



**Council Tax Support Scheme – Launch of Public Consultation**

**SUMMARY**

- 1.1 The Government has imposed changes to Council Tax benefits which will become active from 2013/14. Council Tax Benefit is to be replaced by local Council Tax Support Schemes (CTSS). Crucially, the funding will be cut by an average of 10 per cent and will henceforward be cash-limited rather than demand driven.
- 1.2 The council is required to adopt its own CTSS by 31 January 2013 having first consulted with major precepting authorities and others likely to have an interest in the scheme, or else a default scheme will be imposed by the Secretary of State. The latter would create an estimated £2.6m pressure on the council's budget.
- 1.3 In order that Derby's proposed scheme can be considered by Council in December, to meet the January implementation deadline, it is necessary to commence the eight-week consultation in early September.
- 1.4 Officers have liaised closely with other authorities in Derbyshire as well as the unitary authorities in Nottingham and Leicester. It has been agreed, if possible, that consultation on Derby's scheme will coincide with those being undertaken in Nottingham and Leicester.
- 1.5 Under Part B of the Scheme of Delegations within the Council Constitution, the Leader of the Council is permitted to take executive decisions in cases of urgency. This is considered to be such a case in order that Derby's consultation can commence alongside those in Nottingham and Leicester, on 5 September 2012.

**RECOMMENDATIONS**

- 2.1 To approve an eight-week public consultation on a Council Tax Support Scheme for Derby, commencing on 5 September 2012, detailed in paragraphs 4.1-4.10.
- 2.2 To delegate authority to the Strategic Director of Resources, following consultation with the Leader of the Council, to finalise details of the consultation document.

**REASONS FOR RECOMMENDATION**

- 3.1 A public consultation commencing on 5 September 2012 will coincide with those being undertaken by Nottingham City Council and Leicester City Council and enable

consideration of the final proposals by Council Cabinet on 21 November 2012 and Council on 19 December 2012.

## **SUPPORTING INFORMATION**

- 4.1 The Government announced in the 2010 Spending Review that Council Tax Benefit would be replaced by local Council Tax Support Schemes (CTSS) from 2013/14. Crucially, funding for all English authorities from the Government to pay for CTSS will be reduced by an average of 10 per cent and will be a specific grant i.e. cash limited rather than dependent on demand.
- 4.2 The Local Government Finance Bill was introduced to Parliament on 19 December 2011. It introduced a duty on billing authorities to provide CTSS by 31 January 2013 having consulted with major precepting authorities and such other persons as it considered likely to have an interest in the scheme and enabled completion of the local political processes and adoption by Council.
- 4.3 If the council fails to adopt its own CTSS, the Secretary of State will impose a 'default scheme'. This default scheme retains the criteria and allowances currently in place for Council Tax Benefit and consequently affords no opportunity to meet the shortfall in Government funding created by the 10 per cent reduction. If the default scheme is invoked the council would need to find alternative budget savings to 'fund' the shortfall.
- 4.4 The council must determine its CTSS and all associated funding arrangements to enable its Medium Term Financial Planning process to be completed. For CTSS to dovetail in to this process, and to ensure the January implementation deadline is met, it is proposed that a Council Cabinet decision be secured in November with a view to being adopted by Council on 19 December 2012.
- 4.5 Derbyshire local authorities have committed to working together, where possible, to develop the new CTSS policies to replace Council Tax Benefit in April 2013. Meetings have been held to ascertain the options for a potential countywide scheme for Council Tax Support via the Derbyshire Finance Officers Association (DFOA).
- 4.6 Work has also been undertaken with Nottingham City Council and Leicester City Council, with the intention to agree a proposed scheme that is consistent and meets the funding gap facing each local authority.
- 4.7 A draft scheme has been agreed in principal subject to consultation in which the following changes to the current Council Tax Benefit scheme:
  - Cap support at Council Tax band B level
  - Limit maximum eligible council tax to 80 per cent of Band B equivalent
  - Reduction of the upper capital limit from £16,000 to £6,000
  - Removal of second adult rebate scheme for Working Age households
  - Introduce a minimum award level of between £2.00 and £4.00

- 4.8 The Local Government Finance Bill specifies that before adopting a scheme, the billing authority must consult with major precepting authorities, publish a draft scheme and consult other persons who will have an interest in the scheme. All interested parties must be able to give their view and influence the final design of the local scheme. Therefore, an early public consultation should be carried out.
- 4.9 It is proposed to undertake an eight-week public consultation, commencing on 5 September 2012. This would coincide with the equivalent consultations being proposed to take place in the unitary authority areas of Nottingham and Leicester.
- 4.10 This timetable is considered appropriate and will enable all feedback to be assessed so any necessary revisions can be made before the proposed scheme is considered by Council Cabinet.

<b>OTHER OPTIONS CONSIDERED</b>
---------------------------------

- 5.1 None. Failure to commence consultation in the first week of September would prevent Council Cabinet from considering the outcome of the consultation in order that final recommendations can be made to Council and inform the budget setting process. While the council could opt not to develop its own CTSS and have the default scheme imposed upon it by Government, it is estimated that this would create a pressure within the council's budget of £2.6m. Electing to pursue the default option also necessitates the council to undertake a full public consultation.

**This report has been approved by the following officers:**

<b>Legal officer</b>	Olu Idowu
<b>Financial officer</b>	Chloe Kenny
<b>Human Resources officer</b>	N/A
<b>Strategic Director</b>	Roger Kershaw
<b>Other</b>	Gaynor Valente

--	--

<b>For more information contact:</b>	Dean Horton 01332 643764 dean.horton@derby.gcsx.gov.uk
<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 - Implications

## IMPLICATIONS

### Financial and Value for Money

- 1.1 The current CTSS proposed means the funding reduction from Central Government would be fully absorbed within the scheme. If the default scheme is imposed by Government an estimated £2.6m budget pressure will arise. This would need to be met through alternative savings within the council's revenue budget.

### Legal

- 2.1 The Local Government Finance Bill 2011 made reference to the introduction of a localised scheme for Council Tax support. This is a major change to the benefits system in the UK. Local schemes may be subject to challenge and therefore it is essential that we undertake a comprehensive consultation process to ensure that our scheme is not subject to challenge. The council must accord with protocols for formal consultation with its major precepting authorities and then open its consultation to the public. It must achieve full council adoption before 31 January to avoid the default scheme being imposed or being challenged via judicial review.

### Personnel

- 3.1 Not applicable.

### Equalities Impact

- 4.1 The EIA has been conducted and will be posted on the council's website as part of the consultation. This will enable the EIA to be revised and finalised following the consultation and used to inform decision making without any further delay.

### Health and Safety

- 5.1 Not applicable to this report.

### Environmental Sustainability

- 6.1 Not applicable to this report.

### Asset Management

- 7.1 Not applicable to this report.

### Risk Management

8.1 Financial risks are detailed above.