
COUNCIL TAX SUPPORT SCHEME

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering (Exec Director)
Wards Affected	All
Ward Councillor Consulted	None specific

1. SUMMARY OF PROPOSALS

- 1.1 To enable Members to consider proposals to reduce the financial impact to the Borough and other precepting bodies in relation to the Government changes to the Council Tax Support Scheme.

2. RECOMMENDATIONS

- 2.1 **Executive Committee is asked to RESOLVE that the Executive Director of Finance and Resources be authorised to consult on the options to change the Council's Council Tax Support Scheme with effect from April 2014. The options to be consulted on are to be selected from those included in this report.**

3. KEY ISSUES

Financial Implications

- 3.1 As members are aware, from April 2013 the national scheme of Council Tax Benefits was replaced by locally agreed Council Tax Support schemes. Pensionable age claimants are protected but local billing authorities can determine the extent of support for working age claimants. Furthermore, as a discount rather than a benefit, the impact of the change to Council Tax Support was to reduce the taxbase for the Council by the amount of any support given. This therefore affected all organisations that raise a precept, including ourselves, major preceptors and the parish council. Compensation for the loss of council tax was to be paid for by the Government as Council Tax Support Grant to billing authorities and major preceptors. The Grant is equivalent to around 90% of previous council tax benefit costs.
- 3.2. The cost of council tax benefits in Redditch was around £6.5m per year. The 10% shortfall of around £650k is split between the Borough Council (including the parish council) and our major preceptors broadly in line with the proportion of council tax levied. Clearly the County Council will take the largest share of the shortfall. The cost to the Borough is in the region of £91k (14%).

- 4.3 Also from April 2013, more discretion was given to billing authorities regarding discounts and exemptions for second and empty homes. The Borough Council took advantage of this and reduced discounts on second homes from 10% to nil and reduced short term empty property exemptions from 100% to 50%. These changes will claw back in the region of £257k of the £650k overall funding gap . In addition, the Council took advantage of a late Government offer of transitional grant for 2013/14 only, designed to limit the impact of the changes on claimants. The total transitional grant amounted to £158k bringing the funding gap for the Council and its preceptors to less than £235k.
- 4.4 In January 2013, in agreeing the changes to exemptions the Council resolved to consider the options available to meet the remaining shortfall in funding for 2014/15 and future years. This is particularly so given the expectation that local schemes should be designed to make work pay, that the transitional funding will not continue beyond 2013/14 and given on-going financial pressures both at this Council and at our major preceptors. In order to make any changes, it will be necessary to consult on the possible options and delegation is sought for the Executive Director of Finance and Resources to undertake this consultation on the options, as determined by Executive at this meeting.
- 4.5 Prior to the announcement of the transitional grant for 2013/14, the Council had been considering limiting the amount of council tax support to amounts which would apply for a band D property. This was not implemented as it resulted in a very limited value of Council Tax to the Borough.
- 4.6 The Government have confirmed that a transitional grant will not be payable for 2014/15 and therefore a shortfall remains of around £393k for all preceptors to include £51k for the Borough.
- 4.7 In determining a range of options officers have considered a consistent approach to all benefit claimants to ensure that there is clarity in the reductions proposed. In addition it is anticipated that the administration grant, currently funded by Central Government will be reduced and therefore a less complicated system would ensure that the Council has appropriate resources to administer the scheme.
- 4.8 The models as attached at Appendix 1 include:
- £5 minimum Council Tax Support level
 - £10 minimum Council Tax Support level
 - 10% reduction in Council Tax Support
 - 20% reduction in Council Tax Support
 - Limiting Council Tax Support to Band D level
 - Withdrawing any Council Tax exemptions on developing properties (excluding new developments)

As mentioned previously these reductions are limited to impact on all claimants of working age and do not include any of pensionable age.

- 4.9 Appendix 1 gives the total estimated savings and those applicable to the Borough, number of claims affected and an assessment as to whether the scheme would generate any administrative savings.
- 4.10 It should be remembered that any reduction in council tax support will result in more council tax to collect. The impact of the changes, particularly on residents who are of low income and have not previously paid Council Tax will need to be assessed and those individuals offered support and advice on managing their finances. It is hoped that with the framework of personal support that is in place as part of the transformation of the service this will mitigate the impact on residents and reduce any potential shortfalls in income recovery.
- 4.11 Following the initial consultation on options over August and September, a report will be submitted to the Executive in October to allow consideration of our proposed Council Tax Support scheme from April 2014. This will allow a further short period of consultation on our proposed scheme ahead of final decision making by the Executive and Council in November / December.

Legal Implications

- 4.12 None as a direct result of this report. The Council has an obligation to consult with affected residents in relation to any proposed changes to services. These will be addressed during the consultation period.

Service / Operational Implications

- 4.13 As reported above the income recovery and financial support officers will have to ensure that residents are supported through any changes to mitigate the impact on their own finances together with those of the Borough. In addition there may be changes to software required however this will be dependent on the revisions to the scheme that are finally approved.

Customer / Equalities and Diversity Implications

- 4.14 Any changes to council tax support will only affect working age claimants but proposals will need to be fully assessed before final decisions can be made. The Council would maintain a small budget for discretionary assistance in the event that changes are made to our Council Tax Support scheme.

4. RISK MANAGEMENT

- 4.1 Any changes to council tax support whilst increasing council tax income to the Council and our major preceptors will potentially have wide implications for our residents and therefore officers will ensure that support on managing finances and advice on other potential benefits is made available. In addition the income recovery team will continue to measure the arrears position to ensure that members are aware of the impact on income collected.

5. APPENDICES

Appendix 1 – Options for change

AUTHOR OF REPORT

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