

**RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY AND FINANCE COMMITTEE**

DECISION

Agenda Item No 12

meeting date: 20 NOVEMBER 2012
title: LOCALISATION OF COUNCIL TAX SUPPORT
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To inform members of the outcome of the recent consultation on our proposed scheme for council tax support (CTS).
- 1.2 To inform members of a recent Government announcement concerning council tax support
- 1.3 To agree the Council's scheme of council tax support and recommend this to Full Council on 18 December 2012.

2 BACKGROUND

- 2.1 As part of the package of welfare reform measures the Government has decided to abolish Council Tax Benefit and replace it with locally determined schemes of council tax support. In doing so the Government have reduced the funding available from 100% subsidy to a grant of only 90%.
- 2.2 The Local Government Finance Bill imposes a duty on billing authorities to make a scheme by **31 January 2013** and to consult with major precepting authorities i.e. LCC/fire and police authorities and other persons likely to have an interest in the scheme
- 2.3 The Government intends that support for council tax will be offered as reductions or discounts within the council tax system. This will be a fundamental change in how council tax benefit will be accounted for in future.
- 2.4 Several reports have been considered by both the Budget Working Group and Policy and Finance Committee regarding CTS and developing a local scheme. In August we agreed our draft scheme upon which we would consult.

3 OUR PROPOSED SCHEME

- 3.1 You will recall we pay out £2.278m in Council Tax Benefit but currently receive benefit subsidy to cover this expenditure in full from the Government.
- 3.2 As stated above in future we will only receive a grant of 90% towards the total benefit cost. Therefore the grant we will lose is around £228,000. However this shortfall will be shared amongst all the precepting authorities pro rata to their share of the total council tax.
- 3.3 At the outset of designing our scheme we intended to ensure this loss in grant would not fall on our general budget but instead be met in full from either reductions in council tax support or elsewhere within the council tax system. E.g. using council tax discounts and exemptions or second homes monies. This resulted in:

Our Draft Scheme

Principle 1:

The income raised from the existing council tax on second homes should be used to subsidise the council tax support scheme thus contributing to those Ribble Valley residents who are vulnerable and/or in receipt of low incomes. **We propose to use approximately £120,000 to part fund the shortfall in funding.** We have **suggested** this would be our share of the second home council tax income and also that of the major precepting authorities.

Principle 2:

All working age claimants should pay something. At present, claimants in receipt of income support, job seekers allowance (income based) and employment support allowance (income related) and other claimants not receiving these but with an income below the required level for their basic living needs, generally receive 100 per cent council tax benefit and therefore pay no council tax.

We suggest that local support for council tax for all working age claimants is reduced by 12 per cent.

Principle 3:

The most vulnerable claimants should be protected. The proposed CTS scheme affords additional protection to vulnerable groups because of the way the default scheme is organised. This is in the main by using higher applicable amounts (basic living needs as determined by the Government) and part of their income may be disregarded (e.g. disability living allowance). We propose to leave these additional applicable amounts and income disregards unchanged.

4 OUTCOME OF CONSULTATION EXERCISE

- 4.1 We launched our consultation exercise on 1 September 2012. This closed on 31 October 2012. We must approve our scheme by 31st January 2013 and implement by 1st April 2013 in time for the new Council Tax year.
- 4.2 We utilised the services of the joint consultancy team CRACS whom we support with other Pennine Lancashire authorities. They have been extremely helpful and assisted us in launching our online questionnaire. They also printed and distributed our hard copy questionnaire to all existing benefit customers and also to a cross section of council tax payers within the Ribble Valley.
- 4.3 We also held two drop in sessions in the Council Chamber for residents to attend to answer any questions they may have regarding the changes. In addition Mark Edmondson (Head of Revenues and Benefits) along with Cllr Ranson and Cllr Knox attended a meeting of the Clitheroe Christians in Partnership group to answer questions they put forward. All parish councils were also asked to respond to the consultation.
- 4.4 The CRACS team have now analysed all responses and a full analysis is attached at Annex 1.

4.5 A total of 675 responses were received in total (19% response rate). In conclusion the response is as follows:

- 68% agree with the Council's proposed draft scheme
- 71% agree that the proposed scheme should be based upon the existing CTB scheme
- 78% agree that the existing protection should be retained in the proposed scheme

4.6 We consulted with our major precepting authorities in the design of our scheme and their responses are attached at Annex 2.

5 GOVERNMENT ANNOUNCEMENT ON TRANSITION GRANT FOR COUNCIL TAX SUPPORT

5.1 On 18 October 2012 the Government surprised everyone with an announcement that Councils would be able to apply for a one year transition grant where they met the following criteria in setting their council tax support schemes:

- Those who would be entitled to 100% support under current council tax benefit arrangements pay between zero and no more than 8.5% of their net council tax liability;
- The taper rate does not increase above 25%;
- There is no sharp reduction in support for those entering work.

5.2 The grant will be payable in March 2013 to those authorities who adopt schemes that comply with this criteria.

5.3 If we were meet the criteria this would result in the following extra grant;

- Ribble Valley BC £5,779
- Lancashire CC £40,726
- Lancashire Police £5,509
- Lancashire Fire £2,339
- I.e. a total of £54,353

5.4 The overall financial implications of meeting the criteria would be as follows:

	£
Reducing support by 8.5%	77,000
Transition Grant	54,000
Use of second homes monies	121,000
Total	252,000
Savings required, £2,280,000 *10%	228,000
difference	£24,000

5.5 This compares with a difference of £2,000 if we agree with our proposed scheme (12% reduction in support).

5.6 I have emailed the major precepting authorities to gain their views on whether they agree to us complying with the criteria in order to receive the funding on offer. At the time of writing this report I have not received a reply.

6 DECIDING ON OUR SCHEME

6.1 Members need to make a final decision on our proposed scheme in order to make a recommendation to Full Council on 18 December 2012.

6.2 Given the results of the consultation exercise give a significant backing for our proposed scheme with a 12% reduction in support, members may wish to formally approve this as our final scheme.

6.3 However following the Government's recent announcement we now have another option to consider. As shown above if members were to agree to an 8.5% reduction instead then we would be eligible for the one year transition grant. We believe if this were to be the preferred option we would not need to re-consult residents as this would be a better proposal for those affected. Those not affected would be no worse off. Given the grant is a one-off transitional grant we would need to consider what if any amendments we would make to our scheme after the first year. We could revert to our proposed scheme of a 12% reduction or consider other means of funding to replace the transition grant.

