

Committee:	Executive	Agenda Item No.:	6.
Date:	10 th December 2012	Status	Open
Category	Key decision included in Forward Plan Part of the Budget and Policy Framework		
Subject:	Localisation of Council Tax and Welfare Benefit Reform		
Report by:	Director and Assistant Director of Corporate Resources		
Other Officers Involved			
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.

SOCIAL INCLUSION – Promoting fairness and equality. In developing a proposed scheme for the localisation of Council Tax the consultation process has been used to assess the potential impact of any proposals upon fairness and equality.

TARGETS

None in a direct way but all targets will be affected by the Council's finances.

VALUE FOR MONEY

This report is intended to ensure that the Council has in place an agreed Local Council Tax Support scheme with effect from April 2013 as required by Government legislation. Agreeing an appropriate scheme will facilitate the effective operation of our Council Tax arrangements.

THE REPORT

- 1.1 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 a wider package of public expenditure reductions and reforms to the welfare benefit system the proposals are required to deliver a 10% reduction in expenditure. The Government's commitment is being implemented via the Local Government Finance Bill. With regard to the welfare system Localisation of Council Tax Support is part of a wider set of reforms through which the Government seeks to improve incentives to work and target resources more effectively.

- 1.2 The Government will provide funding 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. Under the current arrangements authorities are fully reimbursed for the costs of all relevant expenditure.
- 1.3 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. Local authorities are required to consider the needs of vulnerable groups of working age as part of the process of developing a local scheme.
- 1.4 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 local authorities will no longer be limited to charging a maximum of 90% in respect of holiday homes, as the new regulations will allow them to charge full Council Tax. 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.

2 Designing and Consulting on a Local Scheme

- 2.1 Following on from the Government announcing its intended changes the Council has been working to develop a local scheme. Initially it was hoped to develop a Derbyshire wide scheme but this has not proved possible because of a variety of factors including in particular the demographics of each district area. The demographics are particularly important as the percentage of working age against those of pensionable age claiming benefits is a key determinant of the local cost of the proposals. While a Derbyshire Wide scheme has not proved possible the Council has continued to consult with its nearest neighbouring Council's Chesterfield and North East Derbyshire in order to seek to develop a local scheme based on the same broad principles to simplify the scheme for local residents and to minimise the risk that residents in one area are more adversely affected than those in a neighbouring area.
- 2.2 The first stage in the process of developing a local scheme was that all local authorities responsible for issuing Council Tax bills were required to:
 - a) Consult any major precepting authority which has power to issue a precept upon it;
 - b) Publish a draft scheme in such manner as it saw 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 31 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.

- 2.3 In the light of these requirements Executive at its meeting in August 2012 considered a range of draft proposals which were agreed as the basis of consultation. The public consultation began on the 3 September 2012 and closed on the 29 October 2012. The outcome of that consultation are summarised in section 3 to this report below and in **Appendix 1** attached.
- 2.4 The position as set in the earlier report of August 2012 has been complicated by the fact that on 16th October 2012 the Government announced what amounted to a new option for local authorities in respect of their localised Council Tax Scheme for the 2013/14 financial year only. The Government's proposals for 2013/14 included making available a one year grant to those local authorities who adopted a scheme which was in accordance with the Government's view as to what constituted a well designed council tax support scheme which maintained positive incentives to work. The Government has set aside £100m nationally to fund the costs of the scheme. To be eligible for grant a local scheme would need to ensure the following:
- Those who would be on 100 per cent support under current council tax benefit arrangements pay between zero but no more than 8.5 per cent of their council tax liability in 2013/14.
 - The taper rate at which benefits are reduced as people move back into work is not increased above 25 per cent.
 - There is no sharp reduction in support for those entering work.
 - Local authorities do not impose large additional increases in non-dependant deductions.
- 2.5 Where the billing authority adopts a compliant scheme the Government grant will be distributed to both the District Council in its role as billing authority and to the other authorities which precept upon the Collection fund (Derbyshire County Council, Police Authority, Parish Councils and Fire Authority. A subsequent announcement by the Government has indicated that the authorities serving Bolsover would be eligible for a total grant of £163,000 (BDC £28k, DCC £111k, Police £17k, Fire and Civil Defence £7k).
- 2.6 While Executive is being requested to approve a scheme for recommendation to Council it should be noted that some key financial aspects of the settlement will not be available until the wider Local Authority Financial Settlement which it is currently understood will be available on the 19 December. In particular we will not know until the

