

For: (x) <table border="1"> <tr> <td>Executive</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>CLMT</td> <td><input type="checkbox"/></td> </tr> </table> Meeting Date: 3 December 2012 Report of: Head of Revenues, Benefits and Customer Service Report author: Sue Nelson and Clive Jones	Executive	<input checked="" type="checkbox"/>	CLMT	<input type="checkbox"/>	Agenda Item Number: 12
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Subject: Council Tax Support Scheme (For Executive Only) Lead Executive Member(s): Robin Harris Wards Affected: ALL	Consultations: Councillors <input checked="" type="checkbox"/> Scrutiny <input type="checkbox"/> Stakeholders <input type="checkbox"/> Others <input type="checkbox"/>
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Recommendations 1. The Executive recommends to full Council that the Council Tax Support Scheme in Appendix C be adopted as part of the Policy Framework.
Background 2. The Government is undertaking a major set of welfare system reforms. One of these is the replacement of Council Tax Benefit (CTB) with a Local Council Tax Support (LCTS) scheme from 1st April 2013. 3. The Council Tax Support Scheme proposed can be described by the following six principles: <ul style="list-style-type: none"> • Principle 1: Every existing CTB claimant should receive a similar amount under CTS • Principle 2: Removal of 25% second adult rebate scheme for working age claimants • Principle 3: Rate of allowances and premiums to be frozen at 2012/2013 levels 4. And the following Council Tax Technical Exemption Changes, (covered in the Council Tax Base Executive report): <ul style="list-style-type: none"> • Principle 4: Removal of empty property Class A and C Council Tax exemptions from 1 April 2013 • Principle 5: Removal of second home discount from 1st April 2013 • Principle 6: 50% empty home premium from 1st April 2013 4.5. The principle of protecting the vulnerable and minimising the impact (as built into the Financial Inclusion Strategy and Child Poverty Strategy that Luton has signed up to) has been considered in the developing of the proposed scheme. The integrated impact assessment indicates that the vulnerable groups are council tax benefit claimants who have children, or have carer responsibilities, or have some form of disability. These groups form around 80% of the claimant population – the rest being claimants as a result of their low income alone. 5.6. Each local authority must carry out a consultation exercise concerning their draft scheme proposals and must define and publish its Council Tax Support Scheme by 31 January 2013. Failure to do so will result in the government imposing a default scheme and the funding reduction will need to be met from other means including increasing Council Tax levels or reducing other service expenditure. 6.7. In July 2012, the Executive approved the draft Council Tax Support Scheme prior to formal consultation. The consultation period has now ended and this report provides feedback on the

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process and proposes the scheme becomes part of the Policy Framework to enable Full Council to approve.

- 7.8. A separate report on the Council Tax Base and Technical Exemption changes is also going to Executive in December to enable the required changes to the technical exemptions to council tax to be approved by the Executive in time for the operation of the scheme. These relate to principles 4,5, and 6 above.

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Consultation

- 8.9. Consultation took place between 6 August and 5 October 2012. Three main methods were used to consult on the draft scheme:

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a. On-line survey – 84 responses were received.

- 89% Residents
- 5% Landlords
- 6% Voluntary organisations

b. Focus groups – five focus groups took place.

- Group 1: 7 claimants, 12.30-2pm Monday 17 September
- Group 2: 11 claimants, 2.30-4pm Monday 17 September
- Group 3: 9 non claimants, 1-2.30pm Monday 20 September
- Group 4: 8 claimants, 6.30-8pm Monday 20 September
- Group 5: 9 non claimants, 6-7.30pm Monday 26 September

c. Consultation with key groups:

- Bedfordshire & Luton Fire & Rescue Service - July to August 2012
- Bedfordshire Police Service – July to August 2012
- Landlords Forum September 2012
- Three Customer Forums September 2012 – Unfortunately the public did not attend the meetings arranged despite two of them being scheduled in the evening to encourage attendance.
- Member Workshop on Welfare Reform 22nd September 2012
- 3d Sector Welfare Reform Seminar on the 22nd October 2012
- The Royal British Legion

Feedback from the Consultation

- 9.10. The detailed feedback from the consultation is contained with the attached Appendix A – Local Council Tax Support Consultation 2012 On Line Survey Summary Results and Appendix B- Council Tax Support Scheme 2013 – Consultation Report

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- 10.11. Overall there was a high level of agreement with the principles of the new scheme from the online survey, and from the public in the focus groups. From the on-line survey alone there was between a minimum of 64% and maximum of 86% of respondents in agreement with the main principles of the scheme.

- 11.12. The main overall messages from the consultation with residents were:

- The vulnerable should be protected but there was broad agreement that everyone should make a small contribution towards their council tax.
- Concerns were expressed about the implications of keeping benefits payments at the same level, creating a budget shortfall and its impact on the wider savings required.

- There were concerns around the fairness of the burden being placed on those claiming benefit. Should the poorest pay less and the better off pay more. People were concerned about the wider financial demands being placed on the tax payer.
- There was broad agreement that the empty property exemptions should be removed to encourage landlords and property developers to bring empty homes back into use within a reasonable time period.
- The Council's role in supporting people back into work is fundamental and should be strengthened.

12.13. It is estimated that the proposed funding mechanism for Council Tax Support will create a shortfall in funding of £2.82m (per annum) on the assumption the current number of claimants entitled remains the same.

