Committee:	Executive	Agenda Item No.:	10
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Category	3. Part of the Budget and Policy Framework		
Subject:	Localisation of Council Tax Consultation		
Report by:	Director of Corporate Resources / Assistant Director		
Other Officers Involved	Benefits Manager, Billing and Recovery Manager		
Director	Director Of Corporate Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council		

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

TARGETS

All

VALUE FOR MONEY

The proposals within this report outline a scheme to administer Council Tax locally which will be used as the basis for consultation with local residents and other stakeholders. In proposing a scheme officers have taken into account the practicalities of administration to help ensure that the scheme which is ultimately implemented will provide a cost effective service which gives local residents Value for Money.

1. RECOMMENDATIONS

1.1. That Executive notes the requirement to operate a localised Council Tax benefit system with effect from 1st April 2013, and the progress that has been achieved to date in developing such a scheme on a county wide basis.

1.2. That Executive requests officers continue joint work with other District Councils in Derbyshire to seek to develop a local scheme which is aligned with that of neighbouring authorities wherever possible.

1.3. That Executive agrees the preferred options for financing the local scheme -as set out within this report - as the basis of consultation with the major precepting authorities, local residents and other interested parties.

1.4. That a further report be presented to Executive on completion of the consultation exercise in order to agree a local scheme for recommendation to Council for adoption.

2. BACKGROUND

2.1 In the 2010 Spending Review the Government announced its intention to introduce a localised system for council tax support from April 2013 to replace the current national Council Tax Benefit (CTB) system. As part of the wider package of public expenditure reductions and reforms to the welfare benefit system the proposals were required to deliver a 10% reduction in expenditure. The Government's commitment is being implemented via the Local Government Finance Bill (the Bill). With regard to the Welfare System Localisation of Council Tax Support is part of a wider set of reforms to the welfare system through which the Government seeks to improve incentives to work and target resources more effectively.

2.2. The Government will provide funding to billing and major precepting authorities based on 90% of the national forecast of council tax benefit expenditure for 2013/14. This funding will have the effect of reducing each authority's council tax requirement which will partially offset the reduction in the council tax base arising from the new support discounts. The funding will be provided through the business rates retention scheme rather than by way of a separate grant.

2.3 While the Government is seeking a reduction in the level of expenditure it also expects vulnerable groups to be protected. At a national level the legislation will protect those of state pension age at current benefit rates. While all individuals of state pension age will be protected it should be noted that this may not fully apply in future where one member of a couple is of pensionable age but the other is not. Local Authorities are required to consider the needs of vulnerable groups of working age as part of the process of developing a local scheme.

2.4 The Government is in the process of issuing detailed regulations but has already published a "Statement of Intent" (May 2012) which it anticipates will help billing authorities in developing a scheme by providing details of the policy intent ahead of the release of the regulations.

2.5. While the focus of the changes is on the reform of the benefits system the Government has also announced changes to the discounts and exemption powers which regulate the level of Council Tax collection. In particular these changes allow local authorities more discretion over the level of discount given in respect of empty and holiday homes. From April 2013 the new regulations will allow local authorities the discretion to charge full Council Tax on empty homes. The reforms also remove the 6 month exemption period from charging Council Tax to empty properties which means that local authorities will be able to charge for properties either immediately they become empty, or after a locally set exemption period.

3. DESIGNING AND CONSULTING ON A LOCAL SCHEME

3.1 The authorities within Derbyshire (districts, city, police, fire and the County Council) have been working together over recent weeks to explore the possibility of operating a county-wide scheme in order to avoid a post code lottery. As part of these discussions officers have come to the view that it would be appropriate to develop local schemes based on the principle that the grant reduction will be fully funded within the local scheme. This objective will be achieved by a combination of benefit reductions and reduced council tax discounts. Although there is strong support for a Derbyshire wide scheme the different age profile and other characteristics of the District Council's within Derbyshire have led to the view that a County Wide scheme is unlikely to be appropriate. However, discussions between Bolsover, Chesterfield and North East Derbyshire Council's have indicated that a uniform scheme across the three may be achievable. This would help to avoid a post code lottery within the immediate area while a common scheme would be better understood by local residents.

3.2 The Local Government Finance Bill specifies that before adopting 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 manner as it thinks fit; &
c) Consult such other persons as it considers are likely to have interest in the operation of the scheme.

