

Localisation of Council Tax Support

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What happens at the moment?

- Council tax benefit – national scheme
- Administered by billing authorities
- 100% funded
- No financial risk to Council
- Fire & Police not affected

Public Policy Change

- Welfare Reform Bill – provision to abolish council tax benefit
- Part of wider welfare reforms
- Intention to encourage people back into work
- Localism Agenda

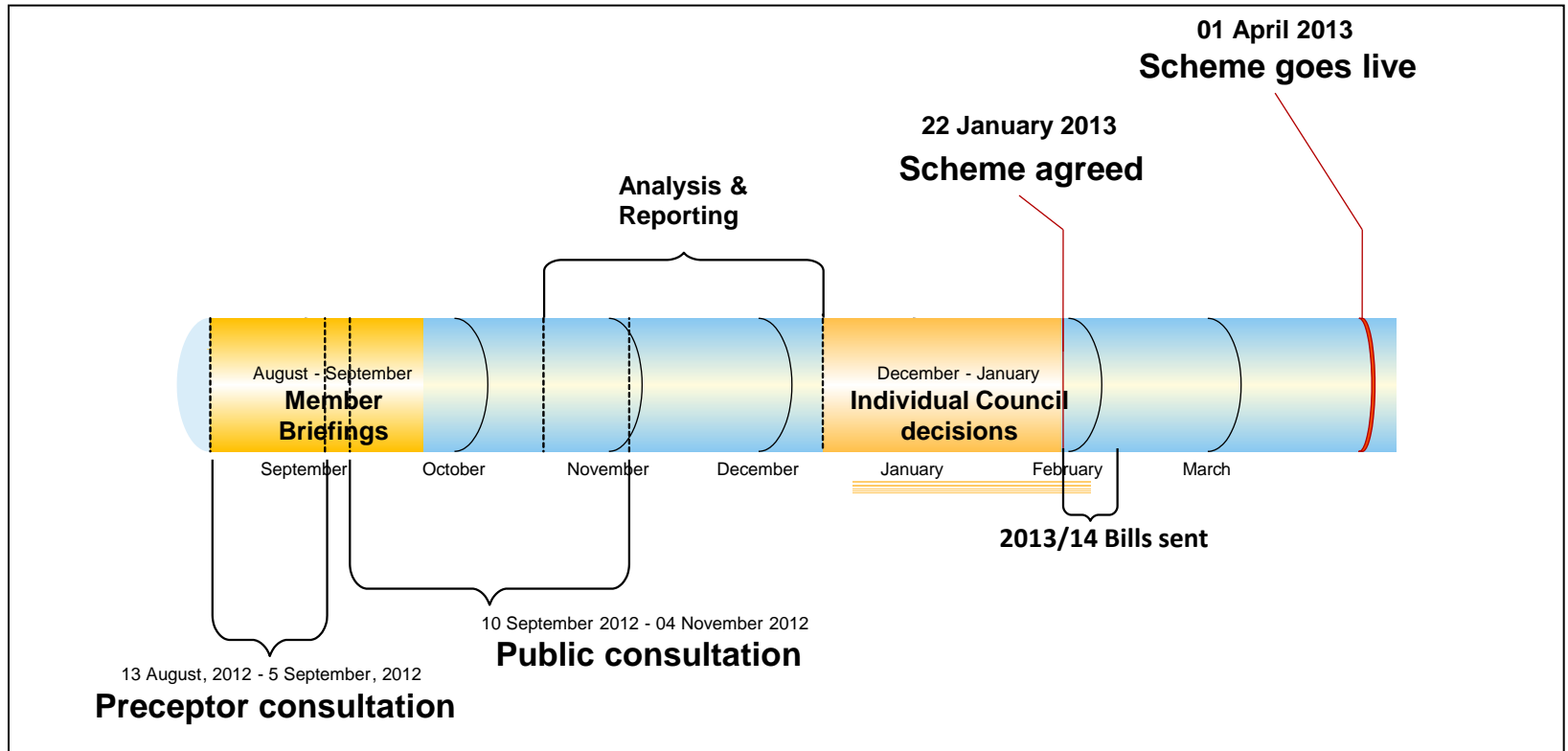
What is changing?

