

## SHEFFIELD CITY COUNCIL

### COUNCIL MEETING – 23<sup>RD</sup> JANUARY, 2013

#### List of Amendments received by the Chief Executive

#### ITEM OF BUSINESS NO. 6 – IMPLEMENTING THE GOVERNMENT'S COUNCIL TAX BENEFIT CHANGES

1. **Amendment to be moved by Councillor Simon Clement-Jones, seconded by Councillor Shaffaq Mohammed**

That the recommendation set out in the report of the Executive Director, Resources now submitted in relation to the Council Tax Support Scheme be replaced by the following resolution:-

RESOLVED: That this Council:-

- (a) laments the previous Government's inability to handle public finances, increasing the national deficit year-on-year from 2001 onwards, reaching a total of £43bn prior to the economic crash;
- (b) notes that the previous Government built up a record national deficit, where £1 in every £4 the Government spent was borrowed, leaving the current Government to clean up the mess they had created;
- (c) reminds Members of the commitment of the previous Government to halve the deficit by 2014, by pledging £82bn worth of cuts;
- (d) deplores Her Majesty's Opposition, who despite making this pledge, have refused to provide any credible plans of how they would have cut the national deficit in Government;
- (e) however, notes the comments of the Leader of the Opposition and the Shadow Chancellor who have refused to commit to reinstate funding for Local Government if elected, and therefore assumes that they will not overturn the proposed cut in Council Tax Benefit;
- (f) recalls the amendment submitted by Cllr Simon Clement-Jones to the July 2012 meeting of Full Council, which called upon the Government to reconsider the policy, and the amendment submitted by Cllr Diana Stimely to the November 2012 meeting of Full Council, which repeated concerns over the policy;
- (g) for the avoidance of doubt, reiterates its concern at the proposal to reduce the grant for Council Tax Benefit by 10% in 2013;
- (h) maintains that, whilst the Government is taking the right steps in

reducing the cost of welfare, the reduction in Council Tax Benefit grant is the wrong policy and should be reconsidered;

- (i) however, notes the Government offer of a £1.1 million Transition Fund if Sheffield's Council Tax Support Scheme meets certain criteria, including a maximum reduction of 8.5%;
- (j) believes that meeting the Government's criteria would benefit thousands of struggling families and bring another £1 million into the City;
- (k) understands that struggling families could benefit by £11.53 a month by adopting this policy;
- (l) highlights that members of the ruling Group have had months to consider proposals for Council Tax Benefit and the implications of alternative proposals;
- (m) thanks the Coalition Government for giving local authorities more flexibility in raising Council Tax funds from second and empty homes, which is projected to increase income for this Council by £2.5 million next year;
- (n) furthermore, understands that £1 million, allocated to Fairness Commission outcomes, remains unspent;
- (o) believes that if Labour councillors were serious about helping the most vulnerable in the City they would use this fund to mitigate against benefit cuts;
- (p) therefore approves the Council's Council Tax Support Scheme as set out in Appendix D to this report, to come into force on 1<sup>st</sup> April, 2013, with the following three amendments:-
  - (i) recommends that £500,000 of the funding earmarked for the Fairness Commission outcomes should be used to secure the Government's Transition Grant;
  - (ii) recommends that the remaining shortfall of £2.2 million in meeting the criteria of the Transition Grant should be funded from increased income from new taxes on second and empty homes; and
  - (iii) recommends this decision be reviewed for subsequent financial years only if the Government increases or extends its grant mechanisms for this purpose; and
- (q) notes, in accordance with Council Procedure Rule 10.5, the advice of the Director of Finance that the Administration has assumed the £2.2m second and empty homes figure in order to prepare a balanced budget,

and appreciates that if this amendment is passed, a balanced budget will still need to be set by the Council on 1<sup>st</sup> March, 2013.

2. **Amendment to be moved by Councillor Bryan Lodge, seconded by Councillor Harry Harpham**

That the recommendation set out in the report of the Executive Director, Resources now submitted in relation to the Council Tax Support Scheme be replaced by the following resolution:-

RESOLVED: That this Council:-

- (a)(i) deplores the Government's shambolic mishandling of welfare reform including the localisation of Council Tax Benefit which will be implemented from April 2013;
- (ii) opposes the Government's changes to Council Tax Benefit which will see a £5.5 million cut in funding for Council Tax Benefit this year alone;
- (iii) believes that the localisation of Council Tax Benefit has been completely mismanaged by the Government and is the passing of responsibility for cuts to local authorities;
- (iv) regrets that due to a harsher settlement than expected, the Council Tax Support has been cut by nearly £1 million more than expected and the cap proposed in the Cabinet Report of 17<sup>th</sup> October 2012 of 80% has had to be lowered to 77% which means that working age recipients will have to pay 23% of their Council Tax Bill;
- (v) understands that this 77% cap means a family living in a band A property will have to pay at least £4.32 per week (£225 per year);
- (vi) welcomes the proposal to operate a hardship fund to help those in severe financial hardship;
- (vii) notes research by the Institute for Fiscal Studies which indicates that the working poor will be hit hardest by the cuts to Council Tax Benefit, completely contradicting the Government's stated aims in its welfare reform programme;
- (viii) further notes research by the Local Government Association warning that the cut is also likely to hit hardest councils in the most deprived areas of the country and authorities in the wealthiest areas of the country will receive a smaller cut;
- (ix) regrets that this mirrors the Government's unfair policy of giving heavy cuts to Sheffield whilst at the same time some of the wealthier areas of the country are receiving almost no cuts at all;

- (x) further regrets that this is a further example of this Government hitting the most vulnerable the hardest, which is exemplified by cuts to housing benefit, the reassessment of Incapacity Benefit Claimants and cuts to tax credits;
  - (xi) regrets that this cut to Council Tax Benefit is the result of a decision made by Government and is in addition to their heavy cuts to the Council's budget and that, as a result of the £50 million budget gap, and worse to come in future years, the Council could not intervene to prevent this being passed on without further cuts to services which are already being hit extremely hard due to the Government's manifestly unfair cuts; and
  - (xii) therefore acknowledges that as this cut has been made by the Government, it is fully within the power of the Deputy Prime Minister to reverse the cut and proposes to write to the Deputy Prime Minister calling on him to intervene to reverse its decision instead of continuing to stand by and allow some of the poorest people in the City to be hit by these changes; and
- (b) approves the Council's Council Tax Support Scheme as set out in Appendix D to this report, to come into force on 1<sup>st</sup> April, 2013.