

Subject:	Abolition of Council Tax Benefit and replacement with a Local Scheme	Status:	For Publication
Report to:	Cabinet	Date:	5 th September 2012
Report of:	Head of Finance	Portfolio Holder:	Finance and Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Community Impact Assessment:	Required:	Yes	Attached: No
Biodiversity Impact Assessment	Required:	No	Attached: No
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1.	RECOMMENDATIONS
1.1	That Members note the contents of the report and current progress in this matter.
1.2	That following public consultation a further report is brought back to Cabinet later in the year (November) on which a final recommendation by Cabinet is made to Full Council (December 2012).

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is to update Members as to the current progress regarding the abolition of Council Tax and the replacement with a local Rossendale scheme, following the initial report presented to Members in June 2012.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **A clean and green Rossendale** – creating a better environment for all.
 - **A healthy and successful Rossendale** – supporting vibrant communities and a strong economy.
 - **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- Reputational as Council implements Central Government policy.
 - Financial risks as demand increases against a cash limited grant (eg: growing pensioner population, challenging employment environment for those of working age).
 - Increased customer demand on both District and County Council services.
 - Financial as the cost of Council Tax collection increases.
 - Varying schemes in neighbouring districts (both Lancashire and Greater Manchester) potentially creating a “postcode lottery”.
 - Impact of other national initiatives on customers being introduced at or around the same time (e.g.: Universal credit, Housing Benefits, etc.)

- Implementation of the Governments default scheme if authorities do not adopt a local scheme by 31st January 2013.
- In creating a local scheme minimizing the need to change IT and systems changes at a time of increased demand on systems designers and providers.
- Assessing the need for the creation of a financial contingency to absorb any short term unknown additional pressures.

5. BACKGROUND AND OPTIONS

5.1 Following on from the report presented to Cabinet in June 2012, the Council has now published its preferred scheme together with a number of other options and their financial impact. The proposed scheme known as “Option A” in our consultation is as follows:

- The initial Council Tax Support entitlement is calculated according to existing arrangements and then subject to a 20% reduction in order to calculate the final Council Tax support entitlement. In effect all customers of working age will have to pay at least 20% of their Council Tax Bill.

5.2 The rationale for this preferred option is, amongst other things:

- The impact on current claimants, particularly those of working age and therefore an equitable allocation across this group.
- The scheme reflects the Government funding cuts, but allow for some further increase in demand.
- Continuation of the existing Council Tax Benefit rules and regulations as the basis for entitlement.
- As a consequence of the basis being the existing scheme, consideration is built into the proposed scheme to give regard to vulnerable groups.
- The existing scheme currently incorporates certain earning allowances to incentivise work together with transitional periods when entering into employment.

5.3 The council has also published alongside its preferred option other potential options for comment, as follows:

- Option B: As per option A but also in recognition of the Government requirement to incentivise work, it is proposed to increase the earning disregard by £10 per week. This earning disregard would be in addition to the current rates of £5, £10 & £25 noted above.
- Option C: As per option A, but also protect all families with children under 5, their current entitlement will remain unaffected, and their maximum benefit entitlement will be 100%.
- Option D: As per option A, but also protect all families with children their current entitlement will remain unaffected, and their maximum benefit entitlement will be 100%.
- Option E: As per option A, but also protect all customers with a disability their current entitlement will remain unaffected, and maximum benefit entitlement will be 100%.

In the above options B to E, the consequence and further burden for all other working age people in receipt of Council Tax Benefit would be that their maximum entitlement to Council Tax Support will be capped at levels ranging from 61% to 76%, compared to Option A (80% cap).

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 Member should take note of the Councils Medium Term Financial Strategy (MTFS), in particular the need to save in excess of £1m pa, when making any final decisions in this matter.

7. MONITORING OFFICER

- 7.1 No additional comments to be made.

8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

- 8.1 The Equality Act 2010 established the Public Sector Equality Duty, the duty requires the Council to give due regard to :
- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
 - Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
 - Foster good relations between people who share a relevant protected characteristic and those who do not share it.

