

COUNCIL TAX SUPPORT SCHEME

Relevant Portfolio Holder	Cllr R Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 To enable Members to consider proposals to reduce the financial impact to the District and other precepting bodies in relation to the Government changes to the Council Tax Support Scheme.

2. RECOMMENDATIONS

The Cabinet is asked to RESOLVE that:

The Head of Customer Access and Financial Support be authorised to consult on the options, set out in Appendix 1, to change the Council's Council Tax Support Scheme with effect from April 2015.

3. KEY ISSUES

Financial Implications

- 3.1 As Members are aware, from April 2013 the national scheme of Council Tax Benefits was replaced by locally agreed Council Tax Support Schemes. Pensionable age claimants are protected but local billing authorities can determine the extent of support for working age claimants.
- 3.2 As the local schemes are now a discount, rather than a benefit, the impact of the change to Council Tax Support was to reduce the tax base for the Council by the amount of any support given. Compensation for the loss of Council Tax was paid via a grant from the Government and this was equivalent to around 90% of the previous Council Tax Benefits costs. Therefore, in effect, a 10% cut in the funding available to provide support through our local scheme
- 3.3 This affected all organisations that raise a precept, including Parish Councils, Police, and the Fire Service; with Worcestershire County Council bearing the largest part of the shortfall.
- 3.4 From April 2014 this grant was subsumed within the Revenue Support Grant (RSG) and it is no longer possible to ascertain exactly what the reduction in funding equates to but it is safe to assume that it is 10% plus a further cut equivalent to the overall reduction in the RSG .

- 3.5 The cost of Council Tax support for 2014/15 is estimated to be £4,500,000. The shortfall in funding was initially £437,500 with a shortfall for Bromsgrove District £63,000.
- 3.7 With the reduction in RSG for 2014/15 the shortfall in funding for support is projected to be £149,000 and this will be met by Bromsgrove District Council.
- 3.8 In addition Worcestershire County Council have clawed back £98k to cover their resulting funding gap, through reductions in funding to the Essential Living Fund and other services.
- 3.9 At the time of these changes more discretion was also given to billing authorities regarding discounts and exemptions for second and empty homes. In April 2013 the Council implemented a number of decisions aimed at mitigating the impact of the changes. This involved the removal of the Council Tax discount on second homes and limiting the amount of Council Tax discount on short term empty property to 50% for 6 months (excluding new developments). This resulted in the “claw back” of approximately £30,000 of the shortfall by this Authority.
- 3.10 In July 2013, whilst agreeing to make no changes to the support scheme for 14/15, it was agreed to review the scheme for 2015/16, in order to meet the remaining shortfall. This is necessary given the expectation that any local scheme should be designed to make work pay and given the on-going financial pressures faced by this Council and our major preceptors.
- 3.11 In order to make changes it is necessary to consult on the possible options and delegation is sought for the Head of Customer Access and Financial Support to undertake this consultation on the option determined by the Executive at this meeting.
- 3.12 In determining the range of options officers have considered a consistent approach to all benefits claimants to ensure that any proposed scheme is simple for residents to understand and in order to maintain or reduce administrative costs (which are borne by the District Council).
- 3.13 The proposed options for consultation are attached at Appendix 1 and include:
- Reduction in permitted capital/savings.
 - Cap maximum amount of support that can be claimed to:
 - 80%
 - 85%
 - 90%
 - Removal of Second Adult Rebate.
 - Cap support at a lower Council Tax Band.
 - Changes to non-dependent deductions.

- 3.14 It is also proposed that a reduction to the period of exemption for empty properties is consulted on as follows:
- limiting the amount of Council Tax discount on short term empty property to 50% for 1 month (excluding new developments).
- 3.15 Appendix 1 also provides an estimate of savings for each of the options, where it is possible to make an estimate, number of claims affected, and other comments relating to the option.
- 3.16 It should be remembered that any reduction in Council Tax Support will result in more Council Tax to collect. There will be an impact on working age residents who are on low income and they may not previously had to pay any Council Tax. Individuals will be offered support and advice on managing their finances.
- 3.17 A small Hardship Fund has been put in place in many areas which has been used to provide short term transitional support for those assessed to be in the very greatest hardship. Whilst take up on this has been low, it has provided officers with the ability to carry out proper assessments, often in the claimants own home, and help to provide a range of support options to improve the residents financial independence. Worcestershire County Council have confirmed that they will contribute £25k to this provided we put a scheme in place that covers the total funding gap.
- 3.18 After the initial consultation, which if agreed will take place through July to mid-August , a report will be submitted to the Cabinet in September to allow Members to consider our proposed Council Tax Support Scheme. A further period of consultation on that draft Scheme must then take place ahead of final decision making by the Cabinet and Council in December/January. To be effective from April 2015 the Scheme must have been finalised and published by 31st January 2015.

Legal Implications

- 3.19 None as a direct result of this report. The Council has a statutory obligation to consult with affected residents in relation to any proposed changes to the support scheme.

Service / Operational Implications

- 3.20 Officers will work with residents identified as having specific needs to ensure that they are supported through the changes to mitigate the impact on their finances. This may be through money management or debt advice, or short term transitional relief. Officers will work with partners and voluntary sector organisations to pull in the support needed as and when it is identified.

Customer / Equalities and Diversity Implications

- 3.21 Any local scheme must provide full discount to claimants of pensionable age and should incentivise work for those of working age, whilst also protecting vulnerable groups, as far as possible. There is no definition of which groups count as vulnerable and it for Councils to decide which groups of claimants might be classed as vulnerable and to determine methods to protect these groups. The Council would maintain a small Hardship Fund to provide discretionary assistance.
- 3.22 Although it is not necessary to consult on changes to discounts or exemptions for second or empty homes Officers would take this opportunity to gain customer feedback on any potential changes.

4. RISK MANAGEMENT

- 4.1 Any changes to the Support scheme whilst increasing Council Tax income to the Council and our major preceptors will have implications for some of our residents. Officers will provide support as outlined above. In addition the collection rates and arrears position will be measured to ensure that Members are aware on the impact on income collected.

5. APPENDICES

Appendix 1 - Local Council Tax Support (LCTS) Scheme – Consultation Options

6. BACKGROUND PAPERS

AUTHOR OF REPORT

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