7 RECOMMEND TO COUNCIL

7.1 That following consultation on our draft scheme of council tax support and the Government's announcement on 18 October 2012 of additional funding, the Council adopt a council tax support scheme for 2013/14 with a reduction in support of 8.5%.

DIRECTOR OF RESOURCES

8 November 2012

PF70-12/JP/AC

For further background information please ask for Jane Pearson

Local council tax support scheme Consultation findings

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01282 661614



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- Who took part?
- Respondent location
- Detailed findings



Methodology 1

- A consultation likely to have a direct impact on all working age CTB claimants
 - But a potential indirect impact on tax payers
- Note that pensioners currently claiming CTB are to be protected from any changes to the scheme
 - Hence, the focus was on working age claimants and tax payers of all ages
- Sampling was designed to ensure that the main population were invited to have their say
 - 1146 benefit claimants invited (representing 100% of the benefit population of working age)
 - 2445 tax payers invited (representing 10% of the tax payer population)
- Personal invitations sent by post to all 3591 contacts
 - Could respond by post or online
- Consultation also promoted on the Council's website



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Methodology 2

- Paper copies were located in all the main council buildings
- The Council also ran 2 drop in sessions, publicised the consultation in the local press, included an article in the council newspaper, community organisations were contacted and parish councils were also invited to have their say
- Fieldwork commenced 30th Aug 2012 and finished on 31st Oct 2012
- 675 responses received in total (19% response rate)
 - Of these, 76 were completed online (11%)
- Sampling error +/- 3.7%
- Data weighted by age and ethnicity to more accurately reflect the composition of the borough
 - Data also weighted by respondent type, to ensure that benefit claimants and non benefit claimants had an equal say



Overall summary

- 25% are aware of the reduced funding from central government
- 48% would prefer to see the shortfall met by a mixture of reduced benefit and a contribution from tax payers
 - 28% would prefer to fund fully from WA claimants
 - 24% prefer to fund fully from tax payers
- For the 48% who support a mixed approach, 71% would like to see the reduction in funding met from a combination of reductions to benefit and also other Council discounts/ exemptions
- 71% agree that the proposed scheme should be based upon the existing CTB scheme
- 78% agree that the existing protection should be retained in the proposed scheme
- 68% agree with the Council's proposed draft scheme



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Benefit claimant summary

- 19% are aware of the reduced funding from central government
- 51% would prefer to see the shortfall met by a mixture of reduced benefit and a contribution from tax payers
 - 12% would prefer to fund fully from WA claimants
 - 36% prefer to fund fully from tax payers
- For the 51% who support a mixed approach, 61% would like to see the reduction in funding met from a combination of reductions to benefit and also other Council discounts/ exemptions
- 64% agree that the proposed scheme should be based upon the existing CTB scheme
- 86% agree that the existing protection should be retained in the proposed scheme
- 57% agree with the Council's proposed draft scheme



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Tax payers summary

- 31% are aware of the reduced funding from central government
- 45% would prefer to see the shortfall met by a mixture of reduced benefit and a contribution from tax payers
 - 43% would prefer to fund fully from WA claimants
 - 11% prefer to fund fully from tax payers
- For the 45% who support a mixed approach, 81% would like to see the reduction in funding met from a combination of reductions to benefit and also other Council discounts/ exemptions
- 78% agree that the proposed scheme should be based upon the existing CTB scheme
- 72% agree that the existing protection should be retained in the proposed scheme
- 78% agree with the Council's proposed draft scheme



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Who took part?



50%



49%



23%



97%



50%



51%



77%



3%

(16-24)



3%

(25-44)



37%

(45-64)



36%

(65+)



24%



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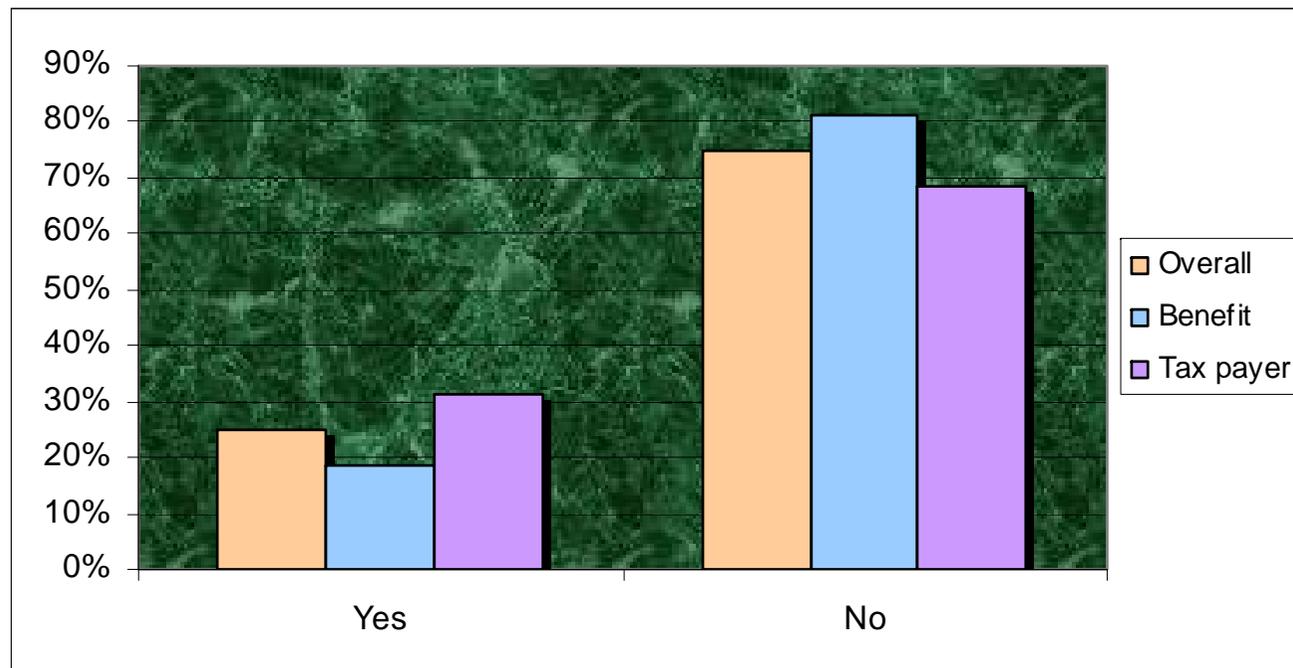
Consultation findings



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Awareness of the reduction in funding impressively high

