

<b>CABINET</b>	<b>AGENDA ITEM No. 5</b>
<b>21 January 2013</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Cllr David Seaton, Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Executive Director Strategic Resources	Tel. 452398

## LOCAL COUNCIL TAX SUPPORT SCHEME

<b>RECOMMENDATIONS</b>	
<b>FROM</b> : Executive Director Strategic Resources	<b>Deadline date</b> : 21 January 2013
That Cabinet recommends to Full Council on 30 <sup>th</sup> January 2013 the adoption of the Local Council Tax Support scheme for Peterborough, including the proposed 30% reduction in benefit for working age claimants and the draft scheme documentation.	

### 1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following the consultation on proposals made by Cabinet on 24<sup>th</sup> September 2012, including discussion at the Sustainable Growth and Environment Capital Scrutiny Committee on 8<sup>th</sup> November 2012.

### 2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to make a recommendation to Full Council on the Council Tax Support Scheme to be implemented in Peterborough.
- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.1 which states to take collective responsibility for the delivery of all strategic executive functions within the council's major policy and budget framework and lead the council's overall improvement programme to deliver excellent services.

### 3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	Yes	If Yes, date for relevant Cabinet Meeting	21 <sup>st</sup> January 2013
Deadline for relevant Council Meeting	30 <sup>th</sup> January 2013	Date when these changes will apply from	1 April 2013

### SUSPENSION OF CALL-IN

Subject to the recommendations being approved at this Cabinet meeting, it will be necessary to waive the call-in procedure and for the recommendations to proceed to Full Council on 30<sup>th</sup> January for decision.

This decision is urgent because the Council is required to approve its local council tax support scheme by the end of January. Any delay caused by the call-in process

would significantly prejudice the Council's interest because failure to do agree by the end of January would mean that the Council has to use the default scheme, which would see the Council facing additional costs of over £2m. If the recommendation is called in, this could hinder the Council's ability to have the scheme approved at Full Council by the end of January.

Cabinet could not consider making the recommendation until the Government had provided notification of the level of grant to be provided for the scheme. This was only provided as part of the provisional local government finance settlement that was not received until 19<sup>th</sup> December 2012. The level of grant does differ from the original consultation and has changed the scheme being recommended compared to that which was consulted on.

The Council's Monitoring Officer is aware of the intention to waive the call-in period, and the Chairman of Sustainable Growth and Environment Capital Scrutiny Committee has agreed to waive the call-in period.

#### **4. BACKGROUND TO COUNCIL TAX SUPPORT**

##### **Executive Summary:**

- 4.1 In its 2010 Spending Review the Government announced that it would localise support for Council Tax from April 2013, and at the same time reduce expenditure by 10%. This means that there will no longer be a nationally governed Council Tax Benefit (CTB) scheme and each Council will set their own schemes. However, Pensioners will be protected under these new arrangements and CTB for this group will continue to be subject to national controls, meaning pensioners will not have their CTB reduced by these legislative changes.
- 4.2 The Council's Medium Term Financial Strategy (MTFS) approved by Council in February 2012 was based on a local scheme being adopted and resulting in no additional pressure on the council's budget.
- 4.3 It was originally estimated that the gap between the grant provided to the Council, and the likely grant received by the Council would be £2.8m, requiring a 35% reduction in benefit. It was on this basis that the original consultation was undertaken. As outlined above, the provisional local government finance settlement was received on 19<sup>th</sup> December 2012. This has outlined a slightly higher level of grant for the Council. This has reducing the gap to £2.4m, and would require a benefit reduction of 30%. All figures quoted in this report are based on these updated figures.
- 4.4 Cabinet has devised and consulted on a local CTB scheme and this requires Full Council approval before 31 January 2013, otherwise the default scheme will be implemented, leading to the Council having to meet the full costs of the reduced grant and facing a financial cost of £2.4m.
- 4.5 It is clear that the biggest difference that the Council can make to help people on benefit is to help them into work and off benefit. One of the key priorities of this Cabinet is to deliver growth to our city, increasing opportunity and employment prospects for all. It is essential that we continue this drive, and in turn enable as many as people as possible to have the chance to come off benefit.
- 4.6 This report contains the following sections:

- Background and financial impact (section 4)
- Consultation approach and feedback (section 5)
- Outline of Government transition proposals (section 6)
- Summary of recommended scheme (section 7)
- Impact of the scheme and mitigating action (section 8)
- Implementation and communications plan (section 9)

## **Background**

- 4.7 Council Tax Benefit (CTB) is the means tested way of reducing the Council Tax Bill for those on low incomes. Effectively the household pays less council tax (sometimes none) and the Government pays grant to the council to cover it.
- 4.8 CTB expenditure has increased nationally from £2bn in 1997/98 to £4.3bn in 2010/11. The Government announced in the Spending Review 2010 that it would localise support for council tax making Councils responsible for local schemes and reducing the grant by 10%, saving £410m nationally in England.
- 4.9 Councils would be responsible for determining, through their local scheme, how these savings are made. If councils do not make savings through the scheme, they will need to meet the cost of this elsewhere in their budgets.
- 4.10 Council Tax Benefit (CTB) becomes Council Tax Support (CTS) from April 2013.
- 4.11 Draft regulations have now been laid before Parliament and schemes must fully protect pensioners and so the impact is met by 'working age' claimants. The documents in the appendix are based upon the draft regulations. It is not expected that the final regulations will have any changes, but if necessary updated documents may need to be provided to Council.

## **Financial Impact for Peterborough:**

- 4.12 In Peterborough there are almost 18,000 Council Tax Benefit claimants (24% of households) which cost around £12m in 2010/11.
- 4.13 The Medium Term Financial Strategy (MTFS) approved by Council in February 2012 was based on a local scheme being adopted and therefore no additional pressure being placed on the council's budget i.e. any reduction in grant would be fully met through changes in the benefit scheme, rather than cuts being made in services elsewhere across the Council.
- 4.14 It was originally expected that the 10% reduction in grant would mean a funding gap of around £1.2m (10% of the £12m bill). However, recent Government consultation documents on the proposals have outlined that the 10% reduction is based on the 2013/14 forecast position which includes a reduction in the number of benefit claimants.
- 4.15 The Government claims that the reduction in funding should be around 10% of the benefit bill. However this assumes that the number of people claiming this benefit, and hence the cost of it, reduces by next year. Many parts of the country, including Peterborough, are seeing costs of benefit increasing. The Council estimate that the grant reduction will see a shortfall of nearer 20%. The gap between grant and the benefit bill for 2013/14 is estimated to be £2.4m.

- 4.16 Failure to devise and implement a local scheme by 31 January 2013 would result in the Department for Communities and Local Government (DCLG) 'default scheme' being used by the Council. This scheme mirrors the current CTB scheme. If this were to happen Council would need to find the £2.4m of savings from elsewhere in the Council budget (some of this sum would relate to Police and Fire share of council tax).
- 4.17 In Peterborough 40% of claimants and 38% of the CTB bill relates to pensioners. As Government legislation protects this group, the 20% loss in CTB funding has to be met by the remaining 60% of claimants. In order to achieve the strategy approved in the MTFS (as outlined in 4.7 above), this would require a reduction in benefit of 30%.
- 4.18 Cabinet approved this approach as the basis for consultation at their meeting of 24 September 2012 (with the consultation undertaken on the original estimate of 35%). The consultation also included options to fully protect groups, such as the disabled. Such protection would mean higher reductions for working age claimants to keep the scheme self-funding in line with the MTFS strategy.