wider settlement is announced the level by which grant will be reduced in order to enable the Government to achieve its objective of securing a 10% reduction in council tax benefit expenditure. Officers are, however, of the view that this will need to be managed as part of the agreement to the Council's overall Medium Term Financial Plan. It does, however, need to be noted that the grant settlement will also have an impact upon other local authorities – including Parish Councils - which precept upon the Collection Fund and they will also need to manage the position.

- 2.7 With respect to Parish Councils they are affected by the reform of the Council Tax Benefit in that they depend upon the council tax as their main and often only source of income. One of the key features of the Government's reform is that it operates by reducing the Council Tax base, which will impact on the level of income that a Parish Council will receive for its precept. Under the Government's Consultation paper which was issued in August 2012 it seemed likely that the reform would be managed by the Parish Councils' funding being distributed by way of an unadjusted Council Tax base i.e. one that was not reduced to reflect the number of residents on benefits within the Parish area. The Government's response to the Consultation Paper which was published in late November 2012 came to the view that the Parish Councils should in effect share in the financial penalties and rewards associated with the introduction of the localisation of Council Tax.
- 2.8 Given that the scheme which is proposed locally is largely a self financing one it is anticipated that the financial impact upon the Parish Councils overall will be minimal, and for the majority of Parish Councils existing income will continue to cover expenditure in respect of 2013/14. In a situation, however, where a Parish Council has a large number of benefit claimants – whether they be pensioners or people of working age – then the tendency for income to fall short of expenditure in the proposed local scheme may have an impact upon a limited number of Parish Council. If the Parish had also suffered from a general stagnation or reduction in its Council Tax base then the Parish Council may see a significant 'gap' opening between income and expenditure levels. Where there was a significant 'gap' the Parish Councils have – like all other local government bodies – two broad options. The first of these options is that they reduce expenditure accordingly, or the second is that they increase their precept. Council Officers will work with Parish Councils in order to ensure that the introduction of this legislation is effectively managed.
- 2.9 While the Government is clearly intending that District Councils should pass funding down to the Parish Councils the Consultation concluded that in line with the wider localism agenda there would not be a legislative duty to pass down funding. Officers' view, however, is that it would be appropriate that such funding be passed on as this would appear to be necessary for the effective funding of a local scheme. In particular Executive should note that if a decision were taken not to passport this funding then the benefit would go to the Collection fund

and be divided amongst all the authorities which precept upon the local Collection Fund. That recommendation will, however, need to be agreed by Council. In terms of the actual detail regarding the grants to be passported this Council will not, however, be informed of the level of grant actually available until late December 2012. It should be noted that officers will need to divide a total grant figure from central government for all Parish Councils into an amount that will be provided to each Council. Officers are seeking to calculate this allocation on the basis of the Council Tax benefits payments in each Parish Council.

- 2.10 On the basis that Executive accepts this recommendation Officers will write to Parish Councils informing them of the position. Once details of the grant settlement have been received in late December then the District Council will write to the Parish Councils providing details of the level of grant which they will be eligible to receive, which will put them in a position to better appreciate the impact upon their 2013/14 budgets.

