the new right.

“Now, as I have said before, the council was very poor and had cut services for the old and sick, for the young and for the needy, libraries, clubs and day centres were closing and people were being thrown out of work because the council could not afford to pay them. But, in these straightened times the leader found a solution to the power struggle. The councillors were already receiving vast allowances and extra money to buy votes at election time. The leader said, ‘I know the answer, if you vote for me, I will give you **from savings** another £10,000 pounds to spend in your Wards to help make your job easier’. So, they voted him in to office again.

“Which just goes to show that even the supposedly most upright among us can be bought for a measly £10,000, even though the electorate are struggling to make ends meet.”

Is this a true story or just fantasy? Believe it or not, it’s true.

AND FINALLY

Another marathon, but I hope you will have found items of interest. Please pass on this Newsletter to anyone else who may be interested.

Yours in the cause

Christine

PS

Just as I was about to send this Newsletter to the printers Eric Pickles backed up a recent speech to the Local Government Association by announcing in the Commons that it is “our intention to make it easier for councils to abolish chief executive posts without having to hand out massive payouts.” Interesting. Another case for wait and see.