

## **County Councillor's Notes – April 2007**

You may not have heard of the Lyons Report, published on 21<sup>st</sup>. March, but it is going to form the justification for some stiff increases in local taxation. Started in July 2004, the Lyons Inquiry tells us how to raise more money for Local Government in the future.

I write all these “Notes” so that you will suffer no surprises in what we do. Some of the news is not comfortable but I believe that you should know the full background to what is going on. The County Council, the District Council and Parish Councils are our Local Government. They provide roads, education, waste disposal, and social service care to vulnerable people. The demand for all these services is increasing but inflation (4.8% last year) is also raising their cost. They are paid for by Government Grant (the largest part), Council Taxes on property, the Business Rates and charges for some services like Planning. The Government's money comes mainly from Income Tax and VAT. 14p in every £1 you pay in VAT goes to Local Government and Income Tax is raised according to ability to pay – those who earn the most, pay the most.

So most of Local Government's money is raised in proportion to the size of people's wages and salaries. When we note that houses are valued into 8 bands for Council Tax it is even clearer that Local Government income is raised as fairly as possible.

However, it is not enough. Demand for our services is rising, the price of these services is rising and the Government has spent heavily (and not wisely) on Health, Education and Defence. The Government is desperately searching for ways to raise more money from you. Hence the recommendations of the Lyons Report. I'll take 4 of its recommendations and say what they mean for us.

### **Council Tax Revaluation**

*“The Government should conduct a revaluation of all domestic properties for Council Tax”. “Subsequent revaluations should take place regularly and automatically at intervals of no more than five years.”*

There will not just be one revaluation but regular ones. These have already been outlined in the Valuation Office Agency Manual. As I forecast earlier this year, Inspectors will have the right to enter people's homes to inspect, photograph and catalogue every aspect of the property taking to account ‘value significant’ features (which include sash windows, thatching and stone fascias) in addition to your property's closeness to bus and train services, the size of the garden, any sea or hill views and the number of parking spaces. All of these will be used to calculate a tax on quality of life and home improvements. Any householder refusing these intrusive inspections will be fined £500.

### **Death Taxes**

*“Deferred payment schemes are used in some countries to allow pensioners with equity in their homes to postpone property tax liability until their property is sold.”*

In reality this means pensioners face the prospect of being pressured to sign away their homes' equity to Council Tax collectors. Town Halls will encourage pensioners to 'defer' their local tax bills, and instead pay – with interest – when their property is sold on the death of the last resident. Such a policy will put pressure on many pensioners with fixed incomes to sign away their equity if they are struggling with their tax bills. An average pensioner deferring Band D Council Tax over 20 years would face a debt of over £64,000 to be taken from their equity.

### **Bin Taxes**

*“The Government should take new powers to allow local authorities to charge for domestic waste collection.”*

This will allow Councils to charge for rubbish collection – something we pay for already. Microchips will be installed in bins and new council bin inspectors will police every one. The evidence is that this will be £256 a year per bin per week and £647 if you have three. It will increase the amount of fly-tipping and backyard burning which damage the environment and create a hazard to public health.

### **Bed Taxes**

*“A permissive power for local authorities to levy taxes on tourism, including a possible tax on accommodation.”*

These new “bed taxes” will be an extra tax on tourism in Britain and reduce tourists' spending in our local economy. It will add about £100 a week to the cost of a family holiday in Britain and will undermine local businesses such as pubs, restaurants, shops and tourist attractions. The tax will punish families for supporting Britain's struggling tourist industry (and being 'greener') and encourage many more to go abroad.

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