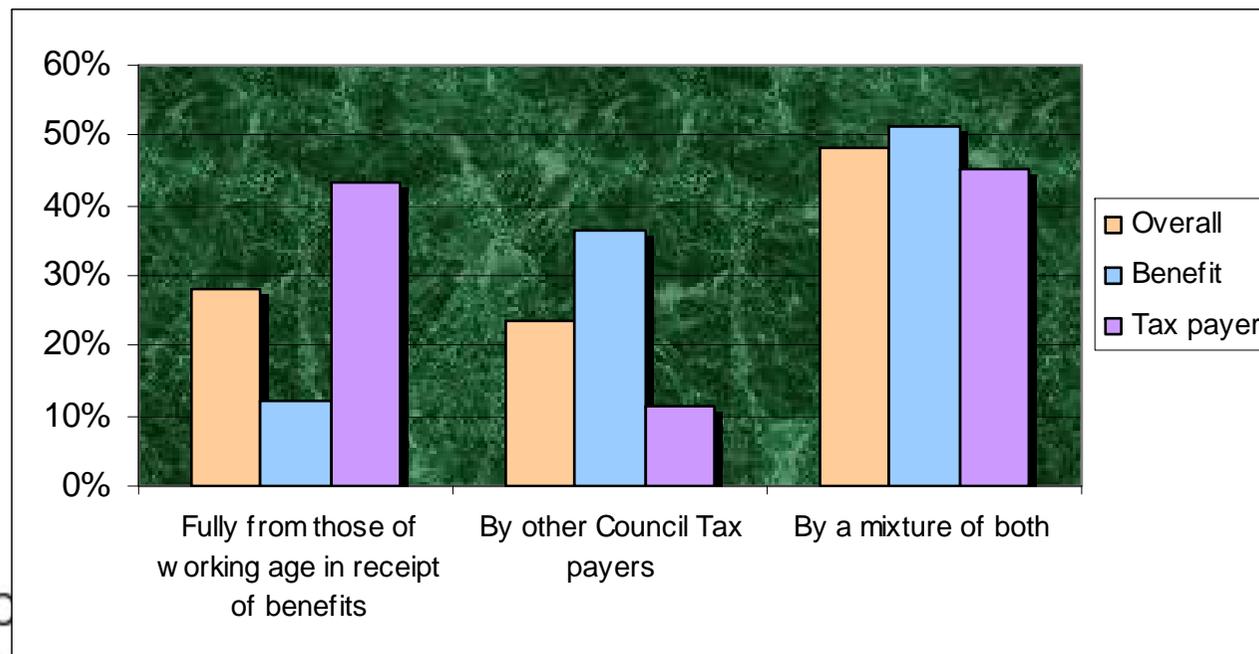
- 25% were aware of the reduction in funding being imposed on RVBC
 - Higher for tax payers, those aged 65+ and residents without a disability



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Mixture of cuts to support and other CT payers the preferred approach

- 48% prefer to see the shortfall made up from a mixture of both cuts to support and also from other council tax payers
 - Higher for women, those aged 65+ and white residents
- For current claimants, this is by far the preferred solution
- For tax payers, this is a marginal preference receiving slightly more of the votes than funding the shortfall fully from cuts in support



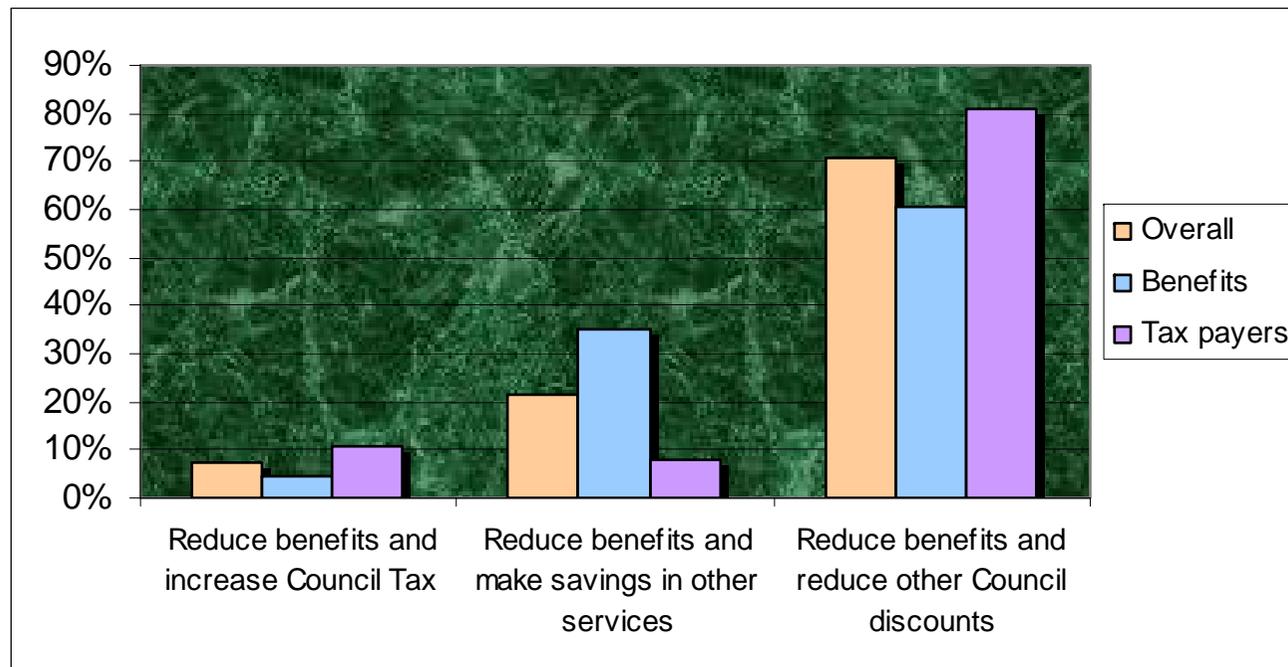
Preferred solution: mixture of both
cuts in benefit and contribution
from tax payers



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Clear preference for Combination of reductions to benefits and also other Council discounts/ exemptions

- Of those who stated a preference for option 3 (a mixture), 71% would like to see the reduction in funding met from a combination of reductions to benefits and also other Council discounts/ exemptions
 - Higher for tax payers and those aged 45+



Other views on making the saving via a mixed approach

Charge full tax on all properties that includes second homes

Look to re band homes that have been extended with planning consent

I believe the burden should be spread equally across all claimants, including pensioners