- Local Scheme from 1 April 2013
- Designed and administered by billing authorities
- Approximately 90% funded at outset (grant)
- £2.2m loss of funding for Bournemouth
- Financial risk
- Fire & Police finances affected

Dorset Response

- Joint Dorset working group
- Principles
 - A single scheme across Dorset
 - A scheme that is simple to manage and easy for customers to understand
 - Understand the impacts on vulnerable groups and non-protected groups
 - Consult and communicate in a co-ordinated manner
 - Lobby central Government and the CLG for guidance and support
 - Ensure that Equalities considerations are taken into account
 - Modelling a range of options that explore the effects of absorbing none, some or all of the proposed reduction.
 - Dorset Police and Dorset Fire and Rescue Service included in the discussions.

Timeline



Scheme Options

All options had to protect pensioners.

Other vulnerable groups could be defined.

Complete range considered including:

- Fund the shortfall
- Recover all cost from customer
- Reducing support for all customers, except pensioners
- Reducing support for those in higher banded properties
- Means test more aggressively

Scheme Principles

1. The cost of the changes should not be paid from savings from other Council services, or by increasing Council Tax
2. The new scheme should be as similar to the current scheme as possible
3. Everyone of working age should pay something towards their Council Tax except the most vulnerable people
4. The most vulnerable people should be protected from the changes
5. There should no longer be Council Tax Support to a householder who has a second adult on a low income living with them (Second Adult Rebate).
6. There should be a limit on the lowest amount given, with those entitled to less than 50p a week not receiving any support.

Preferred Option

- Preferred Scheme reduces maximum support to 80% of liability whilst protecting pensioners and vulnerable groups
- Reduction in liability preferred
 - Poorest will be affected less
 - Less of an overall reduction needed
 - Less costly to Council than same cut in entitlement
- Considered best option for whole Dorset solution
- But significant cost to BBC in making good at 80%

Other changes: Discounts & Exemptions

- Power to change from 1 April 2013
- Second Homes & Long Term Empty Properties
- Mitigating effect of additional income if used

Overall Financial Impact of Changes

Scheme Option	BBC £000's	Police £000's	Fire £000's	Total £000's
A	1,864	267	89	2,200
B	985	141	47	1,173
C	1,332	191	64	1,587
D	651	93	31	775
CT Discount & Exemption Income	(576)	(82)	(27)	(685)
Net Funding Gap	75	11	4	90

Impact on Customers

- Pensioners fully protected
- Vulnerable groups protected
- Working age affected
- For BBC 7,731 unprotected, 10,985 protected
- Hardship fund will be considered
- Unable to do individual customer calculations at this stage

Risks

- As future demand unpredictable; cost of new scheme could escalate.
- Inability to fund net scheme cost through council tax increases.
- Future government grants towards scheme cost likely to reduce.
- Benefit migration to area.
- Claimants hardship.
- Effect on collection rate and tax base
- Legal challenge
- Default scheme imposed

Consultation

Who is being Consulted?

- Police, Fire, Others, Claimants

When will it happen?

- Police & Fire: 10 August 2012 to 5 September 2012
- Claimants & Others: 10 September 2012 to 5 November 2012

How will it happen?

- Preceptor letter
- Letter to all affected claimants
- On line at home, library, customer service centre
- questionnaire posted or collected at library or customer service centre

What happens then?

- Consultation analysis/outcomes November/December
- To inform final decision by Council January 2013

Summary

- Major change and impact for local authorities and customers alike
- Dorset authorities aiming to be consistent as much as possible in bringing forward local schemes.
- Scheme effects will need to be reviewed going forward. Year 1 scheme not likely to be same in year 3
- **It is not possible to give customers individual predictions until after final scheme approved**

Help & Advice

- Frequently asked questions
- Department for Communities & Local Government
<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax/counciltaxsupport/>
- Council Websites
- Revenue & Benefit Client Team
- Any Questions?