The Bill places a duty on billing authorities to make a localised council tax reduction scheme by 31st January 2013. Once adopted the local scheme must stay in place for one year but authorities will need to consider on an annual basis whether to revise or replace their local scheme.

3.3 To enable authorities to incorporate the financial implications of the proposed local scheme into their draft budgets for 2013/14 they will need to have details of the scheme by the autumn (November 2012). The Government's code of practice on consultation states that a period of 12 weeks is appropriate but where timing is restricted - due for example to a fixed budget timetable - a shorter period is permissible. In the current circumstances a consultation period of just over 8 weeks is proposed starting informally in August with a formal consultation to commence in September following on from Executive agreeing a draft scheme to be used as the basis of consultation. Failure to consult in accordance with the requirements of the Bill could expose an authority to the risk of a judicial review of any decision to implement a local scheme.

3.4 Default scheme – the Secretary of State must prescribe a "default" scheme which will take effect in relation to a billing authority's area if it fails to agree a council tax reduction scheme on or before 31st January 2013. There is not a duty to consult on the default scheme because it has not been adopted but is imposed. The default scheme reflects the existing Council Tax Benefit scheme and will not therefore deliver the required financial saving necessary to meet the Government's target. If the Council ended up with the default scheme then both this Council and other local authorities – including DCC, Police, Fire and Parish Council's – would need to identify corresponding savings to cover the loss of Government grant. It is clear that such savings would have an impact upon front line services across the County.

4. FINANCIAL IMPLICATIONS

4.1 Currently, households which are in receipt of Council Tax Benefit are included in the calculation of the Council's tax base (i.e. the number of Band D equivalent properties on which it can levy a council tax) but the income comes directly from the Government in the form of Benefit Subsidy rather than from the property occupiers. Under the new arrangements the support will be in the form of a "discount" under which the charge payable by residents in receipt of benefit will be reduced. This change will reduce the level of income received from Council Tax. In turn this will reduce the income into the Collection Fund which is divided amongst all precepting local authorities.

4.2 The level of income that can be raised via Council Tax is termed the Council Tax base. Given that the residents in receipt of benefit will receive a discount the Council Tax base will reduce to reflect that discount. This loss of income to the Collection Fund will be partially compensated for by the Government paying a grant directly to billing and major precepting authorities. However, the grant nationally will be 10% less than that which would be provided as subsidy under the current system and will be a fixed amount in relation to each financial year which will not be adjusted as the demand for support changes. This creates two financial risks for local authorities as they will need to ;

a) Agree a robust local scheme that funds the 10% grant reduction; and
b) Put themselves in a position to manage increases (or reductions) in costs which will occur as the number of people of both pensionable and working age eligible for discounts (those in receipt of benefits) fluctuates.

The risk of increased levels of demand is a significant issue as it is anticipated that applications from pensioners will increase once the support becomes a “discount” rather than a “benefit” and secondly, as the number of people aged 65 and over increases. Likewise, local Council’s will be exposed to both national and local trends in employment levels which will have an impact upon the number of working age people claiming benefits.

4.3 By operating the system as a “discount” the risk of financing the costs is shared with the other precepting authorities through the tax base calculation. The initial financial impact is upon the Collection Fund which is used to manage all Council Tax income before that funding is shared out amongst the various local precepting bodies. Given that this Council’s share of the Collection Fund – as set out in the table below – is only 10% the major element of the risk falls upon the other precepting local authorities. The shares of the relevant bodies based on the current council tax levels, is as follows:

Table – Council Tax Shares

Authority	2012/13 Band D Tax	Share of total
BDC	£158.15	**10%**
Parishes	£111.21	7%
Police	£163.74	11%
Fire	£67.17	4%
County	£1,077.22	68%
Total	£1,577.49	100.0%

The Council’s share, excluding parishes, is therefore some 10% with a further 7% being accounted for by Parish Councils.

While it is for billing authorities (i.e. Bolsover District Council) to determine the local scheme, given that it is the major precepting authorities which are exposed to the majority of the financial risk there is a duty to consult them on the design of the scheme. Given the impact on these reforms on other local authorities it is important that in any decision this Council gives appropriate consideration to the impact of any proposed scheme upon the other bodies who are reliant upon the Collection Fund for at least part of their income.