## **5. CONSULTATION APPROACH AND FEEDBACK**

- 5.1 Following approval, an intensive period of public and stakeholder consultations ran for six weeks from 25 September to 5 November 2012.
- 5.2 The homepage of the Council's website included a link to the new council tax support page which included details of the scheme, a frequently asked questions sheet and the questionnaire.
- 5.3 The following groups identified through the Equalities Impact Assessment have been engaged with directly and resulted in including drop-in sessions so the changes could be explained in person:
- The general public, through drop-in sessions so the changes can be explained in person
  - CAB Peterborough
  - Registered Social Landlords & Private Landlords who attend our forums
  - DIAL (services to people with disabilities)
  - AGE UK
  - Tackling Poverty group
  - Welfare Reform Action Group
  - Children & Families Commissioning Partnership
  - Tackling Worklessness in Peterborough
  - PCVS – Peterborough Council for Voluntary Service
- 5.4 Consultation also took place with the Community Cohesion Manager, although the Equalities Impact Assessment did not identify that black or minority ethnic groups would be adversely affected by these changes.
- 5.5 The project team also engaged with Job Centre Plus where their relationship manager has informed front line staff of the proposed changes and consultation.
- 5.6 Drop-in sessions were held at each of the 10 libraries where residents could ask

questions and were encouraged to complete the survey. Details of these are outlined below:

- Central Library – Monday 1 October (12:00 to 14:00)
- Hampton Library – Tuesday 2 October (09:30 to 11:30)
- Stanground Library – Tuesday 2 October (12:00 to 14:00)
- Werrington Library – Monday 8 October (11:00 to 13:00)
- Bretton Library – Monday 8 October (14:00 to 16:00)
- Dogsthorpe Library – Tuesday 9 October (10:00 to 12:00)
- Eye Library – Wednesday 17 October (13:00 to 15:00)
- Thorney Library – Wednesday 17 October (16:00 to 18:00)
- Woodston Library – Thursday 18 October (09:30 to 11:30)
- Orton Library – Thursday 18 October (12:00 to 14:00)

5.7 Benefit notification letters were also amended during the period of consultation to include an additional sheet advising customers of the changes and how they can have their say. Using this approach **6,145** separate notifications have been issued to benefit customers alerting them to the changes and giving them the opportunity to comment.

5.8 Discussions also took place with Finance officers from the Police and Fire Authority who would be affected by the proposals (as the City Council collects council tax on their behalf).

5.9 The proposals were discussed by Sustainable Growth and Environment Capital Scrutiny Committee on 8<sup>th</sup> November 2012. An extract from the draft minutes is attached as appendix 1.

#### 5.10 **Survey Results:**

Residents have been encouraged to 'have their say' by completing an on-line survey, copies of which were made available in hard format from The Town Hall, Bayard Place and the Libraries.

There were a total of **93 responses**; 46 online and 47 hard copies of the survey were completed with a breakdown of the results shown below (with detailed comments included in appendix 2):

#### **1. Do you think that Peterborough City Council should continue to help people on low income by reducing their council tax bill?**

Yes – 81.5% (75)

No – 18.5% (17)

(1 did not answer)

#### **2. Do you think that the fairest way to achieve the savings required is an across the board 35% reduction in the new council tax support scheme?**

Yes – 38.5% (35)

No – 61.5% (56)

(2 did not answer)

#### **3. Do you think certain classes of persons should be protected from the reduction outlined and should include claimants where:**

Yes, Severe Disability premium – 23.3% (50)

Yes, Enhanced Disability premium – 19.1% (41)

Yes, Disabled Child premium – 21.4% (46)

Yes, Disability premium – 21.4% (46)  
No – 14.9% (32)  
(6 did not answer)

**4. Do you think that the maximum amount of council tax support should be limited to £23.15 per week (Band C):**

Yes – 46.7% (42)  
No – 53.3% (48)  
(3 did not answer)

**5. Do you think that the minimum amount of council tax support should be limited to £2.00 per week:**

Yes – 48.9% (43)  
No – 51.1% (45)  
(5 did not answer)

**6. Do you think that the capital limit for claiming council tax support should be reduced from £16,000 to £6,000:**

Yes – 65.9% (60)  
No – 34.1% (31)  
(2 did not answer)

**7. Do you think second adult rebate should still be part of council tax support:**

Yes – 41.6% (32)  
No – 58.4% (45)  
(16 did not answer)

**8. Do you have any comments about the new council tax support scheme:**

Yes – 46.3% (38)  
No – 53.7% (44)  
(11 did not answer)