3 Outcome of Consultation Process

- 3.1 As set out above the consultation process regarding the introduction of a local scheme of Council Tax Support concluded at the end of October 2012. The consultation process effectively fell into two parts. Firstly, the Council commenced a process of consultation with the major precepting authorities who issue a precept – or a charge against the local Council Tax. The key theme was that all raised their concerns about the impact of the failure to adopt a fully funded scheme upon their budgets. This reflects the fact that all are facing a requirement to secure significant reductions in their level of expenditure, with that requirement for expenditure reductions being increased if the localisation of Council Tax reform is not fully funded.
- 3.2 The more intensive element of the Consultation process consisted of the work undertaken with local residents. This involved a range of public meetings, together with the development of a dedicated area for comment on the Council's website. The outcome of this consultation process is set out in a report which is provided within Appendix 1 to this report. In terms of specific issues which emerged the consultation was supportive of the proposal that war pensions and child benefit should be disregarded as potential options to offset the reduction in the level of Government grant. It was also clear that a significant number of those who were consulted were opposed to having to pay a proportion of the Council Tax. The main thrust for this opposition, however, does not appear to have been any opposition in principle to the proposal but the fact that it would constitute a further burden on those who were already struggling to make ends meet.
- 3.3 As part of the consultation process the Council has continued its partnership working with local advice agencies holding regular liaison meetings with Derbyshire Unemployed Workers Centre, the Citizens Advice Bureau, Royal British Legion, Chesterfield Law Centre and

Release. The meetings which operated across Bolsover and North East Derbyshire Councils have provided an opportunity to update the agencies on the Council Tax and Welfare Reform agenda, to share best practice and to consider whether the range of services provided by the various agencies will provide an effective package of support to local communities. In addition to enabling consultation regarding the general principles of the proposed reforms consideration has also been given to the more operational issues which will arise should a scheme be implemented. The agencies have been consulted on the Council's Debt Collection policy and their comments will inform our Local Council Tax Support scheme Equalities Impact Assessment concerning the impact of our debt collection arrangements on vulnerable people. As part of the management arrangements for Localisation of Council Tax it is important that the Council has a clear and transparent debt collection policy which optimises collection rates whilst recognising the support required by those facing financial hardship. An outcome of the work that has been undertaken is that the Council is looking to adopt the UK Good Practice Protocol for the Collection of Council Tax Arrears which has been developed by the Local Government Association, National CAB and Advice agencies. These proposals will further strengthen the existing arrangements of the Council.

- 3.4 The Consultation process has also facilitated training to front line staff who took part in the consultation and who are increasingly facing enquiries from Members of the public regarding the impact of welfare reform. There has been strong partnership working with other bodies including both the Advice Agencies and this partnership working which has developed out of the consultation process should assist in ensuring that issues arising from the implementation of the proposals are minimised.

4. ISSUES/OPTIONS FOR CONSIDERATION

- 4.1 Following on from the consultation exercise the Council has effectively three options between which it can choose and the section below sets out the issues which Members need to take into consideration in deciding which scheme to adopt.
- 4.2 The legislation specifies that if Bolsover District Council as billing authority fails to agree a council tax reduction scheme on or before 31 January 2013 then the default scheme will apply. The default scheme reflects the existing Council Tax Benefit scheme which would continue to operate against the background of a 10% reduction in the level of Government Grant. Under the default scheme the reduction in the level of government grant will fall directly upon the local authorities. The local authorities including this Council, DCC, Police, Parish Councils and Fire 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. On the assumption that the Council received government grant and implemented the changes to

Holiday Homes and empty properties accepting the default scheme would be at an overall cost to the authorities in the area of £145,000.

4.3 Executive should note that in respect of all the schemes for consideration as outlined within this report that Officers are proposing that the Council takes advantage of the changes introduced by Central Government in respect of Empty and Holiday homes. These changes to the regulations are a separate issue to the question of funding a localised Council Tax scheme but the greater discretion that has been provided to local authorities by the Government is clearly of assistance in addressing the issue of funding the localisation of Council Tax. In making any decision regarding a recommendation to Council, Executive does however need to be aware that these increased charges will have an adverse financial impact on a number of local residents. This impact will be felt more strongly in Bolsover than in other areas because currently Bolsover makes a 50% charge for empty and holiday homes, whereas the majority of local authorities had previously moved to a 90% charge. A typical situation that is likely to arise is where a property is inherited from recently deceased relatives, but is in a poor condition and proves difficult to sell. While acknowledging that these proposals will create a difficult financial position for a limited number of residents, officers are of the view that on balance this is an essential part of a scheme which covers the increased costs which have arisen as a result of the Government's changes to the Council Tax Benefits arrangements. Crucially, it also helps to minimise the impact on those local residents of working age currently in receipt of Council Tax benefit.