Owners of second homes should pay the same Council Tax as others

I would prefer a benefit reduction of 6 to 8%, not 12%

Reduce discounts/ exemptions and increase Council tax proportionately across all bill-payers

I realise that these are difficult times but a contribution towards CT would be an extra burden for the most vulnerable



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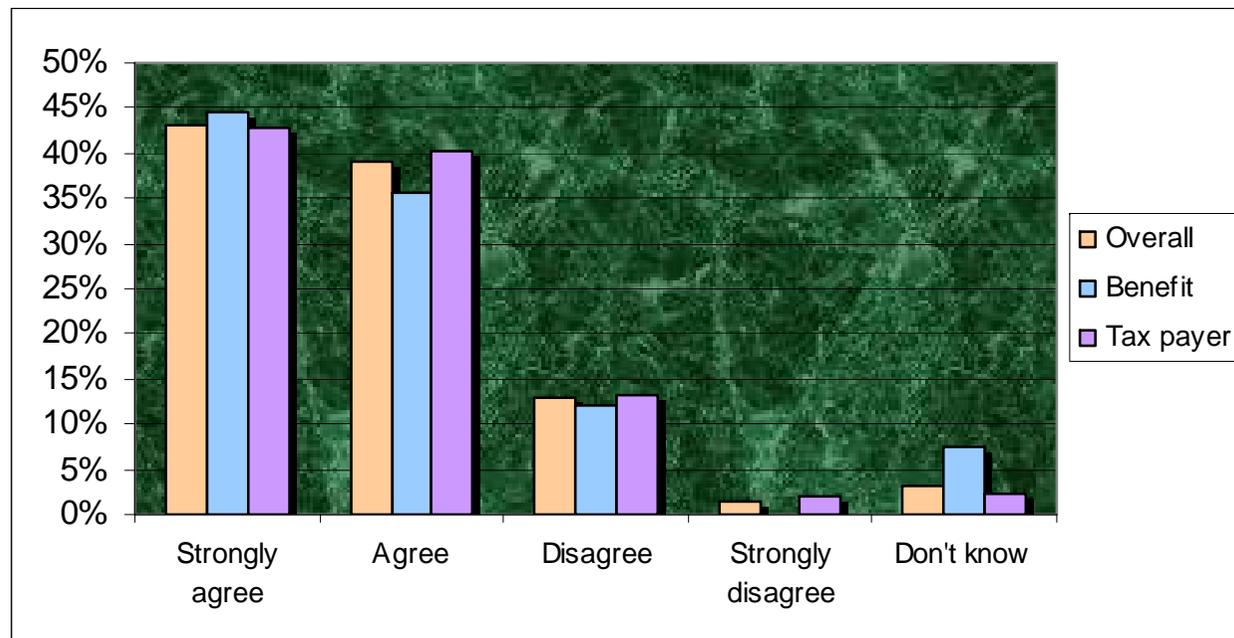
Alternative solution: fund fully from
working age claimants



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Strong preference for impact to be spread across all claimants

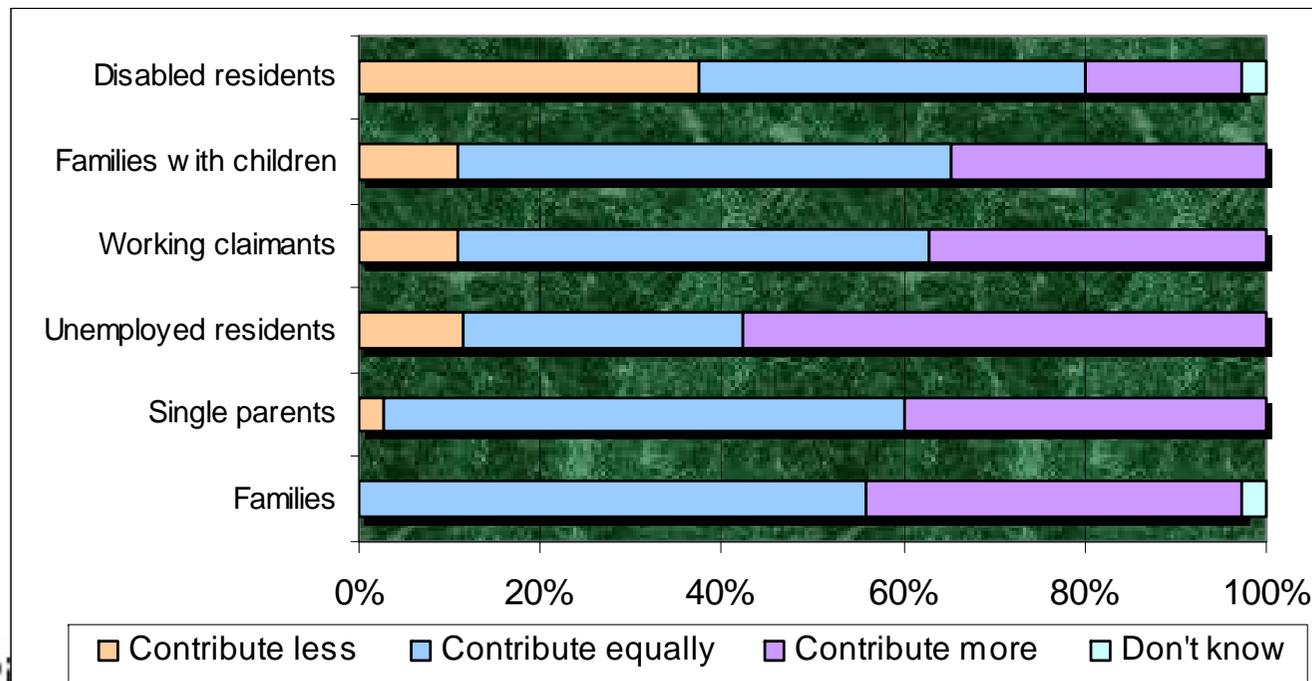
- Of those who would prefer to see the shortfall amongst all working age claimants, 82% agree or disagree that it should be spread equally
 - Higher for those without a disability



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Disabled residents seen as most in need of protection

- For those who disagree that it should be spread equally, 37% believe that disabled residents should contribute less
- Unemployed residents are the group who should contribute more
- (Please note however, the extremely low numbers answering this question)



