

APPENDIX C

WAVERLEY BOROUGH COUNCIL

EXECUTIVE 4 DECEMBER 2012

Title:

LOCAL COUNCIL TAX REDUCTION SCHEME

[Portfolio Holder for Finance: Cllr Mike Band]

[Wards Affected: N/A]

Summary and purpose:

The Government is localising Council Tax Benefit through the introduction of the Local Council Tax Reduction Schemes from 1 April 2013. This is a holding report that updates Members on the latest position for Waverley.

Equality and Diversity Implications:

There are no direct implications arising from this holding report. The final scheme proposals report that will be considered by Members in January will have equality and diversity implications and these will be detailed in the report.

Resource and legal implications:

The Government is cutting funding for council tax support by 10%. Council tax benefit costs are around £6.1m in Waverley. Major precepting authorities will receive a 90% 'un-ring fenced' grant based on 2012/13 estimated council tax benefit spend when localised schemes are introduced in April 2013. This will leave an estimated ongoing funding gap of £610,000 in Waverley. The reports to the Executive in September and the Corporate O&S Committee in November provided a full analysis of the financial implications. There are no direct financial implications arising from this holding report

Background

1. As part of the Spending Review 2010 the Government announced that the current national Council Tax Benefit (CTB) system would be replaced by localised Council Tax Reduction schemes from 2013-14. The Council's scheme has to be approved by Council by 31 January 2013. Where billing authorities do not adopt their own local scheme by 31 January, the Government's default scheme is used which is set out in Regulations. This default scheme will retain the criteria and allowances in the current Council tax benefit scheme.

Waverley's Consultation on its Draft Scheme

2. On 4 September the Executive agreed a draft scheme for consultation purposes. The consultation ran for 8-weeks and the results are included on Waverley's website.

3. The views of Surrey County Council and Surrey Police Authority are also important to the decisions that the Surrey borough councils take about their local schemes and both organisations have been consulted. Waverley's final decision about its Local Council Tax reduction Scheme will be partly determined by what, if any, grant support from Surrey County Council is confirmed towards the funding gap and running costs.

Waverley's Local Scheme – With Changes

4. The proposed scheme has been developed following the consultation and broadly aligns to the Surrey Framework. The following is a summary of Waverley's draft 'Local Scheme – With changes'.

2013/14 Waverley Local Scheme with Changes - based on current council tax benefit but with:	Estimated annual saving	Consultation Results		
		Agree	Disagree	Don't know
• No second adult rebate	£2,000	74%	24%	2%
• Restrict Maximum Benefit award to Band D property	£79,000	61%	31%	8%
• Restrict Minimum payment to £5.00 per week	£12,000	57%	27%	16%
• Maintenance for children – disregard removed	£33,000	64%	33%	3%
• Increase additional earnings disregard criteria from 16 hrs to 24 hrs- in line with Government's change to Working Tax Credit	£17,000	59%	31%	10%
• Increase non dependant deductions	£56,000	71%	20%	9%
Total saving	£199,000			

Summary of Financial Implications for Waverley

5. The proposed scheme would save £199k of the £610k estimated overall funding shortfall. Waverley's proportion of the unfunded balance would be £53k. As the major impact of the new scheme based on the existing council tax benefit scheme falls on Surrey County Council and Surrey Police Authority, officers across Surrey have been looking to see what contribution those authorities would make to support the implementation of local schemes. The latest position from Surrey County Council is that they have indicated that they may consider paying £1m to Surrey authorities to support the introduction of local schemes across the County in 2013/14 only. Confirmation of this funding has not yet been received.
6. Late in October, the Government suddenly announced that it has set aside £100m to incentivise local authorities to conform to specified requirements in their local schemes that would limit the impact on certain claimants. For Waverley the grant that is available is £19,000 and this can only be applied for after the 31st January 2013. Based on the proposed scheme above, Waverley would not be eligible for this grant. However a no-change option would qualify.

7. Given the uncertainty about the funding from the Government and the major precepting organisations, there are currently two options for the Council:

Endorse the ‘Local Scheme – With Changes’ as set out in paragraph 4 above; or alternatively,

Propose that Waverley’s local council tax reduction scheme is on a ‘no-change’ basis from the current council tax benefit scheme.

8. The following table summarises the financial implications for Waverley of the two options:

Estimates	Local Scheme – With Changes	Local Scheme – Without Changes
Costs:		
Waverley’s proportion of funding gap	£53,000	£80,000
Impact on collection rate	£9,000	Nil
Additional costs – fraud/inspection post	£45,000	?
Additional council tax enforcement costs	?	Nil
Income:		
One-off funding from SCC	?	?
One-off funding from Government	Nil	£19,000

Conclusion

9. Given the uncertainty about Waverley’s budget and Government funding for 2013/14 and whether any one-off funding from major precepting organisations will be available towards the costs of the council tax reduction scheme, at this stage, it is not possible to agree on Waverley’s scheme for 2013/14.

Recommendation

That the Executive:

1. note the comments made by the Corporate Overview and Scrutiny Committee at its meeting on 26 November; and
2. agree to approve Waverley’s council tax reduction scheme for 2013/14 at a Special Executive and Council meeting in January 2013 once the funding position from the government and other precepting bodies is clear.

Background Papers

Summary of consultation responses – published on Waverley’s website

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