

**DERBYSHIRE COUNTY COUNCIL**

**CABINET**

**3 April 2012**

**Report of the Director of Finance**

**LOCALISING SUPPORT FOR COUNCIL TAX IN ENGLAND -  
GOVERNMENT RESPONSE  
(FINANCE AND MANAGEMENT)**

**1 Purpose of the Report**

To provide Members with details of the Government's response to the recent consultation in respect of Localising Support for Council Tax in England.

**2 Information and Analysis**

The Comprehensive Spending Review, 2010 announced that council tax support would be localised in England from 2013/14 and that Government support would be reduced by 10% and capped at this lower level. These proposals form part of the Government's wider commitment to reduce benefit dependency and worklessness.

On 2 August 2011 the Government published the Localising Support for Council Tax in England consultation paper. On 16 December 2011, it published its response to the consultation. This included a summary of consultation responses and the Government's plans for enabling local authorities to introduce localised schemes from 2013/14.

The Local Government Finance Bill, which will provide the legislative framework for these changes, subsequently received its first reading in the House of Commons on 19 December 2011.

The current system compensates the Collection Fund for the full costs of all benefits claimed under the National Scheme. The Government's proposals are to leave significant discretion to the Council Tax Billing Authority (in Derbyshire's case this is the district and borough councils) on the way a local scheme would be administered, whilst at the same time cutting the amount of Central Government support to the scheme by 10%.

Low income pensioners and other vulnerable groups will continue to receive support for their council tax, meaning that the cut will fall on working age recipients leading to a much larger cut for these groups.

The billing authority has the power to determine a local scheme which could include a top-up to the grant funding available from Government. This top-up would be funded by the County Council, the District/Borough councils, and both the Police and, Fire and Rescue Authorities in proportion to their share of the total Council Tax bill. The Council's share would be around 70%.

Alternatively, the billing authority can design a local scheme which reflects the reduction in Government grants available, and seeks 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 all the bodies mentioned previously in the same proportions. Therefore the Council will be liable for 70% of this increase in non-collection. The maximum cost to the Council of these changes appears to be around £4m. However, the calculation is difficult in the absence of more detailed information from Government on the proposals. These changes are currently due for implementation from the 1 April 2013.

A summary of the Government's response and in particular its plans going forward are set out below.

- A range of measures which authorities should consider incorporating into local schemes to provide greater certainty for claimants and to support decisions to enter into work;
- Lead authorities will be required to consult on the scheme with major precepting authorities (Fire and Rescue, Police and Upper-tier authorities) as well as the public;
- If a scheme is not in place by 31 January 2013 a default scheme, provided for in regulations, will be introduced;
- As at present, the Government believes that any deficit or surplus in the Collection Fund should be shared between the billing and major precepting authorities at the beginning of the following financial year;
- Major precepting and billing authorities will receive an allocation of grant to enable them to offer support for council tax, in advance;

- A consultation on the grant distribution methodology for the next two years (2013/14 and 2014/15) will be launched in Spring 2012;
- Local schemes will need to inform taxpayers how they can apply for council tax support;
- The Government wishes to reduce the need for individuals to have to repeatedly provide the same information and evidence to various public sector bodies, and is considering a number of existing data sharing systems to minimise the costs of data sharing;
- The Government will continue to consider how best to respond to the clear demand from local authorities for further powers to investigate fraud in local council tax schemes, and will set out further details in due course;
- The Government will work with authorities to assess the net impact of housing benefit centralisation and localisation of support for council tax, including the transitional costs of moving to the new arrangements;
- To ensure schemes can be introduced by April 2013 the Government is keen to look at how local schemes can be based, in the short-term, on existing systems and data.

The Council is working with Finance Officers from the District/Borough Councils to arrive at a joint scheme for the county.

### **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**

Localising Support for Council Tax in England - Government Response

**7 OFFICER'S RECOMMENDATION**

To note the Government's response to the Localising Support for Council Tax in England consultation issued in August 2011.

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