

Your ref: DB/mdh  
My ref: DC

Date 24<sup>th</sup> July 2012

Mike Snow  
Head of Finance  
Warwick District Council  
Riverside House  
Milverton Hill  
Royal Leamington Spa  
CV32 5QW



**Warwickshire**

POLICE AUTHORITY

*The authority behind the force*

Warwickshire Police Authority  
3 Northgate Street,  
Warwick CV34 4SP

**David Clarke**  
Treasurer

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Dear Mike

### **Localisation Support for Council Tax – Initial Consultation**

Thank you for your letter of the 13<sup>th</sup> July 2012 about the emerging proposals within Warwick DC for addressing the localisation of Council Tax Benefits, and the proposed 10% reduction in funding for the scheme. I welcome the opportunity to comment on the proposals on behalf of Warwickshire Police Authority. I reported to members of our Resources Assurance Group on the issues raised within your letter, and this response reflects members' views.

The Police Authority recognises the difficult challenge that localisation of council tax support presents to district and borough councils, particularly as the need to achieve a cost reduction of 10% is constrained by the exemption of pensioners from reductions in benefits. It takes the view, however, that the Government's policy intention is crystal clear, namely that the cost to the public purse of council tax support should reduce by 10%. Moreover, the desire to further reduce the cost of council benefits was re-iterated by the Prime Minister in a speech within the last fortnight.

The proposal on which you are consulting clearly does not meet the policy intention of reducing costs by 10% in 2013/14. As I understand the proposal, it is likely to shunt up to 90% of the cost across to the County Council and the Police Authority, depending on the extent to which this can be offset by other changes around council tax liability. I am unable to comment on these other changes, as no details on them were included in your correspondence. I assume that your intention is to mitigate the impact by changes to the use of exemptions. We would welcome changes to the use

of exemptions, but would question whether they could be used more appropriately to ease the local burden of the significant service reductions that all local authorities are currently bearing, rather than simply being used to offset the loss of benefits grant.

Your report seems to indicate that the time available to the District Council does not allow you to devise, consult on and implement a suitable scheme for implementation by the 1<sup>st</sup> April 2013. We are extremely disappointed that the District Council has not been preparing a scheme for some time now, as a considerable amount of information about the likely shape of the scheme has progressively emerged since it was originally announced in the Comprehensive Spending Review in October 2010. Moreover, we are aware of other district and borough councils which are proposing to have schemes in place, including within Warwickshire. Consequently, while we recognise that the final details of the Government's proposals had not been available to you, the key elements of the proposal have been, and this should have enabled you to draft a scheme at least. While we are pleased that it is your intention to have a scheme in place from April 2014, for 2013/14, the proposal as it stands imposes costs on us, the impact of which we have no way of mitigating. For us, therefore, it will simply add to the already significant burden of cuts which we face. We would therefore urge the District Council to reconsider the proposal to defer agreement of a revised benefits scheme until 2014/15 and seek to put in place such a scheme for 2013/14.

On your request for financial assistance in establishing a hardship fund, I would offer two comments. Firstly, supporting cases in hardship is a cost of whatever scheme you devise, and, as such, should be covered by the changes which you make in entitlements to benefit. Secondly, police authorities are limited in spending police grant to expenditure for policing purposes only. While the definition of "policing purposes" can be interpreted reasonably widely, it would be astonishing if our auditors felt that it could be stretched as far as supporting benefit claimants in hardship. We are, therefore, unable to agree to this request.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Clarke'.

David Clarke  
Treasurer

Andrew Jones  
Deputy Chief Executive  
Warwick District Council  
Riverside House  
Milverton Hill  
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**Resources Group**

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30 July 2012

Dear Andrew,

**Localisation of Support for Council Tax - Initial Consultation**

Thank you for your letter of the 21<sup>st</sup> June 2012 about the emerging proposals from Warwick DC for addressing the localisation of Council Tax Benefits, and the proposed 10% reduction in funding for the scheme and subsequent discussions with the Leader.

The County Council recognises the difficult challenge that localisation of council tax support presents to district and borough councils. However, it takes the view that the Government's policy intention is to reduce the cost to the public purse of council tax support by 10%.

Your consultation scheme does not meet this policy intention. It shifts the majority of the cost to the County Council and the Police Authority {at least for 2013/14}. We recognise that the final details of the legislation have yet to be put in place and that this creates some difficulties. We also recognise - and appreciate - that the District Council is using some of the flexibilities in the technical changes to council tax to effectively raise the taxbase and minimise the forecast gap for 2013/14.

However, we remain of the view that your local council tax benefit localisation scheme should be designed to be cost neutral from 1<sup>st</sup> April 2013. Therefore, we are disappointed that the District Council is not preparing a scheme for 2013/14 that fully meets the funding gap, given that other district and borough councils (including those in Warwickshire) are proposing to have cost neutral schemes in places by April 2013. We welcome your commitment to introduce a cost neutral scheme from 2014/15, but this still shunts costs to the County Council (even if only for one year), which it has no way of mitigating.

Reluctantly, the County Council will have to consider the financial impact of these changes on its own budget by reprioritising its own spending, as part of the 2013/14 budget considerations, on the most vulnerable members of our communities.

We do not take the view that the County Council should have to share proportionate costs of a hardship fund. This relates to a district council function. New Homes Bonus and the share of any excess of any business rates generated under the proposed new system aren't shared proportionately, so why should these costs? We also do not accept that this puts the County Council in a financially advantageous position. It merely puts into place Government policy on council tax benefit localisation and, in the case of council tax technical changes, implements options, some of which could have been implemented earlier.

However, we would be content to enter into further discussions regarding any costs of collecting tax revenues once we have greater intelligence on levels of collection and debt in 2013, where this is in the best interests of both the district and county council.

Yours sincerely,

Jim Graham  
Chief Executive