
REPORT TO THE MEETING OF THE EXECUTIVE 21 SEPTEMBER 2011**PORTFOLIO: COUNCIL TAX COLLECTION, BENEFITS AND STRATEGIC HOUSING FUNCTIONS****REPORT FROM HEAD OF COMMUNITY SERVICES****SUBJECT: LOCALISING SUPPORT FOR COUNCIL TAX****1 DECISION BEING RECOMMENDED**

- 1.1 To endorse the officer comments, outlined in the report on the potential impact of the Government's plans to localise support for Council Tax from April 2013, and to provide any further additional comments which can then be taken into account by the Portfolio Holder for Council Tax Collection, Benefits and Strategic Housing in responding to this consultation by the deadline date of 14 October 2011.

2 REASON/S FOR RECOMMENDATION

- 2.1 As announced in the 2010 Spending Review, support for council tax will be localised from 2013/2014 and expenditure will be reduced by 10%. Currently any council tax benefit awarded by the Council to residents is covered by the Government's subsidy it receives.
- 2.2 The Government have now issued a consultation outlining details of how they intend to localise Council Tax support, with a deadline for responses of the 14 October. The proposals if implemented as outlined will have major implications for the Authority and therefore, prior to the Portfolio Holder considering and signing off the Council's response, it is important for the Executive to consider the matter and the potential implications for the Council. Any comments arising can then be fed into the Portfolio holder's response
- 2.3 Under the new proposals the Council will receive a fixed amount from Government that will equate to a 10% reduction on the current level of expenditure. It will then be up to each Council to implement their own scheme in which people can make claims for support for council tax.
- 2.4 There are, however, certain parameters that any local scheme will have to be within which will have significant impact on how the scheme is operated and on those receiving council tax benefit.
- People in receipt of council tax benefit that are of pensionable age will retain their current levels of benefit.
 - Consideration should be given to other "vulnerable" groups having their current benefit protected.

- Schemes should support the principle of being “better off in work” that is being promoted.

2.5 Restricting those people that will be affected by a new local scheme has a considerable impact on the potential level of benefit cuts incurred by the working age claimants, as demonstrated by the figures below:

- Total current council tax benefit caseload – 5348
- This is broken down as:
 - Elderly – 3161
 - Working age (standard) – 943
 - Working age (passported) – 1244
- Current council tax expenditure - £5,225,636.
- This is broken down as:
 - Elderly – £3,107,208
 - Working age (standard) - £772,304
 - Working age (passported) - £1,346,124

(NB: passported refers to those claimants receiving 100% council tax benefit and potentially a more “vulnerable” group.)

- 10% reduction in Council tax expenditure – approximately £523,000
- Applied equally to all working age claimants – 25% cut
- Applied equally to just working age (standard) – 68% cut
- In summary of the above figures, if working age claimants on 100% council tax benefit are to be protected, as well as those of pensionable age, then the 10% cut in expenditure would be restricted to less than 15% of the total council tax benefit awarded.

2.6 The proposals outlined in the Spending Review place a huge potential impact on local councils and also on a section of the council tax benefit claimants. Some of the principle issues and questions that it raises are outlined below:

- If benefit caseload rises and expenditure increases as a result, the Council will need to absorb the cost, effectively putting all the financial risk and uncertainty in the hands of the Council.
- Current climate and historical caseload figures suggest that this caseload is not likely to reduce at present.

- Clarity is still to be received on the basis for how the 10% reduction is to be calculated.
- Clarity is also still to be received on if and how the fixed amount from Government will be reviewed.
- The timescale of April 2013 is extremely tight, in order to have new schemes created and implemented.
- Potential operational and I.T. issues around operating effectively two schemes (new local scheme and current scheme for those that are exempt).
- Potential equality issues, where certain claimant groups have their benefit protected.
- 10% cut in expenditure, will in reality, be a much greater percentage cut to those claimants subject to the new local scheme.
- With working age claimants likely to be worst hit, this goes against the Government's principle of being "better off in work".
- Potentially create "a post code lottery" whereby eligibility for council tax benefit and amount received will vary considerably, dependent on which local authority area someone lives.
- As the District Council administers the council tax collection on behalf of parishes, county council, police and fire authorities, should these organisations share the financial risk of these new proposals.

2.7 Within the Council's response to the consultation document, reference will be made to the above mentioned issues.

3 RISK IMPLICATIONS

3.1 Creating a new local scheme for council tax support in an environment where there has to be a reduction in expenditure could have a negative impact on the reputation of the Council due to reduced levels of benefit received by claimants.

4 RESOURCE IMPLICATIONS

4.1 The implementation of the Government's proposals for localising support for Council Tax places all the financial risk and uncertainty of what the actual expenditure will be at the end of the year on the Council. Whilst impossible to predict the extent of this risk, the level of "overspend" is potentially very significant.

5 EQUALITY AND DIVERSITY IMPLICATIONS

- 5.1 Limiting the effect of the 10% reduction in funding to just working age payments will result in those claimants in the affected criteria incurring larger reductions in their benefit than if all claimants were part of the new local scheme.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

SMT Lead Officer Signature: _____

Head of Community Services

Background Papers:

None.

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