The amount of regard that is 'due' (that is, the degree of attention demanded by the needs) is set out in section 49 of the Equality Act and will depend on the circumstances of the case, the greater the potential impact of a decision, the greater the regard that must be had. The consultation and engagement which will be undertaken as part of the development of any proposals will support the Council's decision making process and ensure that the Council does give due regard.

- 8.2 The report raises awareness in relation to the imminent changes to Council Tax Benefit. The development of any proposals will be subject to full consultation and these will inform an assessment of their impact on communities. A community impact assessment will be undertaken as part of this process and the details reported to Cabinet to inform the decision making process.

9. CONSULTATION CARRIED OUT

- 9.1 A period of consultation has now commenced across a number of groups, consisting of, inter alia:
- Public and customer consultation
 - Letters sent to all current customers of working age currently entitled to Council Tax benefit, informing of the changes and inviting them to participate in the Council's questionnaire
 - Letters sent to a random sample of approximately 10% of non-benefit Council Tax payers, informing of the changes and inviting them to participate in the Council's questionnaire
 - Council website link to the proposed option A and the alternatives
 - Council questionnaire open to all (both Council Tax Benefit customers and non-Council Tax Benefit customers)

- Partners / Potential Partners
 - Lancashire County Council
 - Police
 - Fire
 - Whitworth Town Council
 - Green Vale Homes,
 - Citizens Advice Bureau,
 - Department of Works & Pensions,
 - REAL / Community networks

9.2 Consultation feedback received so far from as follows:

- Lancashire County Council - supportive of Option A
- Police - supportive of Option A
- Fire - supportive of a scheme which is:
 - Self-financing
 - Robust in terms of collection rates
 - Flexible to demand increases and capable of review
 - Considered in relation to other exemptions and discounts which may be used to cover shortfalls and create a contingency
- Public response via the web – 6 received (at the time of writing)
- Citizens Advice Bureau – “consideration be given to exempting private tenants subject to local housing allowance housing benefit restrictions and people with mortgages with either no, or very limited, equity in their home”. This comment will be considered as part of the final Community Impact Assessment.

9.3 Two public drop-in events have been arranged, for any members of the public or representative groups to attend and meet with Council officers, to further explain the changes and Council proposals on 13th and 17th September 2012 at The Business Centre, Futures Park, Bacup, between the hours of 2pm and 6 pm. In addition Officers will be meeting some of the groups noted in 9.1.

9.4 Overview & Scrutiny will also consider the proposals at their meeting of 26th November 2012.

9.5 A community impact assessment has commenced and will develop further during the course of the consultation period for consideration as part of Members’ final decision making process.

9.6 Consultation also undertaken with:

- Leader of Council
- Portfolio holder for Finance & Resources
- Portfolio holder for Customers, Legal & Licencing

9.7 Council Officers have worked with Collaborative Consultation and Research Service (CRACS), the Councils’ East Lancashire based consultation partner, in order to formulate a consultation questionnaire that is suitable for both Council Tax Benefit customers and non-Council Tax Benefit customers

10. CONCLUSION

- 10.1 The proposed Government changes to the current Council Tax benefit system and in particular funding reductions of 10% based on the 11/12 demand will inevitable mean that: a section, sections of or all of our customers pay the equivalent collectively of c. £600,000.
- 10.2 The proposal is that the initial individual customers' Council Tax Support entitlement is calculated according to existing arrangements and then subject to a 20% reduction in order to calculate their final Council Tax support entitlement. In effect all customers of working age will have to pay at least 20% of their Council Tax Bill.

Background Papers	
Document	Place of Inspection
Central Government consultation and guidance on "localising support for council tax" via The Department for Communities and Local Government	www.communities.gov.uk
Council consultation: <ul style="list-style-type: none">• Information re Option A and alternatives• Council questionnaire	1 - Service Assurance Team 2 - Council website 3 - One Stop Shop / STAN
Consultation responses received so far	Finance