Disabled profile

- What characteristics make up this group that the Council may want to specifically take into account in setting the new support scheme?
 - Preference for making the saving (44%) is via a mixture of cuts and other tax payers
 - 74% would like to see reductions to other council discounts to help contribute to the shortfall
 - Second preference (41%) is to fund the shortfall fully from tax payers
 - Again, 59% want to cover this via reductions to other council discounts
 - 67% agree that the new scheme should be based upon the existing CTB scheme
 - 91% agree that the new scheme should retain the same protections
 - 53% agree with the council's proposed scheme
 - Of the 34% that disagree, 100% think that the council should keep the current Council Tax Benefit system and meet the savings required elsewhere
 - 79% currently receive CTB
 - 55% male



Unemployed profile

- What characteristics make up this group that the Council may want to specifically take into account in setting the new support scheme?
 - Much lower awareness (12%) about the fact that RVBC is to get reduced funding to deliver this scheme
 - Preference for making the saving (40%) is via a mixture of cuts and other tax payers
 - 54% would like to see reductions to other council discounts to help contribute to the shortfall
 - Second preference (35%) is to fund the shortfall fully from tax payers
 - Again, 63% want to cover this via reductions to other council discounts
 - 63% agree that the new scheme should be based upon the existing CTB scheme
 - 79% agree that the new scheme should retain the same protections
 - 42% agree with the council's proposed scheme
 - Of the 47% that disagree, 100% think that the council should keep the current Council Tax Benefit system and meet the savings required elsewhere
 - 97% receive CTB, 68% male, 61% aged under 45



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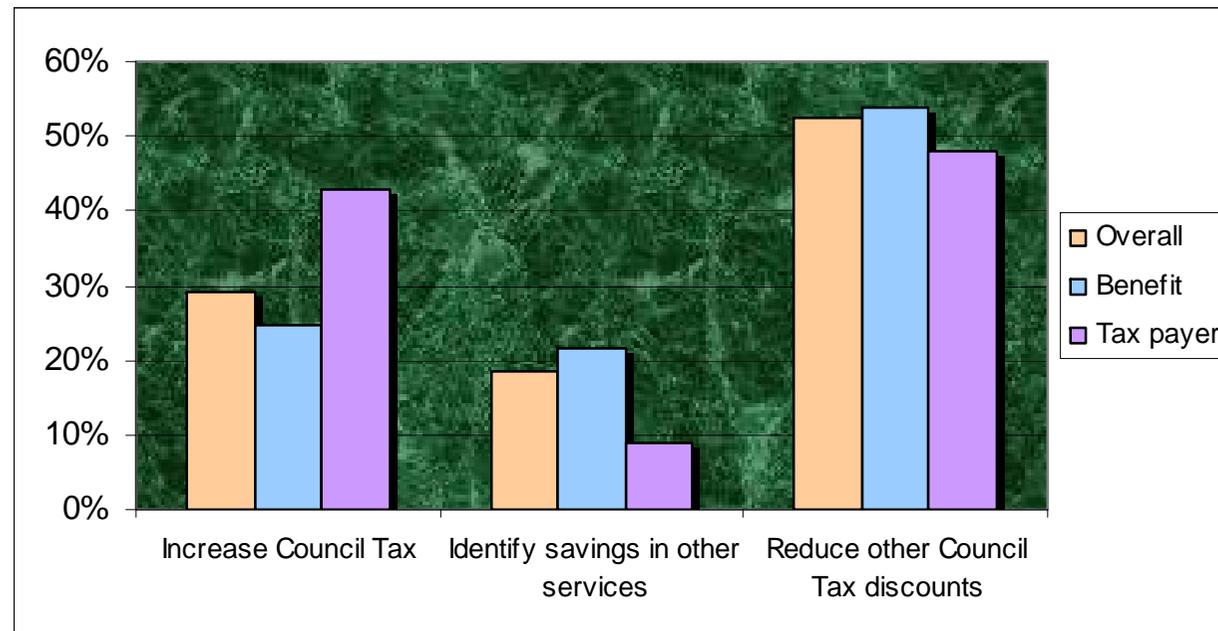
Least preferred option: fund fully
from other Council Tax payers



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Reducing other discounts the preferred approach

- For the least preferred solution of fully funding the shortfall from Council Tax payers, reducing other Council Tax discounts is most agreeable
 - Higher for those aged 45-64
- Interesting to note that increasing Council Tax is preferred to identifying savings in other services (particularly for tax payers)



Other views on making the saving via tax payers

I would prefer to pay more than to take from disadvantaged people

Only reduce in terms of second homes/empty properties NOT in reducing those in receipt of benefits

Increase Council Tax on larger properties and add a new band for over £500k properties

Re banding properties to prevent higher value homes paying proportionally less tax

Increase taxes on second homes plus empty properties

People who have 2 homes must have enough money to pay Council Tax



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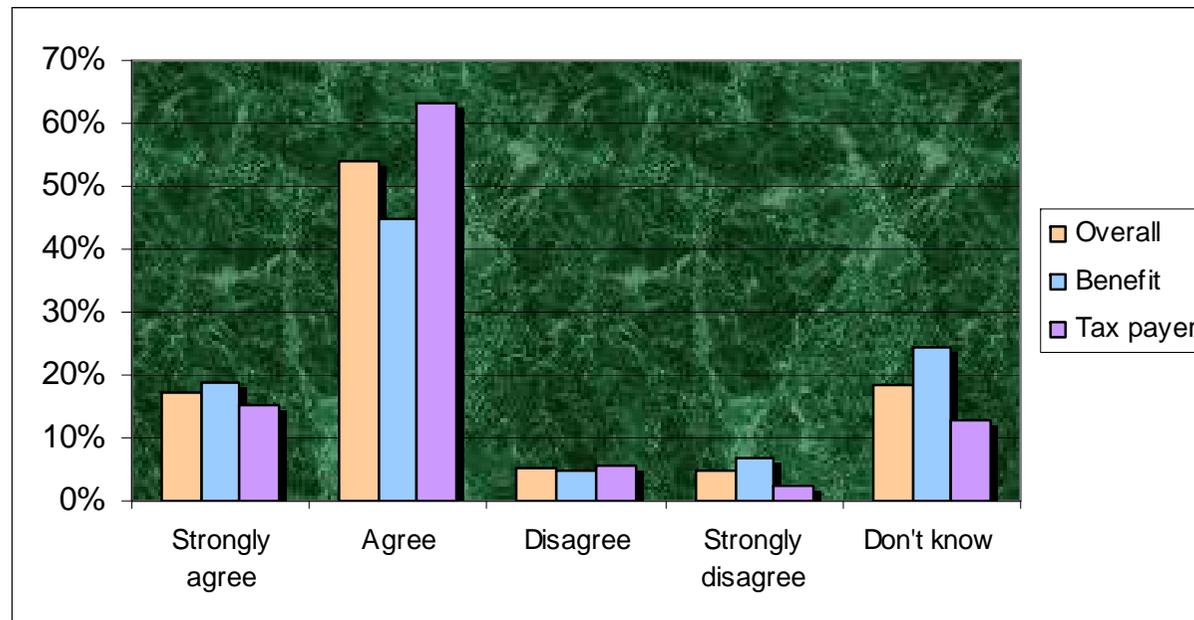
The Council's proposed scheme