**9. Are you are any partner a pensioner:**

Yes – 17.6% (16)  
No – 76.9% (70)  
N/a – 5.5% (5)  
(2 did not answer)

**10. Do you currently claim council tax benefit:**

Yes – 35.6% (32)  
No – 58.9% (53)  
N/a – 5.6% (5)  
(3 did not answer)

- 5.11 The only conclusive (70%+) response was to question 1; 81.5% think that Peterborough City Council should continue to support people on low income by reducing their council tax bill. The responses to the other questions are inconclusive and there is no clear indication of any preference either way.
- 5.12 Given that any alternative approach would need to be funded from making reductions in services elsewhere, it was important that the consultation was open to all residents in Peterborough, not just those in receipt of benefit. This does seem to have helped

contribute towards the even split of responses, with those in receipt of benefit opposing the changes, but those who pay full council tax being in favour.

## **6. ADDITIONAL TRANSITIONAL GRANT FUNDING ANNOUNCED IN OCTOBER**

- 6.1 On 18<sup>th</sup> October 2012 the Government announced that there will be a transitional grant scheme with an additional £100m of funding made available to Councils. The criteria for applying for this additional funding is:
- (i) The overall reduction for those claimants currently receiving 100% council tax benefit must not exceed 8.5% of their net council tax liability
  - (ii) The benefit taper used for calculating entitlement must not exceed 25%
  - (iii) There is no sharp reduction in support for those entering work
- 6.2 To limit the reduction for these claimants to 8.5% would cost £1.7m. Peterborough's allocation of the transitional grant scheme is just £247,083, leaving a shortfall in funding of over £1.4m. It is clear that the grant does not meet the costs of lowering the reduction from 30% to 8.5%
- 6.3 This additional funding has only been made available for year 1 which means there would be £1.4m to find in 2013/14 and £1.7m per year after that on an ongoing basis.

## **7. PROPOSED NEW SCHEME**

- 7.1 The Medium Term Financial Strategy (MTFS) approved by Council in February was based on a local scheme being adopted and therefore no additional pressure on the council's budget i.e. any reduction in grant would be fully met through changes in the benefit scheme, rather than cuts being made in services elsewhere across the Council. Given the unacceptable impact that such cuts could have, it is considered that this approach should hold.
- 7.2 It is clear that the transitional grant does not cover the costs of limiting the benefit reduction to 8.5% and is only provided for one year anyway. The Council would face significant costs if following this approach and as such, in line with the approach in 7.1 above, will not do so.
- 7.3 Some Councils are using income from technical council tax reforms (reducing discounts in some areas) to support their council tax schemes. In the same MTFS, Council approved using this income to help support the overall council budget. Those councils who are using this income to support their local council tax support scheme will not have it to support their overall budget and so will have to cover that gap by reducing services (something this Council is keen to avoid as outlined above).
- 7.4 The original consultation proposals included an option to protect recipients of disability premiums, in the same manner as pensioners, so that these households had no reduction in benefit. Such protection would mean higher reductions for working age claimants to keep the scheme self-funding in line with the MTFS strategy. Rather than the 30% reduction proposed, the reduction in benefit for working age claimants would be 7.5% higher at 37.5%. If the protection were not covered by working age claimants, it would cost the Council around £0.5m to protect all.
- 7.5 The number of households receive disability premiums as part of their council tax benefit is outlined below. Also included is the cost of protecting recipient each

individual premium (rather than the total cost of protecting all of them as outlined in 7.4 above). It should be noted that households can claim more than one of these benefits, so the numbers do not necessarily relate to individual households (i.e. there are not 2,978 households in receipt of these premiums as one household could be in receipt of disability premium and Enhanced Disability premium). This also means that the total cost of protecting all four premiums of £0.5m is less than the sum of each individual element:

- 1,542 claim the Disability premium (cost of £358k, or 35% reduction in benefit to protect)
- 355 claim the Disabled Child premium (cost of £88k, or 31% reduction in benefit to protect)
- 570 claim the Enhanced Disability premium (cost of £141k, or 32% reduction in benefit to protect)
- 511 claim the Severe Disability premium (cost of £109k, or 31.5% reduction in benefit to protect)

7.6 Given the additional impact on working age claimants, or the costs to the Council if funded directly, it is not proposed that the protection is included. It should be noted that when the means testing is undertaken to assess whether the claimant is eligible for benefit the applicable amount is increased by the amount of any disability premium that the disability benefit attracts. As such the system does already have an element of protection built in for such claimants. The impact on such claimants will be the same as for other households in receipt of benefit, as outlined in the examples in paragraph 8.1 below. It should be stressed that this only impacts on council tax benefit, it has no impact on any other benefits received.

