

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1)	Meeting:	Self Regulation Select Commission
2)	Date:	11th October, 2012
3)	Title:	Localisation of Support for Council Tax (Council Tax Benefit) and Council Tax Technical Changes
4)	Directorate:	Resources

5. Summary

From April 2013, the Government is abolishing the current national Council Tax Benefit (CTB) scheme and asking local authorities to set up their own local schemes to meet the needs of their local area. In making these changes the Coalition Government is cutting the amount that Rotherham Council has to provide Council Tax Support by £4.1million.

The Government is also allowing Councils more discretion with regards to certain Council Tax discounts and exemptions which can be amended in order to raise additional Council Tax income which could be used to partially meet the funding cut.

Proposals for Rotherham's local Council Tax Support (CTS) scheme and changes to Council Tax discounts and exemptions have been developed and are attached as Appendix A in the form of a consultation leaflet. In order to meet legislative requirements these proposals must be put out to public consultation.

Following an eight week consultation period, commencing on 24th September 2012, the responses will be considered before the final scheme is agreed and finally adopted by Council. The adoption of the scheme must happen by 31st January 2013 in order to avoid the imposition of a Government default scheme which would have severe financial implications for the Council.

6. Recommendations

That the Self Regulation Select Commission:-

- **Note the contents of the report; and**
- **Note the proposed Local Council Tax Support scheme and Council Tax changes for public consultation to commence 24th September 2012 for an 8 week period.**

7. Proposals and Details

Further details regarding the proposed CTS are set out in the consultation leaflet presented at Appendix A to this report.

In developing the scheme consideration has been given to the following:

- The Equality Act 2010;
- Child Poverty Act 2010;
- Safeguarding vulnerable groups;
- Promoting work incentives;
- Armed forces covenant; and
- Prescribed requirements of the Government's Department for Communities and Local Government.

7.2 Proposed Council Tax Support Scheme – The proposed scheme set out in the consultation leaflet is similar to the current Council Tax Benefit scheme with the following changes:

- To introduce a maximum Council Tax Support level - this will be set at a percentage of the Council Tax entitlement which is sufficient to meet the likely shortfall in Government funding; and .
- Abolition of Second Adult Rebate.

7.3 Proposed Changes to Council Tax Discounts and Exemptions – The following changes are proposed to raise additional Council Tax income to meet some of the funding shortfall set out in Section 5:

- Removal of the current 50% discount for second homes. These properties would receive a full charge.
- Replace the current 100% exemption for homes undergoing major structural repair with a 25% discount.
- Replace the current 100% exemption for vacant and unfurnished properties in the first 6 months with a 25% discount.
- Remove the current 50% discount for vacant and unfurnished properties between 6 months and two years. These properties would receive a full charge.
- Charge an additional 50% premium for vacant and unfurnished properties over two years meaning these properties would receive a 150% charge.

8. Finance

Clearly the funding cut has significant financial implications for the Council, claimants and Council Tax payers.

The proposed Council Tax Support scheme and changes to Council Tax discounts and exemptions have been developed to enable the Council to meet the funding shortfall while seeking to minimise the potential impact on those vulnerable and most in need in the borough.

9. Risks and Uncertainties

9.1 Funding for the scheme – the Council has not yet been provided with a final funding figure. This figure will be available before the final scheme is adopted and will be part of the decision process. As the position is clarified further details will be reported through to Members

9.2 Council Tax Collection Rates - the proposals transfer the risks associated with Council Tax Benefit from central government to local authorities with implications for the Council Tax collection rate which it is anticipated will fall. There is also likely to be an increase in the cost of collecting Council Tax as a result of an increase in debt recovery activity.

9.3 Fluctuations in Caseload – the economic downturn has resulted in a steady increase in CTB claims (this year the rise has been 2.9%) and there is no sign that this trend will change in the near future. When finalising the new scheme consideration will need to be given to potential in year fluctuations in demand for Council Tax Support.

10. Policy and Performance Implications

The changes to CTS are part of the Coalition Government's wider welfare reform programme, the effect of which will be a substantial reductions in overall benefit entitlement.

As indicated the CTS proposals together with the wider welfare reforms could have an adverse effect on the levels of Council Tax collection in the Borough.

Additionally the work levels in Revenues and Benefits services, including telephone calls, are anticipated to substantially increase as is face to face contact through the Customer Service Centres. This could have an adverse impact on performance standards in these areas.

11. Background Papers and Consultation

- Appendix A - Consultation leaflet

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