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Majority agree that scheme should be based on existing set up

- 71% agree or strongly agree that the local support scheme should be based upon the existing benefit scheme
 - Higher for tax payers and those aged 45+
- Very low level of disagreement with this proposal



Proposed changes to the current CTB scheme

All claimants, including pensioners, should pay equally towards Council Tax

All of the cut should be met from Council Tax income on second homes

Disabled people on DLA with carer and child will find it impossible to find money for this scheme

Proposed principles are a fair way of proceeding

Every adult capable of working should make a fair contribution

If you spent more money chasing false welfare claimants, the savings would be huge

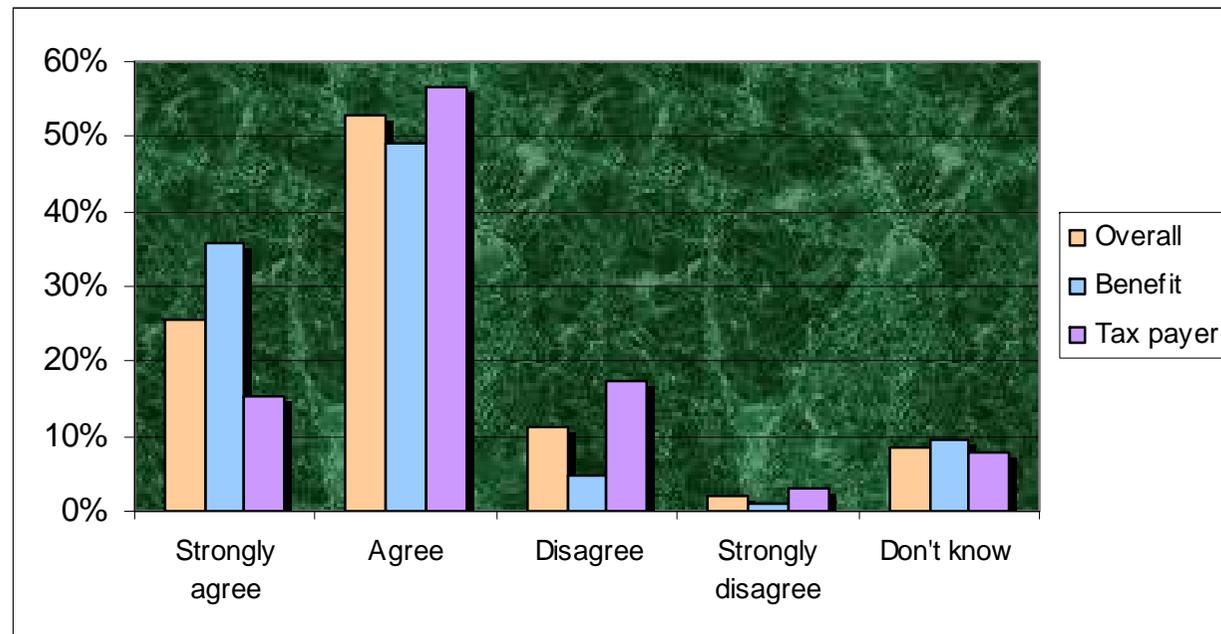
I cannot afford this, as essential expenditure and costs associated with my care have all increased recently



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Majority agree that existing protection be retained

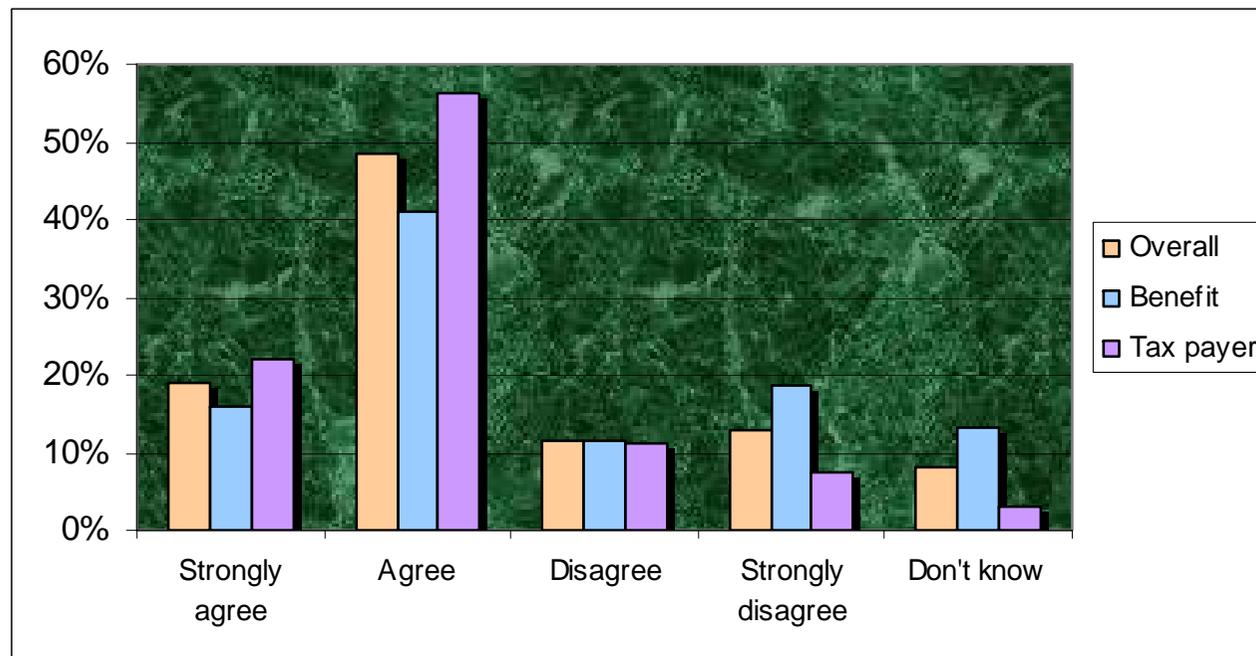
- 78% agree or strongly agree that the existing protection for certain households be retained in the new scheme
 - Higher for benefit claimants, those aged 45-64 and residents with a disability