4.4 In response to the Government's initiative in respect of the localisation of Council Tax Executive agreed a range of approaches at the meeting of August 2012 that provided the basis on which the Council went out to consultation. The key elements of proposed local scheme were as follows:

- Benefit would be paid to cover as a maximum 85% of the Council Tax liability, leaving local residents to pay a minimum of 15% themselves. Assuming they were living in a Band A property then the Council Tax Liability would be in the region of £150 p.a. for a couple or £110 for a single person.
- The Council was also proposing that it took advantage of the Government's new regulations in respect of Empty Homes and Holiday Properties.
- Finally, the Consultation process considered the exemption on the requirement to pay for empty properties from 6 to 3 months.

When taken together the above measures resulted in a local scheme which would be fully funded on the basis that the actual reduction in the level of Government Grant was in line with the indicative figures provided to local authorities and that assumed levels of collection were achieved.

4.5 The final option is that the Council decides to accept the Government Grant that was offered in the announcement of October 2012, such grant to be made available on the basis that the Council adopted a scheme which is compliant with what the Government considers to be best practice. The key features of a compliant scheme are as follows:

- Benefit would be paid to cover a maximum of 91.5% of the Council Tax liability, leaving local residents to pay a minimum of 8.5% themselves. Assuming they were living in a Band A property then the Council Tax Liability would be in the region of £85 p.a. for a couple or £60 for a single person.
- The Council would also implement the Government's new regulations in respect of Empty Homes and Holiday Properties.
- The Council would also take advantage of the ability to reduce the exemption on the requirement to pay for empty properties from 6 to 3 months.

4.6 An overview of the three schemes that are being considered is given below.

	Default Scheme	Local Scheme	Gov Grant
	£000's	£000's	£000's
Direct Grant Loss	700	700	700
Benefit Adjustments			
• Pay Benefit at 85% of Entitlement	N/A	(400)	N/A
• Pay Benefit at 91.5% of Entitlement	N/A	N/A	(220)
• Assume Local Funding of War Pensions disregard	10	10	10
Council Tax Discounts and Exemptions			
• Full charge on Holiday Homes / Empty Properties (Up from current 50% charge)	(300)	(300)	(300)
• Reduce exemption on payment from Holiday Homes Empty Properties from 6 to 3 months.	(100)	(100)	(100)
Government Grant			
Bolsover District Council	(28)	N/A	(28)
Derbyshire County Council	(111)	N/A	(111)
Derbyshire Police	(17)	N/A	(17)
Derbyshire Fire and Rescue	(7)	N/A	(7)
Cost of Scheme / (Contribution to Collection Fund Reserve)	147	(90)	(73)

On the basis of the above figures, Officers are of the view that a default scheme with the exemptions on empty properties removed and Government Grant would result in additional costs of £147,000. In a situation where no action was taken in respect of the exemptions on empty and holiday homes then the shortfall on the Collection Fund would amount to £547,000 on the basis that the Council would remain eligible for Government Grant. Secondly, a scheme in line with that originally proposed by the Council as the basis of consultation in August 2012 would generate a surplus in the region of £90,000. Finally, a scheme in which Council Tax entitlement was paid at 91.5% would result in a surplus on the Collection Fund of £73,000.

