

LEADER OF THE COUNCIL - CLLR JANE SCOTT OBE

FINANCE

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REFERENCE: LC-002-12 Approved

LC-002-12 - COUNCIL TAX SUPPORT AND TECHNICAL CHANGES

Purpose of Report

The Welfare Reform Act 2012 is bringing about huge changes in the way welfare benefits are administered. The Welfare Reform Act 2012 provides for the abolition of council tax benefit with effect from April 2013. The Local government finance bill prescribes the way in which a local authority should introduce any replacement for the current scheme, known as the local council tax support scheme.

Legislation states that

Before making a scheme the billing authority must in the following order:

- (a) consult any major precepting authority which has power to issue a precept to it*
- (b) publish a draft scheme in such a manner as it thinks fit, and*
- (c) consult such persons as it considers are likely to have an interest in the operation of the scheme*

The purpose of this report is to choose a draft scheme from the four options that are presented in Appendix 1. The choice of scheme is the precursor to fulfilling the requirements set out above and determines the detail of any consultation that the Council must undertake in order to introduce a robust and lawful, local council tax support scheme. This report sets out:

- Four draft options from which one should be chosen as the Council's preferred Council Tax Support scheme to replace Council Tax Benefits with effect from April 2013.
- Further options to employ new, discretionary powers to reduce some council tax discounts and exemptions proposed by new technical reforms to council tax legislation which also come in to effect from April 2013. These are presented at Appendix 2

Within the options at Appendix 1 are various proposals for the council tax support scheme which have been designed to limit the impact on those least able to afford council tax. The proposals are made based on the principle that any scheme should be simple and equitable across all groups and offer incentives for those who can work,

wherever possible. The preferred option, Option 4, provides a scheme for working age people only. The existing or 'default' scheme will be applied to pensioners and the most vulnerable.

Consultation

Once the preferred option is agreed then the consultation process must begin immediately, with the council raising awareness of the changes the new scheme and the proposals contained within it, will bring.

Key stakeholders have been identified as:

- Current claimants affected
- All precepting bodies, (Parish/Town Councils, Police and Fire)

They will need to be consulted through a targeted, multi-media campaign to raise awareness and to gather opinions on the proposed changes.

Options Considered

Through analysis and discussions with neighbouring authorities as well as national bodies, we have arrived at four possible options for consideration, and within these options there are potentially variations on a theme. The options are set out in detail at Appendix 1 of the attached report, and in summary the options are:

1. Fully fund shortfall in funding through a 1.5% increase in council tax for all.
2. Meet the shortfall from cuts to other services and adopt the Government's 'default scheme'.
3. Maximum eligible council tax support is reduced to 90% of the Council Tax chargeable limit to all those of working age except those in receipt of disability premium and war widows/ disablement pension. Plus reduction of exemptions and discounts as set out in detail at Appendix 1.
4. Maximum eligible council tax support is reduced to 80% of the Council Tax chargeable limit to all those of working age except those in receipt of disability premium and war widows/ disablement pension. Plus reduction of exemptions and discounts as set out in detail at Appendix 1.

In addition to these changes it is noted that the council tax technical changes provide new legislative powers that will enable authorities to raise additional charges by amending entitlement to discounts and exemptions. Various options have again been considered as set out in detail at Appendix 2 of the attached report.

Reason for Decision

The way in which council tax benefit is financed has been changed by the Government. The estimated annual spend in Wiltshire in 2012-13 will be £27 million and the Government in the past have met the full cost of the scheme. In future a grant will be given, amounting to between 10% and 14% less than the current award. This report proposes ways in which a local scheme could minimise the impact of the changes and where monies could be found within the discretionary aspect of the council tax scheme to partly fund this reduction.

This decision is being made under the Leader's delegated powers to maximise the period for consultation on the draft scheme and at the same time to ensure that the council is able to complete the scheme within its budgetary timetable and the statutory timetable ending on 31 January 2013.

DECISION MADE

I approve that:

A consultation now commences on the proposals contained within Option 4 for 8 weeks before making a final decision in time to implement a scheme ahead of 31st January 2013 and in time to set the 2013/14 Council Tax.

This decision was published on 24th August, 2012 and will come into force on 4th September 2012.

The following supporting documents are attached:

LC-002-12 - Report

LC-002-12 - Appendix 1 - Council Tax Support Options Paper

LC-002-12 - Appendix 2 - Council Tax Technical Changes (as at April 2012)

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Background Papers

Financial models analysing impact of Option 1, 3 and 4.

Date: ...24th August, 2012.....

Cllr Jane Scott OBE
Leader of the Council