7.7 The Council has lobbied Government regarding the approach to funding the scheme and in particular the assumption that the costs of benefit are reducing. The Government has used more up to date forecasts and as such there has been a small improvement in the level of grant allocated to the Council. Whilst this grant could be used to support overall services, it is proposed to use it for the Council tax support scheme. As a result the proposed reduction in benefit can be lowered from 35% to 30%.

7.8 It is clear that the biggest difference that the Council can make to help people on benefit is to help them into work and off benefit. One of the key priorities of this Cabinet is to deliver growth to our city, increasing opportunity and employment prospects for all. It is essential that we continue this drive, and in turn enable as many as people as possible to have the chance to come off benefit. On balance it is considered that it is better to utilise resources to drive forward this growth agenda, rather than use it to top up benefit levels.

7.9 A summary of the scheme documentation is included in appendix 2, with the detailed scheme documentation in appendix 3.

7.10 Councils have always had discretion to disregard certain income relating to armed forces and war pensions when undertaking the means testing for council tax benefit. Peterborough City Council has exercised this discretion. The documentation for the new scheme will need to reflect this to ensure that this practice continues.

## 8. IMPACT OF THE NEW SCHEME & MITIGATING ACTIONS

### Impact of the new scheme

8.1 Analysis of our existing council tax benefit records shows that under the new council tax support scheme there will be the following impact:

- 8,437 households who previously received 100% council tax benefit will now have something to pay
- 2,458 households will be paying more council tax than before

Examples of how this would impact are outlined below:

- Currently Band A council tax in the city (including Police and Fire) is £908. A household in receipt of 100% benefit would currently pay no council tax. In future they would pay 30%, or £272 per year (£5.24 per week). They would still receive £636 in council tax benefit
- Currently Band B council tax in the city (including Police and Fire) is £1,059. A household in receipt of 50% benefit would currently pay council tax of £530, and receive benefit of £530. In future they would pay an extra £159 per year (£3.05 per week), taking their total payment to £689 per year. They would still receive £371 in council tax benefit
- The average amount paid in benefit is currently £730 per year. This would reduce by £219 to £511 per year. As such the average household in receipt of benefit would pay £4.21 per week extra
- Pensioner households are protected and hence unaffected by the proposals

### Mitigating Actions

8.2 Although Pensioners will not be affected, the Council recognises the significant impact the changes will have on working age claimants of CTB in Peterborough.

8.3 The Council currently works in a number of locations to support people in Peterborough, covering two main areas:

- Helping people get back into work and off benefit
- Helping alleviate the impacts of poverty on individuals and households

The majority of these activities are led by the Neighbourhoods teams within Operations.

8.4 The following list details some of these groups and activities:

**Tackling Worklessness in Peterborough group (TWIP)** - this group pulls together a wide range of partners, including DWP, to address worklessness and benefits dependency.

**Financial and debt advice** – the Council continues to provide funding to a number of voluntary sector, accredited information and advice agencies who focus on debt and financial advice to people who are in need. The main provider for this service is Citizens Advice Peterborough, but DIAL (for services to people with disabilities) and

Age UK are also funded to provide similar services. The Council's proposal is to focus all of our investment in the voluntary sector from 2013/14 into organisations that can directly support individuals and families affected by the welfare reform.