- 4.7 Executive should note that the figures provided in the above table are at this stage estimated, but they do provide the best information currently available regarding the financial impact of the three options considered in this report. In particular Members should note that the level of actual grant reduction of £700,000 is based upon an estimated figure provided by Central Government based upon 2011/12 data. It is understood that actual details concerning the reduction in Council Tax grant will be provided during December 2012 as part of the wider local government funding settlement. Other figures concerning the additional income that would be generated by the various options are based upon an estimate of the Council Tax base and upon losses on collection.
- 4.8 Officers have considered the above position in the light of the Consultation process. The two main issues to emerge from the Consultation were the concerns raised by those claiming benefits concerning the difficulties of managing the impact of having to pay a proportion of Council Tax out of a very low fixed income, against the concerns raised by the other precepting authorities concerning the impact on frontline services if the loss of Council Tax Benefit grant was not offset by increasing other income to the Collection Fund.
- 4.9 On the basis of the above consideration Officers would recommend that Bolsover adopt a scheme based upon the acceptance of Government Grant, paying benefit at 91.5% of entitlement and removing discounts in respect of empty and holiday homes. The scheme minimises the impact on those residents of working Age claiming Council Tax benefit, while coming relatively close to producing a fully funded scheme thus minimising the pressure to reduce the level of public services provided by local authorities and related organisations.

5 Community Engagement

- 5.1 A full communications and engagement plan has been developed and implemented in partnership with other Derbyshire authorities. An eight week formal consultation period running from September till the end of October has been undertaken involving a variety of different stakeholders including benefit claimants, non-claimants, community and voluntary groups, advocacy groups and precepting authorities. There was also a helpline available for all stakeholders to assist them

to take part in the consultation and answer any questions. This consultation process has informed the outcome of the schemes which Officers have recommended for the implementation of the localisation of Council Tax.

6 Equality Issues

6.1 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 have been required 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.

6.2 An Equalities Impact Assessment (EIA) has been prepared which was informed by the process of consultation with local residents. The outcome of that process of consultation is set out in Appendix 1 to this report and therefore the EIA is not reproduced in full within this report as the details provided by those whom the scheme will impact upon is considered by Officers to provide a more comprehensive insight into the issues. It should be noted that officers are continuing to further develop the EIA in conjunction with the advice agencies and that final details will be provided to Council as part of the January report.

6.3 With regard to the Localisation Of Council Tax initiative the proposals that have been considered by the Council are intended to apply uniformly to all 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, capital savings) 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 guidelines set by and 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.

7 Risk Management

7.1 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.

- 7.2 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 has been the subject of appropriate consultation in order to avoid the risk that their scheme will be subject to challenge. Given that there are likely to be further significant changes or developments in the scheme during the first year of operation (2013/14) further ongoing work will be necessary to mitigate these risks. Likewise, the scheme will need to be cost effective in administering Council Tax support.
- 7.3 The second set of risks is 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.
- 7.4 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.
- 7.5 In addition to what might be considered to be the Strategic Risks which are outlined above Officers have given consideration to what might be classed as operational risks in their recommendations concerning an appropriate scheme. One of the key reasons for officers recommending that we introduce a scheme which will be eligible for Government Grant

is that this grant should effectively cover 25 % of the overall cost of the scheme. This income is certain, whereas the other income options within the scheme do involve recovering relatively small amounts of money from that on low income, or from collecting money in relation to empty homes or holiday homes where the owners may have options for minimising the impact of such charges.

8. IMPLICATIONS

Financial:

- 8.1 With regard to the general financial background the Government is proposing a 10% cut in the level of grant that has traditionally been provided in order to cover the costs of Council Tax benefit. With effect from April 1st Local authorities are required to fund this loss of government grant from locally raised income or reductions in expenditure.
- 8.2 While it is the District Council – as billing authority – which is responsible for the operation of Council Tax benefits the financial aspects of the reform are being managed by way of the Collection fund. The Collection fund is the account into which all income from Council Tax is paid before being distributed to the various authorities, namely the County Council (69%), the District Council (13%), the Police Authority (10%), Parish Councils (4%) and the Fire and Civil Defence Authority (4%). Given that the scheme is managed through the Collection Fund the costs and risks of the scheme are borne by all the authorities within the Collection Fund. Thus the biggest financial cost of any scheme would fall upon the County Council which is 69% of the Collection Fund, whereas the District Council is only 13%.
- 8.3 In developing and considering a scheme for the localisation of Council Tax this Council needs to take into account the fact that to the extent to which it is not fully funded then it financially disadvantages itself and the other local authorities within the local Collection Fund. It needs to balance these costs to the local authority bodies against the fact that any of the measures to increase income into the Collection Fund will have an impact upon local residents.
- 8.4 Having considered the various options available to the Council Officers are recommending that the Council adopts an option based upon securing access to Government Grant. Given that this option secures some £163k of Government Grant it minimises the impact upon local residents of the introduction of the localisation of Council Tax. Given that this grant is in effect guaranteed it reduces the level of risk around securing the necessary level of income to balance the Collection Fund. It should, however, be noted that this grant is only available for a one year period and that the Council is likely to be required to collect these resources from local residents in future financial years.

- 8.5 On the basis that Members agree the recommendations as set out within this report it is anticipated that Bolsover District Council will not face any additional direct costs arising out of the localisation of Council Tax initiative. There are some indirect costs which will fall upon this Council. These costs arise because the District Council is responsible for administering the Collection Fund. Firstly, the requirement to collect large numbers of relatively small sums will increase our Collection Costs. Officers are of the view that costs will be increased by a figure in the region of £25k p.a. although we will seek to cover these costs by efficiency measures rather than through the employment of additional staff. Secondly, under the current arrangements the Council in effect gets a financial benefit when it secures the repayment of overpaid Council Tax Benefit. This is worth some £70,000 p.a. to the Council currently but from April 2013 will become in effect part of the income within the Collection Fund. The overall costs to this Council of these indirect costs changes is therefore anticipated to be in the region of £100k which will need to be reflected in the budgets in respect of 2013/14.
- 8.6 Finally, it should be noted that the Localisation of Council Tax sees a clear transfer of risk from central to local government. In particular the level of Government grant to fund the cost of council tax benefit is fixed and if the number of local people claiming benefits increases then those costs will fall upon the Collection Fund and ultimately those authorities which receive income from it. In a situation in which the income to the Collection Fund falls below the estimated level then this will need to be recovered by a corresponding increase in income in future years.

Legal:

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

Human Resources

- 8.8 None

RECOMMENDATIONS

- 1) **That Executive notes the requirement to operate a localised Council Tax benefit system with effect from 1 April 2013, and considers whether to accept the recommended option as outlined within this report as the preferred scheme to propose for adoption by the Council at its meeting of 23 January 2013. The recommended option is based on a local scheme which complies with the Government's proposals and thus would be eligible for Government Grant in respect of the 2013/14 financial year.**
- 2) **That Executive recommends to Council the adoption of a local scheme based upon the following principles:**

- Those of working age in receipt of Council Tax Support be required to pay a minimum of 8.5% of the Council Tax Bill (approx £85 for a Band A property).
 - That the Council ensures that it is in a position to meet the requirements to secure the £163k of Government Grant which will benefit the precepting authorities operating in the area of Bolsover District Council.
 - That Bolsover District Council continues its policy of disregarding war pensions for the purposes of calculating income in respect of Council Tax Support at a total cost of £14k.
- 3) That the Council is recommended to make use of the change in Government legislation to charge 100% of Council Tax (rather than the current 50%) in respect of both Empty Properties and Holiday Homes.
 - 4) That the charge with respect to empty and unfurnished properties is made after a three month period rather than the current six month period.
 - 5) That officers prepare a scheme for passing on relevant funding to the Parish Councils operating within the District Boundaries in order to mitigate the impact of the changes associated with the introduction of the Localisation of Council reform upon Parish Councils.

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

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