4.4 Government Funding - The Government's financial forecasts are based upon an estimate of subsidised expenditure for 2013/14. The reduced national grant total is then distributed on the basis of shares of previous subsidised council tax benefit expenditure. The Government published 'indicative' grant allocations in May 2012 but these are 'illustrative' only being based upon 2010/11 data. Final allocations will be issued in the autumn when 2011/12 data will be available. The Council's provisional allocation for all authorities covering its area is £6.1m, of which £605k is attributable to the Council as the billing authority. The £6.1m indicative grant represents a cut of £0.7m or 10% on the £6.8m current Council Tax Benefit subsidy which is transferred into the Collection Fund; the Council's share at 10% of the total precept is £70k (see also para 5.6 below for further budget implications).

4.5 Given the reduction in the level of government funding the Council needs to consider its options for financing this shortfall. As set out in section 3.1. (above) officers across Derbyshire have arrived at the view that the appropriate approach is that all the District Councils should seek to develop a scheme that recovers in full the loss of government grant. While careful consideration has been given to the option of meeting the loss of grant by savings within local authority (including Police and Fire service) budgets the initial view has been reached that this is unlikely to be an appropriate course of action.

4.6 As set out in the sections above the direct costs of not implementing the scheme arising from the loss of Council tax income is likely to be in the region of £70,000 in year one with that cost considered likely to increase over time. In addition to the direct impact arising from the reduction in Government grant the introduction of a localised tax scheme is anticipated to have a further indirect financial impact. For Bolsover District Council it is anticipated that this indirect impact could cost a further £100,000(see section 4.7 below). Given that the Council has been required to make significant financial savings over recent financial years, and faces a further anticipated savings target of some £2m over the next 3 financial years it is becoming increasingly difficult to maintain core services to local residents. Against this background further reductions in income from the Council Tax are not considered to be an appropriate way forward. The situation faced by Bolsover District Council is mirrored by the other authorities which precept upon the collection fund (County Council, Police, Fire and Parish Councils). It is considered that to accept the reduction in Council Tax income which would result from the adoption of the default scheme would result in an unacceptable impact upon the level of services that are provided to local residents. Likewise, the clear direction from Central Government is that local Councils should adopt a local scheme rather than awaiting the imposition of the default scheme. On the basis of the recommendation that the Council should seek to recover the loss of Government grant the options which will enable it to do so are set out in section 5 (below).

4.7. The indirect financial impact of the localisation of Council Tax includes the following:

a) While the vast majority of the income raised by Council Tax is shared between the various precepting authorities some costs and income relate solely to the District Council arising from its role of administering the Collection Fund. In particular if the costs of collection increase then those costs fall upon the District Council. While the Government has provided a grant to fund the set up costs for the new system this is a one off grant and it is relatively clear that the new system will be more complex to administer than existing arrangements. In particular the new system will result in a high number of smaller debts being created with the resultant additional administration costs. While it is difficult to estimate these costs in advance of the new arrangements becoming operational it is anticipated that the additional administration required will involve additional costs of at least £25,000 per annum. Secondly, under current arrangements the Government allows District Council's to retain income recovered from overpaid housing benefits which currently realises approximately £70,000 for Bolsover District Council. This benefit will in future be divided between all authorities precepting against the Collection Fund. It is estimated that the combination of increased costs and reduced income will cost this Council's General Fund £95,000 a year.

b) War Pensions Disregards – as part of the reforms to the funding of Council Tax Benefit it seems likely that the Government contribution towards war pension disregards will cease. In 2011/12 the cost of war pension disregards for council tax benefit was £11,000 in total, of which the Government funded 75% or £8,000. Initial views amongst Elected Members have indicated strong support for the continuation of the policy of disregarding war pension income and that approach is assumed within the consultation proposals that are set out in this report.

The cumulative financial impact on the Council is therefore a loss of grant to the Council of £70,000 in relation to benefit subsidy which it is intended to fund by the introduction of the localised Council Tax Benefit scheme. In addition, however, there will be a loss of Government grant in relation to War Pensioners of £8,000, a loss of income from the recovery of over paid Council Tax benefits of £70,000 together with increased administration costs of some £25,000. These indirect financial implications of localised Council Tax benefit will cost this Council some £103,000, which will need to be included within the Medium Term Financial Plan from 2013/14 onwards. Financing these indirect costs will effectively increase the Council's targets for savings by a corresponding amount.

4.8. Also, unlike the current subsidy system where the amount received is related to the amount of expenditure, under the new arrangement the grant will be fixed which means that the Council and the precepting authorities will carry the financial risk of demand changing (increasing or decreasing). Pensioner populations are set to rise over time so if the current protection continues then the full impact of any funding gaps in the future will be borne by working age households with low incomes.

