

COMT

17 AUGUST 2012

**OVERVIEW & SCRUTINY PANEL
(ECONOMIC WELL-BEING)**

6 SEPTEMBER 2012

CABINET

13 SEPTEMBER 2012

**COUNCIL TAX SUPPORT FROM 1 APRIL 2013
(Report by the Head of Customer Services)**

1. INTRODUCTION

- 1.1 The current national Council Tax Benefit scheme is being abolished on 31 March 2013 and will be replaced by a local Council Tax Support scheme on 1 April 2013.
- 1.2 The Local Government Finance Bill is still going through the Parliamentary process but a set of draft regulations and a Statement of Intent produced by the Department for Communities and Local Government (CLG) sets out the principles of the scheme.
- 1.3 The scheme must be in place by 31 January 2013 and have received full Council approval.
- 1.4 There will be at least a 10% cut in funding which equates to approximately £1.3m in 2013/14 across HDC, County, Fire and Police.
- 1.5 Pensioners must be protected from any changes and receive the same amount of support that they would under the current Council Tax Benefit scheme.
- 1.6 The Bill stipulates that before adopting a scheme, the Council must consult their major precepting authorities, publish a draft scheme and carry out a consultation exercise with stakeholders and interested parties.

2. CONSIDERATIONS

- 2.1 HDC currently awards approximately £8.1m (net of adjustments) per annum in Council Tax Benefit to around 9,400 claimants. Approximately half of these are pensioners who must be protected from any changes resulting from the abolition of Council Tax Benefit. This means that if we chose to meet the whole of the £1.3m funding shortfall through a reduction in Council Tax rebates, it would fall on around 5,000 working age claimants.
- 2.2 CLG is also undertaking a reform of some of the Council Tax exemptions that can be applied to empty properties. These changes could generate

an income to potentially offset some of the costs of the new Council Tax Support scheme, and there is a report elsewhere on this agenda.

- 2.3 HDC proposes to use a combination of the Council Tax technical reform changes along with reducing the amount of Council Tax Support awarded to meet the £1.3m funding shortfall.

3. SCHEME DETAILS

- 3.1 The following principles were at the core of designing the HDC draft Council Tax Support scheme:

- everyone of working age should pay something towards their Council Tax (except for the most vulnerable)
- the scheme should provide some protection for the most vulnerable in society
- the scheme should incentivise and support people moving into work and help those on low paid work.

- 3.2 Council Tax Support for pensioners will be worked out using a set of prescribed regulations which in effect mirrors the current Council Tax Benefit regulations.

- 3.3 Although within certain parameters, we can draft our own scheme for working age people, we intend to base the scheme on the current Council Tax Benefit regulations with some amendments. This means that Council Tax Support entitlement will be means tested and the amount awarded will depend on the particular circumstances of the claimant and their household.

- 3.4 In order to make the necessary savings and to be able to provide some protection for the most vulnerable claimants, the scheme for working age people will mean that the majority of claimants will have their Council Tax Support entitlement based on 80% of the Council Tax charge. Households containing a child under the age of 5 will have their entitlement based on 85% of the charge and people in receipt of the Severe Disability or Disabled Child Premium will have their Council Tax Support based on the full charge.

- 3.5 This means that a large number of people who currently don't have to pay anything towards the Council Tax will now have to; this includes unemployed people on Income Support, Jobseeker's Allowance or Employment Support Allowance.

- 3.6 An analysis of the Council Tax Benefit caseload gives a breakdown of where the effects of the changes are likely to be felt. (Appendix A)

4. CONSULTATION

- 4.1 An initial consultation has been carried out with the major preceptors. Responses were received from County and the Police.
- County – welcome reassurance that the scheme will be designed to minimise the impact on the County and be cost neutral to major preceptors. Urge billing authorities to deliver in excess of the estimated requirements to provide a safety margin to cover losses in collection and increases in caseload
 - Police – have built potential liability into forecast.
 - Fire – no response
- 4.2 A major consultation exercise with customers and stakeholders is now underway and will finish on 14 October 2012.
- 4.3 The consultation is being undertaken by way of an on-line questionnaire supplemented by drop-in sessions at various council offices around the district.

5. POST CONSULTATION

- 5.1 The draft scheme takes account of the CLG Statement of Intent and draft legislation. Any changes to these documents following the Welfare Reform Bill receiving Royal Assent will be reflected in the final scheme.
- 5.2 In addition, the results of the consultation will be analysed to help finalise the scheme that will go to full Council in December 2012.

6. RECOMMENDATION

- 6.1 The Panel is asked to note the contents of this report and the attached appendix.

Background papers : www.Huntingdonshire.gov.uk/benefitchanges

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Analysis of Benefits Caseload

CTB caseload	Number of claims	Annual Benefit Award
Pensioner claims	4600	£4.0m
Working age claims	4800	£4.2m
Total	9400	£8.1m

Working Age Claimants	Number of claims	Annual Benefit Award
Working	1600	£1.2m
Other*	3200	£3.0m

Working Age Claimants	Number of claims
With a Severe Disability Premium**	49
With a Disabled Child Premium**	79
With a child(ren) under the age of 5	1203

* includes people on Jobseeker's Allowance/Income Support/Employment Support Allowance

** Our benefits database does not show whether a claimant on a passported benefit such as Jobseeker's Allowance/Income Support/Income Related Employment Support Allowance receives a Severe Disability Premium or Disabled Child Premium. We will undertake a manual exercise to identify these claims.