**Tackling Homelessness** – the Council's entire Strategic Housing team is structured around preventing homelessness. In the main, the work of the team supports people who are already housed but who, for one reason or another, are finding it difficult or are unable to maintain that position. For example, the Supporting People programme provides housing related support for people with mental health issues, elderly or disabled people, young people leaving care and many more with the aim of ensuring they can remain living independently. The Care and Repair Service provides direct support to adapt properties to ensure vulnerable people can remain living at home. Our Housing Needs service manages the housing register on behalf of the city's social landlords, and allocates housing to those who need it most. In all cases, the client groups of people who are being supported by the Housing teams will be affected most by some of the reforms, and our preventative and proactive model of service delivery will mitigate against further decline.

**Fuel Poverty** – part of the Strategic Housing team's focus is to tackle fuel poverty. It is a basic human right to have access to warm affordable and secure housing yet some people aren't able to keep their homes warm leading to illness and other problems. Every increase in energy costs pushes more people into fuel poverty, and our team manages a range of initiatives, with partners, to address this problem locally (including home energy grants, insulation schemes, home adaptations, external cladding programmes etc).

The Council is also leading a pioneering energy switching scheme, that looks to make households savings on their energy bills. This scheme is open to all Peterborough residents, including those in receipt of benefit at the link below:

[http://readytoswitch.ichoosr.com/Product/index.rails?actionId=252&utm\\_medium=web&channel=Peterborough](http://readytoswitch.ichoosr.com/Product/index.rails?actionId=252&utm_medium=web&channel=Peterborough)

**Tackling Poverty** – Neighbourhoods and Children's Services jointly lead on the council's new Tackling Poverty strategy and action plan. This is aimed at identifying those who are in poverty or are at risk of being pushed into poverty, and implementing a range of different, practical short and long term measures to support them. Seven distinct but linked strands form the action plan, ranging from short term solutions such as Food Banks and Credit Unions through to longer term goals such as apprenticeships and digital inclusion.

**Cohesion** – risks associated with reform include the rising tension amongst communities and the potential increase in social issues such as shoplifting. The Council has developed a comprehensive community cohesion action plan that supports groups of people who might be vulnerable to reform, such as young NEET (not in education, employment or training) people. This approach builds on the 'After the Riots' report from the unrest experienced elsewhere in the country last year.

**Welfare Reform Action Group** – this new cross-departmental and multi-agency action group has been formed to identify and lead on addressing the impacts of reform. The group is currently sharing data across agencies to fully understand who might be affected so that proactive contact can be made and appropriate, rapid solutions implemented.

**Children and Families Commissioning Partnership** – this new collaborative commissioning Board brings together all of the officers and agencies who support vulnerable children and families, with the aim of making joined up and evidence based commissioning decisions with the end user as the core focus.

**Mortgage Scheme** - this scheme is designed to help first time buyers who have often stated that raising enough money for a deposit is the biggest challenge they face when looking to take their first steps onto the property ladder. Lloyds TSB and the Council joined forces to help first-time buyers purchase a home with a deposit of just five per cent. First time buyers will put down five per cent of the property price, and the Council will provide a cash backed indemnity of up to 20 per cent as additional security. The local authority then earns interest on this amount. The first time buyer owns the property in its entirety and will have access to a range of products at a lower rate of interest than would normally be available for this level of deposit.

## **9. IMPLEMENTATION AND COMMUNICATIONS PLAN**

9.1 Subject to approval by Cabinet, it is anticipated that the new scheme will receive approval at Full Council on Wednesday 30<sup>th</sup> January. Whilst the scheme will not take effect until 1<sup>st</sup> April 2013, it is essential that the period prior to this is used to raise awareness of the new scheme, and what support is available to households. Upon approval of the new Council Tax Support Scheme the following actions will be taken:

9.2 A press release and other communications will be issued announcing the new scheme.

9.3 A number of drop-in sessions will be arranged with our stakeholder partners to offer this help and advice. The Stakeholders invited to be involved will include:

- CAB Peterborough
- Registered Social Landlords & Private Landlords who attend our forums
- DIAL (services to people with disabilities)
- AGE UK
- Tackling Poverty group
- Welfare Reform Action Group
- Children & Families Commissioning Partnership
- Tackling Worklessness in Peterborough
- PCVS – Peterborough Council for Voluntary Service

9.4 Each of the estimated 11,000 working age council tax benefit claimants directly affected by this new scheme will be written to advising them of this change and where help and advice can be found.

