

# **Isitfair**

## **Council Tax Reform**

### **A non party political nationwide campaign**

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#### **Meeting with the Conservative Party**

Monday 15 May 2006 at the Houses of Parliament, Westminster

Present:

Mrs Caroline Spelman MP	Shadow Secretary of State for Communities and Local Government
Mr Simon Cawte	Chief of Staff
Mrs Christine Melsom	Isitfair
Mr Colin Aiken	Isitfair
Mrs Janet Kelly	Isitfair (taking notes)

We met with Mrs Spelman at her request. The purpose of the meeting was to open up a dialogue between the Conservative Party and Isitfair and give us the opportunity to feed comments into the Party at this early stage on policy development.

#### **1. Isitfair Documents**

Caroline said that she had studied our documents with interest and would send them on to the appropriate section of the Policy Review Commission. She expressed concern that the Isitfair proposal could result in the end of local democracy, a principle in which she believed very strongly. We pointed out that we regarded this proposal as an interim measure to deal with the immediate problem whilst buying time to consider the options.

#### **2. Lyons Inquiry**

Although Caroline was unable to enlighten us on Conservative Party policy, she did comment on what was coming out of Lyons. For example, repatriation of business rates to cities (why cities, why not to towns?) though it was not clear whether she agreed with this. Colin pointed out that businesses were very much against this proposal.

We said that there was suspicion that Sir Michael's report would become just another dust gatherer. However, Caroline's opinion is that Sir Michael's intention is good. There is a rumour apparently that the final report could be published somewhat ahead of schedule, perhaps as early as June, principally in order to coincide with a White Paper on Local Government.

There was talk of the government adding four new bands at the top end. If the Government stick to their pledge of not increasing the overall take in CT, (which the Conservatives are sceptical of) then redistribution within the band structures will simply result in a shift upwards in £ cost away from the lower bands.

#### **3. Accountability**

It was agreed wholeheartedly that accountability is very important. Any new system of local taxation must make it obvious who (i.e. Central Government or Local Government) is responsible for what. We agreed that the present Government has grossly abused the present Council Tax system.

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#### 4. Revaluation and Rebanding

Properties are currently being revalued using a highly sophisticated computerised system (cost unknown as yet). We mentioned the enormous disparities in property prices throughout the country. Caroline appeared to be sympathetic to regional banding.

#### 5. Northern Ireland

Caroline's department had been told of the proposal to introduce a new system in Northern Ireland, including a tax of 0.78% of property value. This had been widely reported in the press. She said that the Government appeared to be backtracking on this figure, and there had lately been mention of 0.5%. It was noted that one of the criticisms put forward by Caroline was that a tax on this basis does not reflect ability to pay. Christine said it was apparent, from a conversation with a local radio presenter, that the people of Northern Ireland were not aware of these proposals. Caroline said that she would look into this.

#### 6. £200 Council Tax Bonus

Caroline said she had been rather surprised that there had been so little protest at the Chancellor's failure to repeat the £200 bonus paid last year to pensioner households to help with their Council Tax. We said that this in effect meant that many of these households would now be paying around 25% more this year. It was agreed that the payment last year was a blatant electioneering bribe. It was pointed out that the whole thing had not been thought through properly. The £200 had also been paid to pensioner households who were already in receipt of Council Tax Benefit, including those that paid no CT at all! Janet Kelly stated that she had found the extra £200 a great help, but on a personal basis was a little uncomfortable that pensioner households had been singled out for this handout when there were so many other (non pensioner) people who found their Council Tax bill a severe hardship. She felt that handouts like this tended just to paper over the cracks and didn't solve the problem.

#### 7. Benefits, Means Testing and Savings

Caroline said she was very aware of the resentment felt over the benefits system generally but added that it was very difficult to remove benefits once they had been awarded. The present system of means tested benefits meant that there was little incentive to save for retirement. It has been predicted that by 2010, the number of people working in the public sector, plus those in receipt of state benefits will exceed the number of working people in the private sector.

#### 8. Parish Precepts

Isitfair believes that parish precepts should be capped. In Hampshire, excessive rises in parish precepts have in places pushed up this year's overall council tax bill by 7%. Christine queried the usefulness of parish councils, citing Emsworth in Hampshire as an example of a village which did very well without its own council. Caroline, however, believes that the parish structure can be quite useful. Isitfair's views on capping were noted.

#### 9. CT Payments by Direct Debit

Many authorities require that council tax must be paid for in ten instalments. We contend there is no legal requirement for this and believe that tax payers should be allowed to pay in twelve instalments if they so wish. Our comment was noted.

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#### **10. Education and Police – 100 per cent funding by Central Government**

Caroline was asked for her opinion on this. Caroline said that if this were to happen then primary schools would probably remain with County Councils as their budgets were small compared with the 11+ schools and it would be easier all round if they were financed through Local Government. With regards to the Police, she commented on the fact that the Police Authorities are all unelected bodies.

#### **11. Local Government Reorganisation**

The Conservatives would get rid of Regional Assemblies. For now, where Conservatives have gained overall control of local authorities and overall control of Regional Assemblies, they are, where possible, devolving power and decision making authority back to the local councils. Caroline said that with a change of Minister, Miliband's idea of axing either Districts or Shires may well be ruled out.

#### **12. Questionable Practices**

Christine questioned the legality of a leaflet published by the London Borough of Hammersmith & Fulham that states, "If you do not pay your council tax we will apply to the magistrates' court for a committal summons. This is the first stage towards you possibly going to prison." Caroline asked that we send a copy of this leaflet to her.

With regards to Council Tax Benefit, Christine mentioned that a paragraph on "power to enter" was now appearing on application forms which suggested that officials had a right to enter property at any time convenient to them. Caroline said she would look into this.

#### **13. Housing**

Conservative policy with regards to housing is diametrically opposed to that of the Government. Caroline's opinion is that it is complete madness to contemplate thousands of new houses in the South East "rain shadow". She believes that businesses should be encouraged to move out of the south east, and that following the completion of the redevelopment of city centres the "outer rings" should be developed in such a way as to encourage families to return to a "nearer city" location.

#### **14. Send your bill to Prescott Day - 30 March 2006**

The ODPM had been asked how many CT bills had been received. Their reply (5,000) was, we believe, completely unrealistic. Caroline asked Simon to investigate.

Having been contacted by Patrick Owen of ODPM on 7 April, Isitfair had supplied a consolidated list of questions which he had agreed to answer. To date no reply has been received. Upon Ruth Kelly's appointment, Christine sent the questions to the Minister herself. Again no reply has been received. Caroline will ask a question on these matters in the House of Commons on Tuesday 6 June. She asked that we send a copy of the questions to Simon Cawte by 25 May at the latest.

#### **15. Press Releases**

It was agreed that Conservative Party press releases on Council Tax would be sent to Isitfair.