

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY AND FINANCE COMMITTEE

DECISION

Agenda Item No 5

meeting date: 12 NOVEMBER 2013
title: LOCALISATION OF COUNCIL TAX SUPPORT
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

- 1.1 To update members on the implementation of our Local Council Tax Support (CTS) scheme.
- 1.2 To agree minor amendments to the Council's Local Council Tax Support scheme for 2014/15, and recommend this to Full Council on 10 December 2013.

2 BACKGROUND AND INFORMATION

- 2.1 You will recall that, as part of the package of welfare reform measures, the Government decided to abolish Council Tax Benefit from 1 April 2013 and replace it with locally determined schemes of council tax support. In doing so the Government reduced the funding available, to local councils to pay for this support, from 100% subsidy to a grant of only 90%. This grant has now been rolled into the main local authority funding and will therefore be further reduced for 2014/15 in line with the reduction applicable to each council.
- 2.2 The Local Government Finance Bill imposes a duty on billing authorities to make a scheme by **31 January each year** 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 if any significant changes are proposed.
- 2.3 The scheme adopted by this council matched the previous Council Tax Benefit scheme but with a 12% reduction in entitlement for those of working age. We consulted extensively on this scheme and it was broadly supported.
- 2.4 Late in the day transitional funding was made available by the Government, for one year only, for councils who limited the reduction in entitlement to 8.5% in 2013/14 and decided to accept this funding and limited the reduction to 8.5% but for 2013/14 only.

3 IMPLEMENTATION OF THE SCHEME

- 3.1 The first bills containing Local Council Tax Support were issued in March this year for the financial year 2013/14.
- 3.2 Current projections show that we will grant approximately £2.08m in Local Council Tax Support which is just over £100,000 less than was thought when initial estimates were made. The main reasons for this are the reduction in Council Tax as a result of Lancashire County Councils decision to reduce their share of the Council Tax bill by 2% for 2013/14 and also a reduction in overall claimant numbers.
- 3.3 The number of claimants at the time that the initial estimation of Local Council Tax Support expenditure took place was approximately 2,700 and it has now fallen to 2,600. However this is still significantly above the pre-recession level of 2,300 in April 2008.

- 3.4 Of the expenditure £1.25m is accounted for by claimants of pension age and £0.83m relates to claimants of working age. Therefore the 8.5% reduction in entitlement for claimants of working age equates to £76,000. The increase in the reduction that will apply from 2014/15 to 12% will increase this amount to £109,000 i.e. an additional £31,000.
- 3.5 Our experiences so far have shown that this debt is much harder to collect than other Council Tax liability and we have seen a significant increase in the number of reminders issued and subsequently the number of Council Tax payers that we have had to take recovery action against. However given the sensible approach that was decided by this committee to limit the reduction to reasonable levels I am confident that we will be able to continue to collect the sums due at almost the same rates as other Council Tax.

4 MINOR CHANGES TO OUR SCHEME

- 4.1 During the last 12 months there have been a number of changes to supporting legislation which means we need to update our scheme. These changes will not have a material impact on the amount of Local Council Tax Support awarded.
- 4.2 As stated above our Local Council Tax Support scheme is based, in a large part, on the previous Council Tax Benefit scheme. As such it remains a means tested benefit in all but name.
- 4.3 All other means tested benefits involve an income assessment which is then compared to the basic living needs of the claimant as calculated by reference to a complicated set of applicable amounts and premiums etc.
- 4.4 The Government recognises the need to maintain and uprate the income disregards, non-dependent deductions, applicable amounts and premiums for pensioner cases and have therefore instructed local authorities to increase these in line with other social security benefits for 2014/15
- 4.5 However as each council has its own scheme for working age claimants it is no longer compulsory for this uprating to apply to cases of working age. It is therefore up to each local authority to determine how to treat this issue in their scheme.

5 DECIDING ON OUR SCHEME

- 5.1 Members need to make a final decision on our scheme for 2014/15 in order to make a recommendation to Full Council on 10 December 2013.
- 5.2 Given the experience that we have had in implementing the scheme this year and the changes to funding occurring in 2014/15 it is sensible that **we continue with our scheme based on the previous Council Tax Benefit scheme with a 12% reduction in support as you approved in December 2012.**
- 5.3 However in order to ensure that our scheme continues to mirror the Housing Benefit scheme, and the scheme applicable to pensioners, **it is necessary to uprate it in the same way as those schemes.**

6 RECOMMEND THAT COMMITTEE

- 6.1 Recommend to Full Council the approval of our local council tax support scheme for 2014/15 as set out in the report.

HEAD OF REVENUES AND BENEFITS

DIRECTOR OF RESOURCES

PF62-13/ME/AC
4 November 2013

A full copy of our scheme can be found at

http://www.ribblevalley.gov.uk/downloads/file/8646/ribble_valley_council_tax_support_scheme

For further background information please ask for Mark Edmondson