

**TO: OVERVIEW AND SCRUTINY COMMISSION
13 SEPTEMBER 2012**

**LOCAL COUNCIL TAX SUPPORT SCHEME CONSULTATION
Director of Adult Social Care, Health and Housing**

1 PURPOSE OF REPORT

- 1.1 To advise members on the consultation taking place on the proposals to form a local Council Tax Support Scheme.

2 RECOMMENDATION

- 2.1 Members are asked to note and comment on the consultation.**

3 REASONS FOR RECOMMENDATION

- 3.1 The Council will be required to have in place a local Council Tax Support Scheme by the 31st January 2013 to replace the national Council Tax Benefit Scheme or it will be required to implement a Government default scheme.
- 3.2. The Executive Member for Adult Social Care Health and Housing considered a report on the 12th July and agreed a number of proposals that should be subjected to consultation so as to inform the construction of the Council's new scheme. The decision is included at Appendix A.
- 3.3. Views of Town and Parish Councils and major precepting authorities have been sought and the proposals discussed at the town and parish liaison meeting on the 11th July.
- 3.4. On the 30th July consultation with all current Council Tax benefit recipients began by an independent research company and an open questionnaire to all households in Bracknell Forest was made available on the Council's website. The consultation will run for twelve weeks.
- 3.5. Voluntary and community groups have also been written to seek their views on the proposals.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Local Council Tax Support Scheme will inevitably lead to changes in the level of financial support provided to vulnerable households compared to that they received under the national Council Tax Benefit Scheme. Therefore, it is important that the Council undertakes thorough and robust consultation so as to inform its decision on the nature of the new scheme. If the Council decided not to implement a local scheme and was required to adopt the Government default scheme it would in all likelihood lead to significant financial pressures for the Council.

5 SUPPORTING INFORMATION

- 5.1 The Government has signalled its intention to localise Council Tax Support and has abolished Council Tax Benefit from 1st April 2013. The new scheme will be funded by a fixed grant from government which will be at least 10% less than the current Council Tax Benefit expenditure. Estimates of the overall financial impact of the new scheme for the Council if it were to provide similar levels of financial support to households as the old Council Tax Benefit Scheme are in the region of £ 1.1 million. The Government has made clear that older people are not affected by this. To address this potential funding gap the Council can reduce financial support to households, offer up other compensatory savings or seek to generate additional income or a combination of the three. It is the first area that the Council is consulting upon with individual households.
- 5.2. The Council has recognised that if financial support is to be reduced to households who are currently in receipt of Council Tax Benefit, proposals should be developed to target those households who are most able to address that reduction. That is because the new scheme will operate as a reduction on a household's Council Tax liability and so any reduction in financial support will lead to a Council Tax liability that the household will be required to pay.
- 5.3. The Council has identified the following seven areas which could be used to formulate the new local Council Tax Support Scheme:
- Removing the provision to make extended payments;
 - Removing the provision to back date claims;
 - Removing second adult rebate;
 - Increasing non-dependent charges;
 - Reducing the level at which the amount of capital a household has removes them from financial support;
 - Restricting financial support to a specific Council Tax band;
 - Including income that is current disregarded under the existing Council Tax Benefit Scheme when calculating household eligibility for financial support.
- 5.4. Over 3,500 current Council Tax Benefit customers have received questionnaires on the proposals and offered the ability to return the questionnaire or complete it on line. At the time of writing there had been 250 responses. There will be in-depth interview with households and focus groups with those households who indicate a willingness to take part.
- 5.5. On the 1st August the following members from the Adult Social Care and Housing Overview and Scrutiny Panel met with officers to discuss the proposals; Councillor Turrell, Councillor Allen, Councillor Harrison. They offered the following observations on the proposals:

Unrestricted

- If extended payments were to be ended then households should be offered flexibility in paying their Council Tax Liability;
 - For those households who had no prior experience of the Benefit system backdating of one month should be allowed from when they apply for financial support;
 - If financial support is to be limited by restricting to a Council Tax band that should be after an interim period of six months from when the financial support starts based on the actual Council Tax Liability;
 - A hardship fund should be established to provide additional financial support for a short period of time;
 - If the capital limit is to be reduced whereby households would no longer be eligible for financial support it should not go below £5,000;
 - If non-dependent charges are to be increased for the higher bands of earned income it should lead to the household receiving no financial support rather than generating what could be small Council Tax liabilities;
 - If non-dependent charges are to be increased for students that should only be where students have earned income;
 - It was recognised that the scheme would need to be reviewed in its first year of operation and that further changes may be required in the future to address demographic changes or unintended consequences of the design of the scheme.
- 5.6. It is intended to report to the November meeting of the Executive on the results of the consultation and the proposed new scheme. The Council will be required to agree the new scheme following consideration by Executive.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal requirements particularly the need for consultation and EIA are addressed in the main body of the report.

Borough Treasurer

- 6.2 The relevant financial provisions are contained within the main body of the report.

Equalities Impact Assessment

- 6.3 A full Equality Impact Assessment will be provided as part of the report to Executive in November.

Strategic Risk Management Issues

- 6.4 If the Council fails to establish a scheme by the 31st January 2013 it will be required to operate the default scheme provided by the Government. If the Council sets up a local scheme which results in Council Tax liabilities that households will struggle to

meet then it runs the risk of increased bad debt provision being required and increase in collection costs.

7 CONSULTATION

7.1 This is contained in the body of the report.

Background Papers

None

Contact for further information

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