4.9. Local Precepting Authorities – Town and Parish Councils issue a separate precept which is financed by levying a council tax on the properties i.e. tax base in their areas. Under the localised scheme their tax bases will reduce which means that by maintaining the same precept the council tax on the reduced number of properties would increase. The Government expects billing authorities to work with the local precepting authorities to mitigate this impact. One way in which this could be achieved is by the billing authority passing down the element of the grant funding which relates to the local precepting authorities share of the council tax. However, this will still result in income being reduced below current levels. The Government has warned that it will monitor increases in local precepts to ensure that they are not increased excessively to cover the costs of localised support, and will introduce measures if necessary to control this.

4.10. An alternative solution, which the Society of District Council Treasurers is currently working on with the DCLG is to have parish and town councils effectively excluded from the risk sharing due to the complexities of redistributing their share of the grant and the impact that changes to their tax base will have on council tax rates. The suggestion is to have an unadjusted tax base for parishes, i.e. the tax base before the council tax support discounts are taken into account. The parish share of the funding would then be transferred to the Collection Fund with financial risks shared between all major preceptors.

4.11. In return for managing the Council Tax and Housing Benefit grant on behalf of central government local authorities have traditionally received Administration Grant. In the light of the changes to the scheme DCLG is working with local authorities and the Department for Work and Pensions to assess the administrative costs of delivering local schemes and the net new burdens associated with the change. The level of Admin grant received in recent years has been in the region of £0.65m but this is likely to be amended. Clearly this will have a further potential financial impact upon this and other local authorities.

4.12. Transition Grant – In the 2012 Budget Statement the Government announced the release of initial funding totalling £30m to assist local authorities in preparing for the change. In April 2012 it was announced that Billing Authorities will receive £84k each and major precepting authorities £27k. To date the Council has spent some £2,000 on software modelling tools with a further £5,000 anticipated to be incurred on the additional costs arising from the consultation process. Given the further demands – such as ICT system changes – which will be placed against this funding officers consider it unlikely that any significant level of unallocated funding will be left from the implementation funding.

5. DRAFT SCHEME OPTIONS

5.1 In the light of the Government's changes there are a number of options which are open to Bolsover District Council in proposing a Localisation of Council Tax scheme as the basis for consultation. The following sections set out some preferred options as the basis for consultation with other public bodies, local residents and other stakeholders. In developing what amounts to the Council's preferred options it needs, however, to be recognised that the scheme which is adopted by this Council towards the end of this calendar year will be influenced by the outcome of the consultation process, by the provision of further details concerning the level of grant available from central government and by developments in 'good practice' concerning how the localised scheme should operate.

5.2 The first option is that a decision could be taken to protect all support at current levels and to accommodate the grant reduction by making savings from other budgets. For this Council a saving of £70,000 in more economically buoyant times might have been manageable but given the ongoing impact of the CSR on local authority grant levels it is clear that expenditure reduction in excess of £2m are likely to be necessary over the next 3 financial years. It should also be noted that while the initial cost of not implementing a scheme to this Council would be in the region of £70,000 that cost is likely to increase over future financial years. This cost is also in addition to the potential indirect cost to this Council of the new arrangements of £103,000 as set out in section 4.7. (above). In arriving at any decision Members also need to recognise that the other public authorities operating within our area face similar financial pressures with significant expenditure cuts being necessary. As part of the Consultation process we will seek information from the other precepting authorities regarding the impact of funding the grant loss from other budgets.

5.3 While the general view that has been adopted is that continued provision of financial support at current levels is not an appropriate option it is suggested that the disregard of war pensions income for purpose of the calculation of benefits should continue. The initial soundings of Members within the Council has indicated a strong level of support for the continuation of this general principle, and it is suggested that the consultation seeks a wider view as to whether this is appropriate.

5.4 The second option is to reduce the support given to working age claimants to recover all or an element of the grant loss (by changing some of the calculation parameters or with a flat rate percentage cut) to recover an element of the savings required. Given that those of pensionable age are protected and Bolsover District Council has a large proportion of pensioners the impact of this proposal on those of working age would be to reduce the level of benefit by some 19% before any adjustment for losses on collection, etc. It is therefore recommended that for purposes of the consultation exercise that a position is adopted in which benefit is paid to all recipients on the basis of a range of liabilities. After making an allowance for losses on collection a reduction of 20% is estimated to provide savings in the region of £560,000. At the level of a 15% reduction the savings would amount to an estimated £420,000. Finally, if the reduction of benefit on working age claimants were reduced to one of 10% - in line with the headline national figure – then the savings would only amount to some £280,000 which clearly would not cover the loss of grant. Views of local stakeholders will be sought on these options.

