

*Member for Canterbury West
Cabinet Member for Finance & Business Support*



Cllr. Nicolas Heslop
Leader
Tonbridge & Malling Borough Council
Gibson Building
Gibson Drive
Kings Hill
West Malling
ME19 4LZ

Members' Suite
Sessions House
County Hall
Maidstone
Kent ME14 1XQ
Tel: 01622 694434
Fax: 01622 694212
E-mail: members.desk@kent.gov.uk

Direct Dial: 01622 694311
Email: john.simmonds@kent.gov.uk

18 October 2012

Dear Nicolas

Council Tax Yield

We have been looking into the yield which all authorities get from Council Tax and we believe 2013/14 will be the ideal opportunity to seek to increase this. This opportunity arises out of the changes in the Local Government Finance Bill which not only presents the opportunity to levy additional Council Tax from empty properties and second homes, but also the changes to Formula Grant means that initiatives which would increase the tax base would no longer have a detrimental impact on the main Formula Grant settlement (or at least not for 10 years).

The County Council would like to see district councils use all of the discretions now available on empty properties. This would include removing entirely the current class A, C and L exemptions and the remaining 10% discount on second homes. We appreciate you considered these at the time we were looking at the impact of changes to Council Tax benefit, and most authorities concluded to retain class A and L exemptions and to reduce class C from 6 months to 3 months. However, the budget situation for 2013/14 is looking increasingly difficult for all of us, particularly as any Council Tax increase over 2% would require a referendum, so we need to reconsider other options to levy Council Tax.

We are prepared to offer 25% of the additional Council Tax levied from removing these remaining exemptions and discounts both as an incentive and to contribute towards any additional costs districts incur in making these changes. Removing these exemptions and discounts would of course increase your tax yield as well as the 25% being offered by the county (we hope Police and Fire would also consider offering an incentive as they would also benefit from the increased tax base).

We would also like to explore options to levy a premium on empty properties. Not only would this generate additional Council Tax receipts but would also act as an incentive to bring properties back into use. We appreciate that any schemes to levy a premium would be more difficult to enforce and thus we are willing to negotiate how much of the additional tax levied should be paid to districts.

Finally we would like to redouble our efforts check all other claimants of exemptions and discounts (particularly single person discount). We appreciate that your finance teams have done a lot to check fraudulent claims but it seems clear that we have carried out very rigorous checks on benefits claimants but we have less scope to gather evidence from other claimants of discounts and exemptions (particularly single person discount). We would like to explore innovative ways to ensure only genuine applicants receive these discounts and exemptions. We are willing to pay our proportion of costs involved in checking claims, as well as sharing the proceeds of the additional Council Tax levied. One possible route is to resolve the grey area regarding the definition of other adults living in a property. I am aware from personal experience of someone who lived alone for some time and claimed the discount. When they found a partner that person maintained their main residence at a separate address but spent much of the week living in their partner's house (who themselves claimed single person discount). Whilst they would argue they were paying Council Tax on two properties, we would argue that only one of those properties should be eligible for single person discount as the other was regularly occupied by more than one adult. We appreciate the difficulty in enforcing this but we believe more could be done to clarify the definition of single residence and to publicise the possible consequences of not truthfully declaring changes in domestic circumstances.

Under the new Local Government Funding Arrangements the tariffs and top-ups under the retention of business rates will be set using the October 2012 tax base. Any changes to the tax base after that date will not affect the calculation until the next reset (not expected for 10 years). This now seems the ideal opportunity to consider these issues as there will no longer be a detrimental impact on future grant settlements. I appreciate for 2013/14 and impact will need to be reflected as collection fund surplus rather than tax base as otherwise there will be an impact on the initial tariffs and top-ups under the new arrangements. We clearly wouldn't want that.

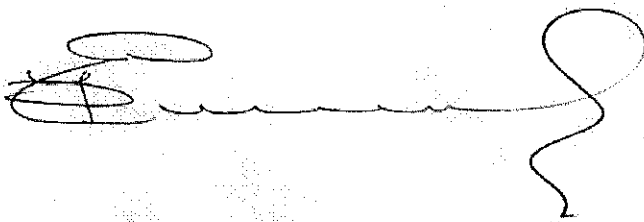
I would grateful if you could indicate whether you would be willing to support any or each of the following suggestions:

1. Remove remaining class A, C and L exemption in return for 25% of the anticipated impact on the County Council's share of the tax base;
2. Remove the remaining 10% discount on second homes in return for 25% of the impact on the County Council's share of the tax base;
3. Explore options to levy a premium on empty properties in return for an agreed share of the impact on the County Council's share of the tax base;
4. Explore options to tighten the definition for other discounts and exemptions in return for an agreed share of the impact on the County Council's share of the tax base and a sharing of additional costs of compliance.


I would also be willing to consider sharing financial rewards from any other ways which we can increase the tax yield in the county either from Council tax or business rates. It seems clear to us that central Government is intent on making local authorities more self sufficient and we need to find innovative ways to maximise the opportunities provided to our mutual benefit. I hope we can build on the very successful way we tackled the challenge of localising Council Tax support in finding other ways to maximise the amount we raise in local taxes.

I would like to contact you in the next couple of weeks to have a quick discussion to gauge your reaction to this, and I will write again with the general conclusions from those initial responses.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Simmonds', with a long horizontal stroke and a large loop at the end.

Johns Simmonds
Cabinet Member for Finance and
Business Support

A handwritten signature in black ink, appearing to read 'Andy Wood', with a large loop at the end.

Andy Wood
Corporate Director of Finance
and Procurement

cc. David Hughes, Chief Executive