

<b>Item No.</b> 7.1	<b>Classification:</b> Open	<b>Date:</b> December 8 2004	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Member Motion (Deferred from October meeting).	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Chief Executive (Borough Solicitor)	

## **BACKGROUND INFORMATION**

In accordance with council assembly procedure rule 3.2 (ix) the motion and amendment shown below are an item of business deferred from the last council assembly meeting held on October 20 2004.

In accordance with council assembly procedure rule 3.10, the member moving the motion may make a speech directed to the matter under discussion. (This may not exceed five minutes without the consent of the Mayor).

The seconder will then be asked by the Mayor to second the motion. (This may not exceed three minutes without the consent of the Mayor).

The meeting will then open up to debate on the issue and any amendments on the motion will be dealt with.

At the end of the debate the mover of the motion may exercise a right of reply. If an amendment is carried, the mover of the amendment shall hold the right of reply to any subsequent amendments and, if no further amendments are carried, at the conclusion of the debate on the substantive motion.

The Mayor will then ask members to vote on the motion (and any amendments).

## **IMPLICATIONS OF THE CONSTITUTION**

The constitution allocates particular responsibility for functions to council assembly, for approving the budget and policy framework, and to the executive, for developing and implementing the budget and policy framework and overseeing the running of council services on a day-to-day basis. Therefore any matters reserved to executive (i.e. housing, social services, regeneration, environment, education etc) can not be decided upon by council assembly without prior reference to the executive. While it would be in order for council assembly to discuss an issue, consideration of any of the following should be referred to the executive:

- To change or develop a new or existing policy
- To instruct officers to implement new procedures
- To allocate resources

1. **MOTION FROM COUNCILLOR JEFF HOOK** (seconded by Councillor Lorraine Zuleta)

**Please note that in accordance with council assembly procedure rule 3.10 (3), this motion shall be considered by council assembly.**

Council is concerned that council tax is a regressive and inadequate local tax that sees the poorest 20% of society paying 42% of their income. This tax has a detrimental impact on many Southwark residents.

Council agrees that council tax warrants reform and welcomes therefore the July publication of the government's Balance of Funding Review.

Council notes that the review, which the government itself commissioned, states that *"There are ... strong arguments for shifting the balance of funding towards more local funding"*, and recommends that local income tax (LIT) could make up at least part of a reformed system of local government finance.

Council further notes that the Chartered Institute of Public Finance Accountants' (CIPFA) evidence to the review confirms that local income tax:

- Would be fairer;
- Could replace council tax at a rate of under 4p in the £ (national income tax would drop to compensate);
- Could save up to £300 million a year if the level of LIT was set by councils and the cash collected by the Inland Revenue alongside national income tax.

Council acknowledges that this confirms claims that local income tax would be a viable and fairer way to fund local councils than council tax.

Council urges the government to accept the replacement of council tax with LIT, as well giving back the setting of business rate levels to local councils, to create an efficient, fair solution to the dilemma of ensuring that local services are well funded without painful taxation.

#### **AMENDMENT**

**Moved:** Councillor Michelle Pearce

**Seconded:** Councillor Billy Kayada

**Delete** all after paragraph 2 and **insert:**

Council assembly also welcomes the establishment of the independent Lyons Inquiry into local government funding which will build upon the government's balance of funding review.

Council assembly believes that the current system of local government finance funded by council tax, national non-domestic rates and government grant can be improved upon.

Council requests the executive to respond to the inquiry by asking officers to prepare a submission for the Lyons Inquiry on behalf of the council. This submission should include an analysis of the impact (advantages and disadvantages) upon the council

itself and upon the residents of the London Borough of Southwark of the various options under consideration, including the option of having a local income tax.

## BACKGROUND PAPERS

Background Papers	Held At	Contact
Member Motions	Town Hall Peckham Road London SE5 8UB	Constitutional Team 020 7525 7228

<b>Lead Officer</b>	Ian Millichap, Constitutional Team Manager
<b>Report Author</b>	Kevin Flaherty, Constitutional Officer
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<b>Dated</b>	November 26 2004