5.5 Given the level of elderly people within the local population it is unlikely to be feasible to secure the necessary financial savings solely on the basis of adjustments to the council tax liability of working age people in receipt of benefits. The other option main open to the Council would appear to be to take advantage of the Government initiatives to allow local authorities greater discretion concerning the charges that are made in respect of empty properties / holiday homes. In this area two options are available to secure an increased level of income into the Collection Fund.

5.6 The first of these is that the Council should exercise the Government option of making a full charge i.e. 100% on holiday homes and empty properties. This represents an increase of some 50% from the current charge on empty properties and holiday homes, which for Bolsover District Council would raise some £300,000 p.a. While this proposal to reduce the level of discount available is in line with relaxations in the legislation in the process of being introduced by the Government it needs to be recognised that this will have a significant impact on some local residents. For example, in the case of those inheriting a low value, difficult to sell property at a time of family bereavement any charge on empty homes is unlikely to be perceived as 'fair'. It should be noted that Bolsover is one of the few authorities who has not already taken advantage of the regulations which already allow local authorities to charge 90% of full cost in respect of empty and holiday homes after the 6 month exemption period.

5.7 Finally, as part of the same legislative changes the Government is proposing to allow local authorities to charge for empty properties as soon as they become vacant. Having considered this option officers are of the view that the most appropriate approach would be to charge for vacant properties after a period of three months. This would raise an estimated amount of some £100K. A three month period before commencing charging is considered to be a realistic period of time which would minimise administrative inconvenience for local people.

5.8. While if the options outlined above are acceptable then the Council should be in a position to agree a fully funded scheme following on from the consultation process. It needs, however, to be recognised that no scheme will cover the indirect financial costs upon the Council such as the loss of income from overpaid Council Benefits. It should also be noted that the figures provided are indicative and will change as more up to date data impacts upon the various calculations.

Options not Initially Recommended

5.9 In reaching a view as to the preferred option for covering the projected loss of Government grant arising from the localisation of Council Tax initiative there are a number of options for raising additional funding which have been considered but – subject to the outcome of the consultation – are not seen as appropriate measures to implement. While these are not recommended for implementation at this stage they will be included as part of the consultation process for stakeholders to indicate whether or not they would consider them to be appropriate. In the case of these options which have not been pursued at this stage a brief rationale for the decision not to pursue them has been provided.

- The Council could seek to recover the full loss of grant from those claimants of working age. In the view of Council Officers this is an inappropriate approach as it would involve reductions in benefit in excess of 20%. Given that the individuals involved are often vulnerable, disadvantaged members of society reductions in benefit of this magnitude are considered likely to prove unsustainable.

- The initial proposals that have been adopted as the basis of consultation are intended to apply uniformly to all working age benefit claimants and do not seek to protect particular groups from the impact of the changes. Changing some of the calculation parameters (income disregards such as child benefit, non-dependent deductions, removal of second adult rebate, limit or removal of backdating benefit awards) would secure some significant savings. For example removing the child benefit disregard would have raised in excess of £100,000. However, given that the existing benefit system has been developed to protect a number of disadvantaged groups the position has been adopted that this Council should continue to operate wherever possible within the existing framework of recognising need. Thus, for example, removing the Child Benefit disregard from the calculation of eligibility for Council Tax benefit was considered to have a disproportionate impact upon a particular group and was unlikely to be acceptable within the context of child welfare legislation.

- The taper (i.e. the rate at which support is withdrawn as income rises) could have been recommended for adjustment. However, while increases in the taper at which benefit is withdrawn when people return to work would generate significant financial savings it also reduces the financial incentive to move from benefits into work. Although increasing the taper from the current 20% to 30% would again generate savings in excess of £100,000 the consequent reduction of the financial incentive to return to work is unlikely to be considered appropriate locally, and is clearly contrary to Government policy.

- The level of support could be restricted by capping the council tax band on which support is calculated, requiring everyone to pay a proportion of the tax liability. This option would, however, raise relatively limited sum of money and is unlikely to represent an appropriate solution.

