
REPORT TO THE MEETING OF THE EXECUTIVE 5 DECEMBER 2012**PORTFOLIO: COUNCIL TAX COLLECTION, BENEFITS AND STRATEGIC HOUSING FUNCTIONS****REPORT FROM HEAD OF COMMUNITY SERVICES****SUBJECT: LOCAL COUNCIL TAX SUPPORT SCHEME – TRANSITIONAL FUNDING GRANT****1 DECISION BEING RECOMMENDED**

- 1.1 That the Executive declines the Department for Communities and Local Government (DCLG) transitional funding being offered in return for the Council agreeing to a Local Council Tax Support Scheme (LCTSS) that meets the “best practice criteria” set out by the Government.

2 BACKGROUND

- 2.1 Members will be aware that Council Tax Benefit is being abolished for 2013/14 onwards and replaced by the introduction of Local Council Tax Support Schemes (LCTSS), which will be subsidised by a fixed grant from Government based on a level of 10% less than the current level of CTB expenditure.
- 2.2 As previously reported, Council Officers have been part of a Pan-Essex project group that includes representatives from all the major precepting Authorities in Essex (billing Authorities, ECC, Fire and Police), to develop a common framework for a LCTSS across the county.
- 2.3 This group has undertaken a great deal of work that has produced the above mentioned framework and that in turn has guided the creation of Rochford’s draft local scheme that was put out for consultation in August/September of this year (as reported to the Executive meeting of 11 July 2012).

3 REASONS FOR RECOMMENDATION

- 3.1 Government Ministers have become concerned with some of the LCTSS being designed by Local Authorities and the additional contribution that residents on a low income will have to make towards their Council Tax from April 2013.
- 3.2 On 16 October, this concern culminated with the DCLG making an unanticipated announcement regarding an additional £100m of transitional funding that was being made available to Local Authorities to “help support them in developing well-designed Council Tax support schemes and maintain positive incentives to work”.

3.3 The transitional grant will be available to those Local Authorities “who do the right thing” in the design of their local scheme. This means that a Local Authority has to agree a LCTSS, which meets the best practice criteria set out by the Government. The best practice criteria contains the following three principles:-

- People who currently receive 100% Council Tax Benefit (CTB) should pay no more than 8.5% of their Council Tax liability under a new LCTSS.
- The taper rate currently used in the CTB scheme, 20%, does not increase above 25%. This is the rate at which support declines as peoples’ income increases.
- There is no sharp reduction in support for those entering work – for claimants currently entitled to less than 100% support, the taper will be applied to an amount at least equal to their maximum eligible award.

3.4 The transitional funding will be considered on an application basis only. Government has stated that Local Authorities must submit their applications after 31 January 2013 but before 15 February 2013, and that funding will be paid in March 2013. The DCLG has stated the application process will be a simple one, easy to apply for and swiftly paid out.

4 RESOURCE IMPLICATIONS

4.1 The value of the transitional grant is £125,670. This is made up as follows:-

- Rochford District Council - £19,599
- Essex County Council - £89,367
- Police - £11,242
- Fire - £5,462

4.2 The grant is for 2013/14 only. In order to qualify we must satisfy the DCLG that our final scheme conforms to the best practice criteria outlined in section 3.3 of this report. It also means that, as applications for the grant can only be made after 31 January 2013, a scheme will have to be adopted before the grant can be applied for and therefore commitment to the implementation of a more costly scheme would have to be in place before the grant funding is guaranteed.

4.3 Members will be aware that, prior to the DCLG’s announcement, the principle of a cost neutral LCTSS was agreed. In order for us to achieve this we need to make savings of £520,000 compared to the current level of CTB expenditure. With this in mind, the following shows what the impact would be if we amended the Council’s proposed LCTSS to meet the DCLG’s criteria:-

- Savings required to deliver a cost neutral scheme - £520,000
- Potential savings if scheme adopted using DCLG “best practice” criteria - £268,959
- Gross cost to Rochford and other major preceptors - £251,041
- Potential DCLG one-off grant - £125,670
- Net cost to Rochford and other major preceptors if “best practice” DCLG scheme is adopted - £125,371

4.4 It should be noted that as the DCLG grant is only for 2013/14, the savings required to run a LCTSS from 2014/15 onwards will be in the region of £250,000.

5 RISK IMPLICATIONS

- 5.1 If a Local Council Tax Support Scheme is not agreed by 31 January 2013, then the default scheme (likely to be the existing CTB scheme) will be imposed by Government resulting in the Council incurring significantly increased costs.
- 5.2 Changing the proposed scheme to meet the transitional funding criteria will incur further costs, even in 2013/14, when the grant is received, which in turn will be further increased in subsequent years.

6 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 A comprehensive Equality Impact Assessment will be undertaken on the Council’s final Local Council Tax Support 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.

For further information please contact Jeremy Bourne (Head of Community Services) or Nick Scott (Revenues and Benefits Manager) on:-

Phone: 01702 318163

01702 318006

Email: jeremy.bourne@rochford.gov.uk

nick.scott@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.