9.5 Liaison will be undertaken to ensure that the 2013/14 council tax bills are issued with this updated information and that the customer services and back office staff have received sufficient training on this change.

## **10. REASONS FOR RECOMMENDATIONS**

10.1 The regulations require Full Council to approve the new Council Tax Support scheme. Any alternative to the proposed reduction in benefit would leave the Council facing significant additional costs.

## **11. IMPLICATIONS**

### **11.1 Elected Members**

Further to this Cabinet meeting this proposal will be presented to Full Council on 30 January 2013 and all Elected Members will be asked to approve the scheme.

Members must have regard to the advice of the Section 151 Officer. The Council may take decisions which are at variance with this advice, providing there are reasonable grounds to do so.

### **11.2 Financial**

11.2.1 The likely cost of the scheme has been forecast, and the scheme proposed covers that forecast cost. However it should be noted that the actual costs of council tax benefit could differ from this forecast due to the following factors:

- Extra claimants coming through (increased cost)
- Working age claimants in receipt of benefit move into the pensioner bracket and hence become protected (increased cost)
- Claimants coming off benefit (reduced cost)
- Levels of collection of council tax (increased cost if collection lower)
- Level of council tax

11.2.2 No account of increased demand for support is taken into account when allocating the grant. Also the Council cannot amend the scheme in year due to changes in the cost of benefit. As such the Council (and Police and Fire Authorities) would bear any extra cost. Conversely, if the costs of benefit can be reduced (for example through getting more people into work) then this would provide a financial benefit to the Council (and Police and Fire Authorities). A modest level of protection is assumed in the cost estimate against the factors.

11.2.3 The estimate is based on no increase in council tax. If the position agreed by Council as part of the budget setting differs from this, it will be necessary to include the cost impact in the budget agreed at that time.

11.2.4 The Council will need to revisit the scheme each year, including reviewing the overall costs of benefit.

The Council will also receive funding for the increased administration cost of the new council tax support scheme, although it is not yet clear whether this will be sufficient to cover all costs of administering the new scheme.

### **11.3 Legal Implications**

The introduction of the localised Council Tax Support Scheme is as a result of the Local Government Finance Bill 2012, and a local scheme must be implemented by 31 January 2013.

#### 11.4 **Human Resource Implications**

It is anticipated that the introduction of Council Tax Support will lead to an increase in the number of customers who contact the council. These contacts will be managed by Serco who have been involved in the discussions thus far.

Shared Transactional Services staff at Manor Drive and Customer Services staff at Bayard Place will require training ahead of the 1 April 2013 implementation of the new scheme as outlined in section 8 of this report.

#### 11.5 **Risk Management**

The change from Council Tax Benefit to Council Tax Support presents a risk for the council and the precepting bodies (Fire & Police), as in future they will have to meet the financial impact of any increased demand and lower council tax collection rate.

The council and its precepting partners will need to closely monitor local social and economic changes, and factor the impact into the financial planning. This may include a need to revisit the scheme after year one.

#### 11.6 **Equality and Diversity**

The impact of the new scheme needs careful consideration throughout the consultation and implementation stages. A thorough consultation and engagement process was designed to support this.

An initial and full Equalities Impact Assessment (EIA) together with an action plan has been developed, updated and published on the website as with all other EIA's.

### 12. **BACKGROUND DOCUMENTS**

#### 12.1 **Link to supporting information:**

##### **DCLG – Localising Council Tax Support:**

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/localising-council-tax-support>

#### **APPENDICES**

- Appendix 1 Extract from draft unapproved minutes of a meeting of the Sustainable Growth And Environment Capital Scrutiny Committee held at the Forli Room - Town Hall on 8 November 2012
- Appendix 2 Comments made in consultation responses
- Appendix 3 Summary of Council Tax Support Scheme
- Appendix 4 Detailed Council Tax Support Scheme

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