- In respect of Long Term Empty Properties it is proposed that consideration be given to exercising the option of removing the current discount of 50%. In addition the Government's proposals allow for a 50% premium charge if the property remains empty after two years. However, the administrative cost, the avoidance issues (e.g. couples claiming they no longer lived together to allow qualify for Single Person Discount on two properties) and the relatively low yield from the numbers involved in Bolsover District Council means that this is unlikely to be an attractive option.

- Provide no support for those with capital of above say £8,000. While on current figures this would save some £26,000 a year it is likely that this figure would not be achievable in practice as savings would be used to meet everyday living costs which would quickly reduce the savings of many of those affected below the £8,000 limit. Accordingly this is unlikely to represent an appropriate option.

6. COMMUNITY ENGAGEMENT

6.1 A full communications and engagement plan is currently being developed in partnership with other Derbyshire authorities. There will be an eight week formal consultation period running from September till the end of October. This consultation will involve a variety of different stakeholders including benefit claimants, non-claimants, community and voluntary groups, advocacy groups and precepting authorities. There will also be a helpline available for all stakeholders to assist them to take part in the consultation and answer any questions.

7. EQUALITIES ISSUES

7.1 Council tax support is intended to provide financial support to some of the most vulnerable groups in society. The Government has already given a commitment to protect those of state pension age but does not intend to prescribe in statute which other vulnerable groups must be protected. Instead, local authorities are expected to take into account existing duties in relation to vulnerable groups in designing their schemes. The following duties must therefore be considered:

- The public sector Equality Duty;
- The duty to mitigate the effects of child poverty; and
- The duty to prevent homelessness.

7,2 A full Equalities Impact Assessment (EIA) is in the process of being finalised for the draft scheme and this will be circulated prior to the meeting of Cabinet as an **Appendix** to the main report. It is, however, important to note that this is a live EIA which will be developed as further information becomes available and as the consultation exercise progresses.

8. RISK MANAGEMENT

8.1 There are a range of risks associated with the introduction of a Localised Council Tax Benefit scheme. Central to the scheme is the Government's localism agenda under which powers are transferred from central government to local authorities. With the transfer of powers there is invariably a transfer of risk.

8.2 The first group of risks concerns what might be termed operational issues. Under current arrangements local councils are responsible for the local administration of a scheme which is effectively prescribed by central government. While local authorities will continue to be constrained in their choices by both national legislation and by the IT systems available to administer the scheme there is a limited increase in local discretion. It is important that local authorities are able to develop a robust scheme which is the subject of appropriate consultation in order to avoid the risk that their scheme will be subject to challenge. Likewise, the scheme will need to be effective in administering Council Tax Benefits whilst being cost effective.

8.3 The second set of risks are financial. Under existing arrangements Central Government basically funds the cost of the scheme and therefore an increase in the level of demand due to an increase in the number of people reaching retirement age, an increase in the number of people out of work, or an increase in the take up rate in respect of benefits are effectively funded by Central Government. Under the new arrangements these costs will fall upon the local authorities who are funded from the Collection Fund. Given that changes in the number of elderly people in an area, fluctuations in take up level and changes in employment levels are to a large extent outside of the control of local authorities there is relatively little that can be done to mitigate these risks. In addition the localised Council Tax scheme is being introduced at the same time as a more widespread reform of the benefits system. It is possible that reforms to the various strands of current benefit arrangements may have an unforeseen impact upon the circumstances of local residents which may be detrimental to the effective operation of the proposed Council Tax arrangements.

8.4 Finally, the approach adopted locally will require that local authorities are able to develop a scheme which recovers the reduction in the level of government grant. There are a number of issues such as the demographics of an area, the robustness of the local economy, collection rates and changes in the housing arrangements of local residents which may undermine the financial viability of the scheme. These are likely to feed through into the collection rate for Council Tax and to the extent to which the collection rate falls below the budgeted level then the scheme will come under increasing financial pressure.

9. Legal Implications

9.1 These are covered throughout the report which has been written in response to proposed changes in legislation.

10. REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

10.1 To ensure that the Council is able to implement and finance a localised scheme providing council tax support for vulnerable groups from April 2013.

BACKGROUND PAPERS: Department for Communities and Local Government (DCLG) consultation papers and Statement of Intent (May 2012):

www.communities.gov.uk/localgovernment/localgovernmentfinance/counciltax