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Proposed Actions

13.14. With there being broad agreement from the consultation to the scheme proposed, officers propose Executive recommends to Full Council that the draft Council Tax Support Scheme is approved. A review of the scheme next year will be undertaken to ensure the scheme is sustainable in the context of the wider welfare reforms and governments funding arrangements for Local Government.

Goals and Objectives

14.15. To make the Council Tax Support Scheme part of the Policy Framework to enable the Full Council to approve the scheme.

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Proposal

15.16. To agree the Council Tax Support Scheme described in Appendix C becomes part of the Councils' Policy Framework enabling the Full Council to adopt the scheme before the 31st January 2013 deadline. If the scheme is not adopted before the deadline date, the Central Government default scheme becomes operational.

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Key Risks

Risk	Mitigation
Vulnerable people are not protected The system should protect vulnerable people ensuring they receive the same or better benefit as they do under the existing system. It will be hard to do this and also to make the saving while ensuring that Council Tax remains collectable.	<ul style="list-style-type: none"> • Scheme designed to protect the most vulnerable groups. • Increase payment of Council Tax by Direct Debit in order to spend more resources collecting from hard to reach groups.
Increased cost of delivery Even with a vastly simplified scheme, the new processes to operate Local Council Tax Support will take more resources to administer because we will be assessing 100% of claimants as opposed to the current 30% (the rest are assessed already by the DWP and passed onto us)	<ul style="list-style-type: none"> • Consider further simplification of the scheme in 2014/15 once learning from 2013/14 is absorbed. • New burdens funding is available from government to support the administration of the scheme and will be required in Revenues and Benefits in order to run the scheme.
Overspend of grant allocation If demographics in Luton change significantly from the 11/12 position, there is a real risk that the Council Tax grant will be overspend	<ul style="list-style-type: none"> • Reserves should be set aside as a contingency additional to the £2.82m cost of the scheme. • The local policy and its application will

by more than the £2.82m gap currently estimated. This could be caused by a sluggish economy and lack of success of claimants in finding sufficiently paid work. It could also result from our scheme being more generous than surrounding areas and encouraging the migration of claimants.	<p>require close monitoring and likely annual review.</p> <ul style="list-style-type: none"> • Stronger links with LBC and Job Centre and other training and employment agencies to help get claimants into sufficiently paid work.
Software systems not ready in time Systems have to be modified to support the implementation of the new local scheme. This needs time to be specified, designed, developed, tested and implemented.	<ul style="list-style-type: none"> • Work starting with suppliers to develop system requirements immediately. • System changes will be kept to a minimum. • System available in late December from supplier.
Government grant not based on 90% of 11/12 claimant need Grant (CTS) is based on a Government assumed downward trend in the claimant rate that is yet to be seen in Luton.	<ul style="list-style-type: none"> • If this is the case, a plan will be required to recover more than the currently assumed funding gap of £2.82m or the reserves set aside used as a contingency.
Consultations	
See above	
Appendices attached:	
Appendix A – Local Council Tax Support Consultation 2012 On Line Survey Summary Results. Appendix B - Council Tax Support Scheme 2013 – Consultation Report Appendix C - Council tax Support Scheme. Appendix D - Integrated Impact Assessment (IIA) on welfare reform.	
Background Papers:	
None.	

IMPLICATIONS

For Executive reports

- grey boxes must be completed
- all statements must be cleared by an appropriate officer

For CLMT Reports

Clearance is not required

Legal	Consultation has been conducted in line with the published guidelines issued by Central Government. Provided the scheme is adopted by Full Council by the 31 st January 2013 the Council Tax Support Scheme can become operational from the 1 st April 2013	Clearance – agreed by: Agreed J. Newman 19 November 2012
Finance	The financial implications are contained within the report and will cause a deficit of approximately £2.82m on the collection fund.	Agreed Tracy Stone Chief Accountant 19 th November 2012
Equalities/ Cohesion/Inclusion (Social Justice)	A key concern is that the proposed ‘vulnerable groups’ to be protected from DCLG do not include low income working people in receipt of Working Tax Credit (WTC). An IIA was undertaken and is	Agreed Sandra Legate Equality and Diversity Policy Manager 5 th November 2012

	<p>attached to this report.</p> <p>The IIA showed that this appears to conflict with the governments stated aim of using the changes to support work incentives. The IIA also showed that It is all the more worrying due to the recent benefit changes on eligibility for WTC which have affected many clients approaching local advice services. The outcome is that If the working poor are excluded from any local entitlement this will have a negative impact on individuals and families.</p> <p>The IIA also showed that while this scheme will have very little direct impact on existing Council Tax Benefit claimants, the combined impact of the Welfare Reforms will have a negative impact on a significant number of the current Council Tax Benefit recipients.</p>	
Environment	No direct impact can be attributed to this report.	Agreed Jodie Colclough Strategy and Sustainability Officer 5th November 2012
Health	<p>The combined impact of the Welfare Reforms may impact on health, if as a result existing Council Tax Benefit claimants are financially worse off.</p> <p>The links between poverty and poor health are well documented particularly with regards to sudden loss of income and the stress that this can put on individuals and family life. There will be an impact on access to, in so far as there is likely to be an increase in demand for wellbeing services due to increased stress and pressure on individuals due to increased poverty and potential associated impact of this.</p>	Agreed Morag Stewart Deputy Director of Public Health 5 th November 2012
Community Safety	No impact	
Staffing	No impact	
Other	No impact	

FOR EXECUTIVE ONLY - Options:

- 1) Approve the recommendations of the report.
- 2) Not to approve the report.