

DERBYSHIRE COUNTY COUNCIL

CABINET

26 September 2012

Report of the Director of Finance

**COUNCIL TAX LOCAL SUPPORT SCHEMES CONSULTATION
(FINANCE AND MANAGEMENT)**

1 Purpose of the Report

To provide Members with details of the Council Tax Support Scheme consultation being undertaken by the district/borough councils within the county.

2 Information and Analysis

The Government announced in its Comprehensive Spending Review 2010 that support for council tax from April 2013 would be reduced by 10%. Consultation proposals on the localisation of council tax benefits were initially published by the Department for Communities and Local Government in August 2011.

The Government included within the Welfare Reform Bill and the Local Government Finance Bill the necessary legislative provisions to enable local council tax benefit schemes from 2013/14. Essentially, every billing authority will be responsible for devising and consulting upon a local scheme to support vulnerable people with their council tax.

Vulnerable pensioners will see no difference in their support under the localised schemes and councils need to have regard to the overall principles of the Government's welfare reform programme to encourage and support people into work. Therefore, all the cuts will fall on working age recipients leading to a much larger cut for these groups.

The billing authority can design local schemes which reflect the reduction in Government grants available and seek to recover a larger council tax contribution from working age recipients of the benefit. This is likely to result in increased non-collection of council tax, the cost of which will fall on the district/borough councils as well as the precepting authorities. Whilst the Council will be liable for 70% of this increase in non-collection, the financial impact will also be felt by the district/borough councils, although the impact would be less in absolute financial terms, it would be just as great in terms of the impact on their

budgets. The maximum cost to the Council of these changes appears to be around £4.7m.

The Council has had a number of meetings with representatives from the district/borough councils, as well as the Fire and Rescue and Police Authorities to discuss proposals for local schemes. All authorities within the county have also agreed to make a financial contribution to the purchase of software to allow the district/borough councils to model the financial impact of any local scheme.

Each of the billing authorities are likely to devise numerous options of benefit reductions and reduced discounts in order to bridge the funding gap.

The billing authorities are required to consult with all major stakeholders which includes the precepting authorities.

To date the Council has received proposals from seven of the billing authorities within the county, the remainder is expected shortly. In light of the tight timescales, the Council is being asked to respond to each billing authority's proposals within 2/3 weeks. Therefore, the Director of Finance has responded to the urgency of these consultations using the principles contained in the Cabinet report of the 24 July 2012.

Each of the schemes being proposed generally follow similar principles in that they follow the principles of the existing council tax benefit schemes, aim to protect certain vulnerable groups and use a range of discounts and reductions to bridge the funding gap and ensure that the introduction of the scheme is cost neutral.

3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

4 Key Decision

No.

5 Call-in

Is it required that call-in be waived in respect of the decisions proposed in the report? No

6 Background Papers

Papers held in Technical Section, Corporate Finance.

7 OFFICER'S RECOMMENDATION

That Cabinet notes that the consultation process is under way and that the Director of Finance has responded on the Council's behalf, in consultation with the Cabinet Member for Finance & Management.

PETER HANDFORD

Director of Finance

County Hall
MATLOCK

6 September 2012