

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	11th July 2012	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2450
TITLE:	Council Tax Support - consultation on proposed changes	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Timetable to deliver Council Tax changes Appendix 2 – Council Tax Support Scheme Options		

1 THE ISSUE

1.1 This report sets out a number of options which need to be considered in relation to the Council's preferred Council Tax Support scheme to replace Council Tax Benefits with effect from April 2013.

2 RECOMMENDATION

The Cabinet agrees in principle that:

- 2.1 A cost neutral Council Tax Support scheme, which supports the objective of simplicity, protects vulnerable people and minimises the impact on incentives to work should be adopted.
- 2.2 Option 3 of the Council Tax Support scheme proposals as set out in **Appendix 2** is developed in to a policy document for consultation and approval in accordance with the required timetable (see **Appendix 1**).
- 2.3 Work is carried out to develop a more detailed understanding of the wider impacts on various customer types and equalities impacts during the consultation process.
- 2.4 By adopting a simplified scheme we focus administrative activity on preventing fraudulent claims entering the system and enable effective detection principles.
- 2.5 The financial implications be factored into the budget process for 2013/2014 to be considered by the Council in February 2013, and the Council Tax base setting to be considered by Council in November.

3 FINANCIAL IMPLICATIONS

- 3.1 The cost of Council Tax benefits is met by Government but from April 2013 new local schemes are required and Government funding will reduce by about 10%. The gross cost of Council Tax benefits is presently about £11 million.
- 3.2 The Department for Communities and Local Government (CLG) proposals are for a 10% reduction in current funding levels and, if applied equally across Councils, this equates to around £1.1 million for Bath & North East Somerset.
- 3.3 In addition to this there is a need to build in a level of growth in pensioner population since these claimants are protected from any changes to the scheme, plus growth for increasing unemployment levels within the working age population, as well as an allowance for contingencies.
- 3.4 Based on these assumptions, in order to utilise the funding available, taking into account the impact of growth, the Council will need to commission a scheme that reduces costs by around £1.5million (gross) when compared to the current Council Tax Benefit scheme. This is referred to as a cost neutral scheme.
- 3.5 Recognising the current financial challenge faced by the Council it is already acknowledged that an option for a cost neutral scheme for Council Tax support may be required.
- 3.6 Because pensioners are to be protected, in line with Government policy, the reduced funding will have a disproportionate effect on other claimants. This is unavoidable unless the Council decides to find new money to subsidise the scheme from its reducing resources.
- 3.7 Should this proposal of a cost neutral scheme be adopted it should be noted that it is likely to prove more challenging to collect in certain cases.
- 3.8 The scheme will need to be taken into account in the Council Tax base setting report that is to be considered by Council in November.
- 3.9 There are implications on both Major Preceptors (Police & Fire Services) and Town & Parish Precepts as a result in the changes in funding and the final decision on these schemes, all parties will be consulted on these issues.
- 3.10 In the case of parishes it is possible the scheme will increase their Council Tax but the Council is in dialogue with Government to see how this can be avoided. Parishes will be consulted once more information is available and as part of the preparations of the November Council report.

4 CORPORATE OBJECTIVES

- 4.1 The requirement to deliver a Council Tax Support scheme with less funding at a time of severe budget pressures is a challenge.
- 4.2 The reason for considering incentives to work alongside protecting vulnerable people is to support the Council objective of:

- *Building a stronger economy*

5 THE REPORT

5.1 Timetable of Changes

5.2 These changes are being enacted by the Local Government Finance Bill which is expected to receive assent shortly after the end of July 2012; the current proposition is being worked up based upon the details contained in the Bill and a recent statement of intent issued by Communities & Local Government.

5.3 A timetable for implementing a Local Council Tax Support scheme and for adopting Council Tax technical changes in time for annual billing is shown at **Appendix 1**.

5.4 Methodology

5.5 In order to provide Members with a number of options for their consideration, Council officers have analysed the current claimant base using an analytical tool provided by our core software providers, Northgate.

5.6 Using the analytical tool, created for this purpose, it has been possible to estimate the local potential funding gap as a result of the legislative changes, and to build in growth assumptions based on historic data for both Pensioners and Working Age claimants.

5.7 The analytical tool enables to drill down to individual claimant level and understand the impact of any planned changes at this detailed level. In order to understand the wider impacts we will investigate the development of customer profiles and wider impact of changes.

5.8 In determining these options we have considered a number of principles:

- Can we devise a scheme that is simple to understand from both the customers perspective and the administrators perspective
- Can we minimise the impact on vulnerable groups such as disabled
- A scheme which supports the aim of “making work pay”
- A scheme which has equal impact across all claimants

5.9 We have used this methodology to arrive at 3 possible options for consideration although there are potentially many more variations on these themes; **Appendix 2** shows the options in detail.

6 RISK MANAGEMENT

The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.

7 EQUALITIES

7.1 The proposed option will reflect most of the characteristics of the existing scheme but with greater simplicity and therefore should not have an adverse effect on people that are particularly vulnerable or have protected characteristics.

- 7.2 This will be reviewed in detail as part of the consultation and amendments made as required.
- 7.3 The final scheme will be approved as part of setting the Council Tax base by Council in November 2012. A full equalities impact assessment will be carried out in advance of this date.

8 RATIONALE

- 8.1 These changes are being brought about as part of the wider Welfare Reforms; they are also being enacted at a time when financial budgets are under very tight pressures.
- 8.2 Having regard to all Council Tax payers across Bath & North East Somerset the recommendations are made based on the principle that any scheme should be simple and equitable across all groups, it should seek to reduce impacts on work incentives where possible.

9 OTHER OPTIONS CONSIDERED

- 9.1 As set out in the report three options for a Council Tax Support Scheme have been considered in detail, with variations on these themes also considered. There is also scope to adapt Options 1 and 3 in a phased approach and adopting a part funding solution which is phased out over time.
- 9.2 These other options are not preferred as they do not deliver the principles adopted as well as option 3. does

CONSULTATION

- 9.3 *Consultation has already been conducted with: Cabinet members; Trades Unions; Staff; Other B&NES Services; Section 151 Finance Officer; Chief Executive; Monitoring Officer*
- 9.4 Consultation is a major requirement for this Policy to be delivered, we have already begun consultation with Police & Fire Services and we will engage in full Public Consultation on the preferred option in accordance with the timetable as detailed. In addition consultation will be carried out with Parish & Town Councillors as well as key stakeholders and partners.
- 9.5 This consultation will be carried out via press and internet coverage as well as face to face meetings and documentation with all relevant groups.

10 ISSUES TO CONSIDER IN REACHING THE DECISION

- 10.1 *Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Human Rights; Corporate; Health & Safety; Impact on Staff; Other Legal Considerations*

11 ADVICE SOUGHT

The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	<i>Ian Savigar, Divisional Director for Customer Services, Tel; 01225 477327</i>
Sponsoring Cabinet Member	<i>Councillor David Bellotti</i>
Background papers	<i>http://www.communities.gov.uk/documents/localgovernment/pdf/19510253.pdf (Communities & Local Government Consultation) http://services.parliament.uk/bills/2012-13/localgovernmentfinance.html (Local Government Finance Bill – Timetable) http://www.communities.gov.uk/publications/localgovernment/localingsupportcounciltax (Statement of Intent)</i>
Please contact the report author if you need to access this report in an alternative format	