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Majority agree with the council's proposed scheme

- 68% agree or strongly agree with the council's proposed draft scheme
 - Higher for tax payers, those aged 65+ and residents without a disability
- Of the 24% who disagree, 85% of these would prefer to keep the current Council Tax Benefit system and make the savings required elsewhere



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Characteristics of those who disagree

- What are the characteristics of the 24% who disagree with council's proposed scheme?
 - Awareness of the reduction in funding comparable to all others, so disagreement not the result of a sudden realisation of the situation
 - Preference for making the saving (67%) is via other tax payers
 - 51% would like to see reductions to other council discounts to help make up the shortfall
 - Second preference (18%) is to fund via a mixture of reduced support and tax payers
 - Again, 52% want to cover this via reductions to other council discounts and reduced benefits
 - 72% agree that the new scheme should be based upon the existing CTB scheme
 - 80% agree that the new scheme should retain the same protections
 - 61% currently receive CTB
 - 45% are aged under 45
 - 32% have a disability



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Views on the council's proposed scheme by those who disagree

Keep current benefit system, paid for by re banding properties

The government wants people to learn to adapt, not pass problems to community. More problems to come

Meet 50% from second home money and recover the remaining 50% evenly across all other working age groups

We are all paying too much tax!

Second and vacant homes should pay full Council Tax

Why should workers shoulder the payments? Everyone other than disabled should support themselves

Any Council Tax I might need to pay is likely to put me in a position where I will eventually be unable to pay



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Averil Crowther

From: SHQ - Mattinson, Keith <KeithMattinson@lancsfire.org.uk>
Sent: 27 July 2012 13:28
To: Averil Crowther
Subject: RE: Localised Council Tax Support

In terms of your consultation please see our response below:-

We are obviously concerned about the impact that the reduction in funding has on both our own funding levels and also on individual claimants.

Can you please confirm what our share of the impact of the estimated reduction in government funding in respect of council tax benefit in Ribble Valley would be, we are working on an estimate of approx £10k. However as you are aware this forms part of a county wide reduction for the Fire Authority of approx. £600k. As such we are obviously keen to ensure that any new scheme offsets the reduction in funding, thus presenting a cost neutral position for the Authority.

With this in mind we would support the following design principles:-

- ♣ be affordable in terms of grant received, revenue loss and costs to operate
- ♣ be as fair as possible and a detailed 'map' of those affected is required; a detailed Equality Analysis is required
- ♣ be transparent, understandable to customers and practical to operate
- ♣ be feasible to implement within the constraints of the timescales and available software
- ♣ be simple in design avoiding unnecessary complexity
- ♣ avoid the costs and risks associated with collecting additional data
- ♣ Incorporate a contingency saving to allow for growth in the number of claims.

In terms of the options presented:-

We do NOT support *Option 1 Adopt the Default Scheme and reduce expenditure elsewhere*, as this will result in increased costs for ourselves, which require additional savings to be identified elsewhere within the Service.

We would support *Option 2 Reduce Council Tax Discounts and exemptions on empty and unfurnished properties and on Second Homes*. However we feel that whilst these could be made in order to generate sufficient additional council tax to bridge any anticipated shortfall, we would also suggest that this should also incorporate a contingency element to allow for any potential growth in the number of claims

We would support *Option 3 Reduce Council Tax Support (Benefits)*

Our main concern is that the eventual scheme is cost neutral to all Authorities, which having read your letter would appear to be your aim.

In terms of how to reduce council tax support we have no preference over whether you reduce council tax support by either of the options presented:-

- (i) A 10% reduction in Council Tax liability on which the support is based.

(ii) A 12% reduction in Council Tax Support.

We share your concern re the ability and cost of collection and are keen to ensure that any estimate of the impact of the new regulations are robust, particularly with reference to anticipated collection rates.

We are also concerned that local demand for council tax discount will increase over the next few years, in contrast with the government's assumption that it will reduce, and believe that any scheme needs to be flexible enough to cope with changes in the future, and hence needs to have regular review periods to ensure that the scheme remains fit for purpose.

Keith Mattinson
<SPA

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GET OUT - STAY OUT - CALL THE FIRE SERVICE OUT



Jane Pearson
Director of Resources
Ribble Valley Borough Council
Council Offices
Church Walk
Clitheroe
BB7 2RA

Please ask for : Lisa Kitto
Telephone : (01772) 534757
Fax : (01772) 534870
E-Mail : lisa.kitto@lancashire.gov.uk
Your ref : JP12-12/AC
Our ref : LK/JA
Date : 07 August 2012

Dear Jane

Localised Council Tax Support

Thank you for your letter of 24th July 2012 consulting Lancashire Police Authority on the approach that Ribble Valley Borough Council intends to adopt in establishing its scheme for Council Tax Support from April next year. We very much welcome the opportunity to have the views of Lancashire Police Authority presented to the Council when it considers a draft scheme for consultation.

It is the strong view of Lancashire Police Authority that the Borough's proposed scheme for council tax support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to implement within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

Targeting of Support

As you set out in your letter, the current system of council tax support provides further protection for vulnerable people and those in work. By adopting a scheme

based on the current scheme, the Borough Council will be providing a level of protection to vulnerable groups. In particular, the existing CTB scheme already provides protection for certain groups within the underlying rules of the CTB scheme which provides for disability premiums, additional personal allowances for children and for a small amount of earned income to be ignored in the calculation of benefit.

It is Lancashire Police Authority's view that it would appear to be the most fair and equitable approach that council tax support is provided equally amongst the vulnerable groups, with the level of support determined by the resources available from the grant made available by the government for this purpose.

In terms of the options that the Borough Council is considering, I would make the following points.

Option 1 – Adopt the Default Scheme and reduce expenditure elsewhere

It is important to make the point very clearly that Lancashire Police Authority does not support the adoption of a scheme which mirrors the existing CTB regime. This would result in significant additional financial pressure on Lancashire Police Authority's budget which would require additional ongoing savings to be made elsewhere. This is wholly unacceptable and takes no account of the potential impact on vulnerable members of the community.

It is also absurd to consider that this would provide a "breathing space" in terms of lessons learnt; this action would instead require Lancashire Police Authority to make further savings within the services provided in advance of the further austerity measures anticipated in 2014/15 and beyond. This does not equate to breathing space for the most vulnerable members of Lancashire's communities.

