

## **COUNCIL**

**24 JANUARY 2013**

### **LOCALISING SUPPORT FOR COUNCIL TAX**

Portfolio Holder: Councillor Alan Jarrett, Deputy Leader and Portfolio Holder for Finance

Report from: Mick Hayward, Chief Finance Officer

Author: Jon Poulson, Revenues & Benefits Manager

#### **Summary**

This report seeks Council approval of a council tax support scheme, following recommendation of the scheme by Cabinet on 18 December 2012.

#### **1. Budget and Policy Framework**

1.1 It is the Cabinet's responsibility to propose a budget to be agreed by Council. The introduction of a localised Council Tax Support scheme (CTS) will have an impact on both the taxbase calculation and the budget requirement that underpin the budget proposal. The consequences of dealing with these issues will directly impact on the level of council tax.

#### **2. Background**

2.1 As part of the Spending Review 2010 the Government made a policy commitment to localise support for council tax by 2013/14 accompanied by a declared intention to reduce expenditure by 10%.

2.2 The Welfare Reform Act 2012 (WRA2012), which received royal assent on 8 March 2012, abolishes Council Tax Benefit (CTB).

2.3 The Local Government Finance Act 2012 (LGFA2012), which received royal assent on 31 October 2012, established a framework for localised CTS. It stated that each billing authority in England must make a CTS scheme by no later than 31 January 2013, and the first financial year to which that scheme relates must be the year beginning with 1 April 2013. It also states that each billing authority must undertake public consultation on the content of its proposed scheme.

- 2.4 The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012/2885) and The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 (SI 2012/2886) were laid before Parliament on 22 November 2012 and provide details of what is to be incorporated within a CTS scheme.
- 2.5 The requirements of the revision to CTB were reported to Cabinet on 4 September 2012 (decision number 147/2012) and the contents of a consultation on proposals for an eight week period were agreed (decision number 148/2012).
- 2.6 The Cabinet considered the results of the consultation exercise on 27 November 2012 and asked officers to draw up a local council tax support scheme based upon the preferred scheme that was part of the consultation (decision number 189/2012).
- 2.7 The Cabinet considered the draft scheme at its meeting on 18 December 2012 and recommended its approval to Council on 24 January 2012 (decision number 215/2012).

### **3. The Scheme**

- 3.1 The localising council tax support regulations as detailed at 2.5 above prescribe:
- Requirements for all council tax reduction schemes (including provisions relating to persons who have attained the qualifying age for state pension credit and who are not in receipt of work-related benefits – referred hereafter as pensioners)
  - The default council tax reduction scheme that would be imposed on the Council should it fail to adopt its own local scheme. The default scheme broadly follows the current council tax benefit scheme.
- 3.2 The provision for pensioners is that they continue to receive the same level of support as under council tax benefit.
- 3.3 The provisions for non-pensioners broadly follows the default scheme (and as such the council tax benefit scheme) with the following adaptations:
- Reduces the liability used to assess Council Tax Support by 25%
  - Extends the minimum deduction in respect of non-dependants to include any such person in the household, aged 18 years or more, who is in receipt of a means tested benefit
  - Removes the second adult rebate scheme
  - Extends the protection for pensioners to those people who receive a war widow or war disablement pension.
- 3.4 In accordance with the Cabinet decision on 27 November 2012 officers drew up the detail of a proposed scheme based on the preferred scheme option. This is a technical document and given the importance and sensitivity the draft

document was checked for conformity with the regulations by CIPFA prior to Cabinet on 18 December 2012. The draft Scheme is set out in Appendix A to the report.

- 3.5 Subsequent to the cabinet meeting, the Government released The Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012 which amend certain of the figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction (annual uprating). The regulations are attached at Appendix B and relate to parts 6,7 & 8 of the draft scheme.

#### **4. Advice and Analysis**

- 4.1 When considering making changes to policies, the decision maker needs to comply with its obligations as to equalities under the Equality Act 2010. In essence this requires decision makers to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Protected characteristics, as defined in the 2010 Act, are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 4.2 Having due regard to the above needs involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

- 4.3 In order to comply with its equality duties, the Council is required to engage with service users, representative groups, staff and unions and to use the information and views gathered as a result of such engagement (together with other equality information the local authority has) in assessing the equality impact of the proposals.

- 4.4 In order to meet these obligations a diversity impact assessment has been undertaken and is attached at Appendix C. The assessment has identified a number of potential adverse impacts together with some mitigating factors being incorporated into the scheme.

## 5. Risk management

Risk	Description	Action to avoid or mitigate risk
Failure to produce a scheme	Likelihood D (Low) Impact 2 (Critical) If a scheme is not in place the Council will be obliged to use the default scheme (continuation of existing CTB scheme).	Project/Implementation plan drawn up with milestones
Forecast cost of scheme falls short	Likelihood D (Low) Impact 3 (Marginal) Claimants may have reduced benefits 'unnecessarily'	Use of data modelling tools and data analysis
Forecast cost of scheme excessive	Likelihood D (Low) Impact 2 (Critical)	Use of data modelling tools and data analysis
Effect on collection	Likelihood B (High) Impact 2 (Critical) Dependant on method of funding, but new scheme likely to produce small debts and debtors who have not had to pay before	Quick and efficient recovery processes
Comparison to neighbouring authorities	Likelihood D (Low) Impact 2 (Critical) If the Medway scheme is markedly more generous than surrounding authorities' schemes there is a possibility of claimants migrating into Medway placing additional stress on funding	Maintain links to other local authorities

## 6. Financial and legal implications

- 6.1 The financial considerations were explained fully in the Cabinet report on the consultation outcomes and the scheme now drafted will reduce expenditure on the CTS scheme relative to the former CTB regime by £2.7 million. But this still falls short of the compensatory grant funding by £0.3 million.
- 6.2 The additional flexibilities for exemptions and discounts to Council tax will yield £0.7 million for the restriction of empty homes exemption to 3 months and a further £70,000 for the cessation of the exemption to repossesses. The latter flexibility has yet to be reflected in amended regulations but the saving is intended to utilise these funds to establish a hardship fund.
- 6.3 The legal issues are covered in the body of the report.

## **7. Recommendation**

- 7.1 That Council adopts the Council Tax Support scheme as set out in Appendix A to the report.

### **Lead officer contact**

Jon Poulson  
Revenues & Benefits Manager  
Finance – MRBS  
Business Support Department  
01634 333700  
[jon.poulson@medway.gov.uk](mailto:jon.poulson@medway.gov.uk)

### **Background papers**

Letter dated 5 April 2012 from CLG to Chief Finance Officers  
Localising support for council tax in England: Government's response to the outcome of consultation

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8467/2053712.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8467/2053712.pdf)

Localising support for council tax – A Statement of Intent

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6091/2146581.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6091/2146581.pdf)

*Localising Support for Council Tax* report to Cabinet 4 September 2012

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=17548>

*Localising Support for Council Tax* report to Cabinet 27 November 2012

<http://democracy.medway.gov.uk/mgconvert2pdf.aspx?id=18309>