

REPORT TO	DATE OF MEETING
Cabinet	5 th September 2012

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Localisation of Council Tax Support Scheme	Cllr S Robinson	Ian Parker	5

SUMMARY AND LINK TO CORPORATE PRIORITIES

In October 2010 the Government announced its intention to replace Council Tax Benefit (CTB) with a Local Scheme for Council Tax Support (LSCT). This formed part of the Welfare Reform agenda which will see the merging of all remaining benefits including Housing Benefit into a single benefit called Universal Credit.

The move to a localised scheme for Council Tax Support sees responsibility for delivering schemes move from the Department for Work and Pensions (DWP) to the Department of Communities and Local Government (DCLG).

Council Tax Benefit was fully funded from central government, as part of this transfer the DCLG stated its intention to reduce the level of funding to Local Government by £500m. This means that any locally introduced scheme must be implemented at a level of 10% less than the total cost of the CTB scheme. It is expected by Government that this reduction in funding is recovered from existing/future CTB claimants. The level of funding for Council Tax Support will be fixed at 2012/13 levels.

The Government also stated that it would legislate to ensure that any recipient of CTB who has or will attain pension age must not be worse off under any new scheme. This means that any adjustments resulting from a LSCT Scheme would only affect those claimants of Working Age.

The Government believes that this change will incentivise Local Authorities to encourage greater economic activity within their areas. Any reduction in expenditure on any Locally Introduced scheme will free up funds for Local Authorities.

The implementation of the changes outlined above will be a statutory requirement and therefore the Council has no choice but to adopt a replacement scheme for CTB.

Encouraging employment within the borough which could be a direct result of implementing any replacement scheme fits in with three of the Authority's stated priorities.

RECOMMENDATIONS

- (1) That Cabinet agree that South Ribble Borough Council undertakes public consultation on two alternative schemes, namely a percentage reduction from Council Tax Benefit and a flat rate deduction from Council Tax Benefit.
- (2) That Cabinet agree that public consultation should run for a period of 8 weeks
- (3) That Cabinet agree that South Ribble Borough Council undertakes full and rigorous impact assessments to ensure whatever scheme is adopted and implemented is within the law
- (4) That Cabinet agree the proposed timetable of events to ensure that South Ribble Borough Council is able to publish its scheme in January 2013

DETAILS AND REASONING

0 Background

- 0.1 In October 2010 the Government published its white paper on welfare reform in which it announced its intention to replace Council Tax Benefit with a localised Council Tax Support scheme.
- 0.2 Last year South Ribble Borough Council paid around £6m in Council Tax Benefit to around 7000 claimants, of whom 50% are of pensionable age, the remainder being of working age.
- 0.3 Government proposals would see the £6m benefit award being reduced by circa 10%, resulting in a shortfall of some £600,000. South Ribble Borough Council's exposure is circa £84,000 (14%) with the remainder falling to other preceptors, mainly LCC.
- 0.4 Current Government CTB funding increases with claimant demand, these proposals see the level of grant being frozen at current levels. Therefore any increase in the either number or amount of Support awarded would fall upon the Council and other precepting authorities.
- 0.5 The Government has stated that any locally designed scheme must:
- Protect Pensioners (they must not be worse off by any scheme design)
 - Protect vulnerable people
 - Provide financial hardship protection
 - Support work incentives
 - Be simpler to administer

1 Proposals

- 1.1 South Ribble Borough Council has worked with other Lancashire authorities, including LCC to develop some viable proposals.
- 1.2 Proposals protect pensioners and the scheme recommends no change to either entitlement, the level of benefit awarded or their qualifying conditions.
- 1.3 Proposals for the remaining *working age* customers recommend that the normal means-tested assessment remains in place. This means-tested calculation already includes defined additional premiums for those (under current DWP eligibility regulations) deemed vulnerable. However, a locally defined vulnerability can be included should the Council wish to extend the vulnerability criteria.*

**The Secretary of State has retained the right to define other groups/types as vulnerable*

- 1.4 A Hardship Scheme is being considered across Lancashire. However, we already have in place a Discretionary Housing Payments (DHP) scheme which deals with hardship within Housing Benefit. This is locally administered and subject to any pan-Lancashire scheme, it is recommended that our default position would build upon the DHP scheme.
- 1.5 Proposals recommend that we continue to support work incentives and would continue to apply existing four weekly run-ons and earnings disregards. This would see those customers who move into full time work (and would normally drift off benefit) continue to receive support for a further four weeks. This supports them awaiting their first wage/salary.
- 1.6 It is proposed that the existing means-tested calculation must still be applied, followed by a further assessment with differing levels of complexity depending upon the scheme selected.