However, in terms of the specific issues you have raised I would like to make the following points.

Option 2 Reduce Council Tax Discounts and exemptions on empty and unfurnished properties and on second homes

Lancashire Police Authority is mindful of the difficult balance between the burden of council tax on our communities, and the provision of services which support the most vulnerable members of our communities. However, within this, Lancashire Police

Authority considers that the council tax burden should be shared equitably, and supports the Borough Council in its proposal to reduce council tax discounts and exemptions on empty and unfurnished properties and on second homes.

However, Lancashire Police Authority does not support the assertion that these funds be then used to allow the Borough Council's council tax support scheme to mirror the existing benefit. This options gives no consideration of overall service priorities, or the impact of savings which Lancashire Police Authority would not have made if these additional resources were available to support services.

Option 3 Reduce Council Tax Support (Benefits)

We note that the Borough Council is minded to propose a local support scheme whereby support will be reduced for all claimants, but that support is reduced by 12%, rather than the 25% required in order for the scheme to be affordable within the grant resources. We note your proposal that the shortfall in funding is met by the total council tax revenue raised by continuing to charge council tax on second homes.

This proposal would effectively remove the second homes council tax revenue from the Police Authority's budget at a time when local government is facing significant austerity measures that are anticipated to continue until 2016/17, placing further pressure on services. This option again gives no consideration of overall service priorities, or the impact of savings which the Police Authority would not have made if these additional resources were available to support services.

For this reason, Lancashire Police Authority does not support the Borough Council's proposals.

The Basis of the Scheme

We note that if the Borough Council were to adopt a scheme that reduces council tax benefit across the board the preferred way of achieving this is either through a reduction in council tax liability or a reduction in council tax support. We believe that the second approach of a reduction in council tax support would offer a more equitable and proportionate impact across all claimants, and would provide additional work incentives. This is a key consideration within the scheme.

In conclusion, Lancashire Police Authority is not supportive of the approach set out by the Borough Council. I must stress that Lancashire Police Authority does not support the adoption of a scheme that passports significant financial pressures to the Police Authority, with the consequential impact on services across Lancashire.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'L Kitto', written in dark ink.

Lisa Kitto
Treasurer
Lancashire Police Authority



Jane Pearson
Director of Resources
Ribble Valley Borough Council
Council Offices
Church Walk
CLITHEROE, BB7 2RA

Phone: (01772) 533355
Fax: (01772) 532885
Email: geoff.driver@lancashire.gov.uk
Your ref: JP12-12/AC
Our ref: GD/GK/AP
Date: 2 August 2012

Dear Jane

Localised Council Tax Support

Thank you for your letter of 24th July 2012 consulting the County Council on the approach that Ribble Valley Borough Council intends to adopt in establishing its scheme for Council Tax Support from April next year. We very much welcome the opportunity to have the views of the County Council presented to the Council when it considers a draft scheme for consultation.

It is the strong view of the County Council that the Borough's proposed scheme for council tax support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to implement within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

Targeting of Support

As you set out in your letter, the current system of council tax support provides further protection for vulnerable people and those in work. By adopting a scheme based on the current scheme, the Borough Council will be providing a level of protection to vulnerable groups. In particular, the existing CTB scheme already provides protection for certain groups within the underlying rules of the CTB scheme which provides for disability premiums, additional personal allowances for children and for a small amount of earned income to be ignored in the calculation of benefit.

/Contd...

County Councillor Geoff Driver
Leader, Lancashire County Council
PO Box 78 County Hall
Preston PR1 8XJ



It is the County Council's view that it would appear to be the most fair and equitable approach that council tax support is provided equally amongst the vulnerable groups, with the level of support determined by the resources available from the grant made available by the government for this purpose.

In terms of the options that the Borough Council is considering, I would make the following points.

Option 1 – Adopt the Default Scheme and reduce expenditure elsewhere

It is important to make the point very clearly that the County Council does not support the adoption of a scheme which mirrors the existing CTB regime. This would result in significant additional financial pressure on the County Council's budget which would require additional ongoing savings to be made elsewhere within the services provided by the County Council. This is wholly unacceptable and takes no account of the potential impact on vulnerable members of the community.

It is also absurd to consider that this would provide a "breathing space" in terms of lessons learnt; this action would instead require the County Council to make further savings within the services provided in advance of the further austerity measures anticipated in 2014/15 and beyond. This does not equate to breathing space for the most vulnerable members of Lancashire's communities.

Option 2 Reduce Council Tax Discounts and exemptions on empty and unfurnished properties and on second homes

The County Council is mindful of the difficult balance between the burden of council tax on our communities, and the provision of services which support the most vulnerable members of our communities. However, within this, the County Council considers that the council tax burden should be shared equitably, and supports the Borough Council in its proposal to reduce council tax discounts and exemptions on empty and unfurnished properties and on second homes.

However, the County Council does not support the assertion that these funds be then used to allow the Borough Council's council tax support scheme to mirror the existing benefit. This options gives no consideration of overall service priorities, or the impact of savings which the County Council would not have made if these additional resources were available to support services.

Option 3 Reduce Council Tax Support (Benefits)

We note that the Borough Council is minded to propose a local support scheme whereby support will be reduced for all claimants, but that support is reduced by 12%, rather than the 25% required in order for the scheme to be affordable within the grant resources. We note your proposal that the shortfall in funding is met by the total council tax revenue raised by continuing to charge council tax on second homes.

This proposal would effectively remove the second homes council tax revenue from the County Council's budget at a time when local government is facing significant austerity measures that are anticipated to continue until 2016/17, placing further pressure on services. This option again gives no consideration of overall service priorities, or the impact of savings which the County Council would not have made if these additional resources were available to support services.

For this reason, the County Council does not support the Borough Council's proposals.

The Basis of the Scheme

We note that if the Borough Council were to adopt a scheme that reduces council tax benefit across the board the preferred way of achieving this is either through a reduction in council tax liability or a reduction in council tax support. We believe that the second approach of a reduction in council tax support would offer a more equitable and proportionate impact across all claimants, and would provide additional work incentives. This is a key consideration within the scheme.

In conclusion, the County Council is not supportive of the approach set out by the Borough Council. I must stress that the County Council does not support the adoption of a scheme that passports significant financial pressures to the County Council, with the consequential impact on services across Lancashire.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Driver', written over a horizontal line.

Cty Cllr Geoff Driver
Leader of County Council