2 Scheme Options

2.1 To do nothing would see the Council forced to adopt the Government's default scheme which would incur significant costs to the Council. This scheme mirrors the existing Council Tax Benefit Scheme. The option to do nothing has therefore been ruled out.

* All Figures stated below assume a collection rate of 100%

(A) % Deduction from Final Benefit Award

- Complete means-test assessment as per existing scheme
- Apply the % deduction across all working age claimants

Outcome

- 10% deduction would return £287,000
- 15% deduction would return £430,000
- 20% deduction would return £574,000
- 25% deduction would return £717,000

The following table contains the amount a current recipient of 100% Council Tax Benefit would have to pay based on the percentage reduction

Council Tax Band	10%	15%	20%	25%
A (disabled)	£1.64	£2.46	£3.28	£4.10
A	£1.97	£2.96	£3.94	£4.93
B	£2.30	£3.45	£4.60	£5.75
C	£2.63	£3.94	£5.25	£6.56
D	£2.96	£4.43	£5.91	£7.39
E	£3.62	£5.42	£7.23	£9.04
F	£4.27	£6.41	£8.54	£10.68
G	£4.93	£7.39	£9.85	£12.31
H	£5.92	£8.86	£11.82	£14.78

- 22% deduction would return £631,000

(B) Flat Rate Deduction

- Complete means-test assessment as per existing scheme
- Apply the flat rate deduction across all working age claimants

Outcome

- Flat rate (weekly) deduction of £2 would return £350,000
- Flat rate (weekly) deduction of £3 would return £525,000
- Flat rate (weekly) deduction of £4 would return £700,000
- Flat rate (weekly) deduction of £5 would return £875,000

Council Tax Band	£2	£3	£4	£5
A (disabled) - H	£2	£3	£4	£5

- Flat rate (weekly) deduction of £3.50 would return £612,000

3 Proposed Timetable

3.1 See Gantt Chart (Appendix A)

4 Publicity

4.1 To encourage widespread participation in our consultation, South Ribble Borough Council will:

- issue a press release
- include an additional message on the telephone system used in Gateway.
- publish the consultation survey on our website for use by anyone

5 Consultation

5.1 It is a requirement within the localisation of Council Tax Support that major preceptors are consulted at the outset and as part of a formal consultation process. Over the last few months, officers have been actively engaged with LCC, Police and Combined Fire Authority regarding possible proposals.

5.2 In addition to formal consultation with major preceptors, an essential part of the developing of a local scheme is that public consultation must take place. This is programmed to run over 8 weeks and will include two options – a deduction of a percentage of benefit and a deduction of a monetary flat rate.

5.3 This consultation is aimed to attract widespread comment from both benefit recipients as well as non-users of the service. Additionally we will also engage and consult with other major stakeholders including:

- CAB
- Welfare Rights
- Landlords
- Parish Councils
- Local MPs

5.4 That public consultation will be coupled alongside an Equality Impact assessment to ensure any proposal adopted will be fair and equitable.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	<p>Failure to implement a replacement scheme for Council Tax Support would see the Council having the default scheme imposed upon it. This would result in a loss to South Ribble and its preceptors of approximately £600k, South Ribble's share being £85K.</p> <p>Any scheme that it is introduced must assume that collection of any council tax from claimants who previously had no responsibility to make payment will be difficult. It would be advisable to undertake a full impact assessment before any final scheme is chosen.</p>
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LEGAL	Consider either alternative proposed scheme is in accordance with the legislative requirement to introduce a Local Council Tax Support Scheme.
RISK	The full risk assessment forms part of the background papers to this report. The main points for consideration are summarised here:- Increased expenditure falling upon the council as a result of <ul style="list-style-type: none"> • Increased Demand • Failure to collect the amounts levied
THE IMPACT ON EQUALITY	A full equality impact assessment will be carried out covering all affected groups prior the final decision been taken on the proposed Council Tax Support Scheme.

OTHER (see below)	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

- Risk Assessments
- Welfare Reform Bill
- Localising Support for Council Tax Guidance Papers
- Council Tax Reduction Schemes (Default Scheme) Regulations