



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	5 DECEMBER 2013
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	LOCALISATION OF COUNCIL TAX SUPPORT 2014/2015 SCHEME
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report seeks approval of the scheme for 2014/15. There are no changes proposed to the scheme which has operated in 2013/14.

2.0 RECOMMENDATIONS

2.1 That members recommend to Council

- (i) a Local Council Tax Support Scheme for 2014/2015 which is unchanged from 2013/14; and
- (ii) to authorise the Corporate Director in consultation with the Chairman of Policy and Resources Committee to undertake the necessary consultation work to design a scheme for 2015/2016, in light of the experience in 2013/14 and 2014/2015, to be presented to Policy and Resources Committee in December 2014.

3.0 REASON FOR RECOMMENDATIONS

3.1 The Council must approve a scheme of its choice for 2014/2015 having approved a one year scheme for 2013/14, the first year of Localised Council Tax Support (LCTS).

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in approving the scheme as recommended.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The Council will need to approve a Local Scheme for CTS.

6.0 REPORT DETAILS

- 6.1 At Council on the 10 January 2013 members approved a scheme for Localised Council Tax for 2013/14. This followed the Government's decision to terminate Council Tax Benefit and allow Local Authorities to establish their own local schemes. There was a headline cut of 10% in funding however using the basis of calculation and the protection of all pensioner claimants (around 61% by spend of Council Tax Benefit at RDC) the cut in funding was in effect in excess of 20%.
- 6.2 The main feature of the Council's scheme was that working age claimants saw an 8.5% reduction in benefit and many people who had never paid Council Tax were now doing so. Whilst the sums were often low (most were £64 to £130), there were residents on low incomes and/or benefits. The decision to make a cut of 8.5% did attract transitional grant funding from Government of £11k for RDC in 2013/14 (and proportionate amounts for the other major preceptors). This grant will not be available in 2014/15. In 2013/14 and 2014/15 the Council received new burdens funding for the additional work around local schemes and these grants have been taken into the Councils budget.
- 6.3 The scheme affects all precepting authorities (District Councils, County Councils, Fire Authorities, Police Authorities and Parish Councils) through the Council Tax Base (CTB) which is reduced by the cost of the scheme.
- 6.4 Members may recall that the Council's original plans for a local scheme for 2013/14 revolved around a 20% and consultation took place with the major preceptors and the public in this basis. The transitional grant offer was the main reason for the final scheme choice. This decision was also replicated in all other North Yorkshire Districts except Harrogate who made no cut to benefits.
- 6.5 Council must now consider a scheme for 2014/15. In order to inform this process consultation has again taken place on moving to a cut of 20%.
- 6.6 Only the County Council responded from the major preceptors and they were seeking the Council to increase the cut to claimants which would reduce the scheme cost and they would benefit from an increase in CTB. This is solely a reflection of their financial position.
- 6.7 Public consultation took place between 24 September 2013 and 11 November 2013 via the Council's web site. Two respondents completed the questionnaire. Both thought the maximum support should be restricted to 80% and thought the scheme should run for one year. No further comments were made. Both respondents pay Council Tax in the Ryedale area (Norton & Pickering). Neither person currently receives Local Council Tax Support. Neither considered themselves to be disabled. The consultation responses from last year are attached at Annex A and are considered relevant to this year's decision.
- 6.8 The experience in 2013/14 can be summarised below:
- The scheme was implemented on time and there were few difficulties in customer service
 - The Council has not seen an increase in claimants numbers as feared when the scheme introduced a discount rather than benefit
 - The implementation has impacted marginally on the Council Tax collection rate, however not to the extent expected (so far this year)

- The Council has had increased workload on summons and liability orders (detail required).

6.9 The following table sets out the estimated claimant breakdown for 2013/14:

Claimant Type	Number	Annual Cost	% total spend
Over Pension Age	2,020	£1,885k	62%
Working Age – Household Vulnerable	280	£240k	8%
Working Age: Vulnerable	412	£376k	12%
Working Age: Employed	281	£170k	6%
Working Age: - Other	422	£374k	12%
	3,415	£3,045k	

1. Pensionable age – where claimant or partner meet the criteria.
2. Working Age Household Vulnerable – there is a child under 5 in the household.
3. Working age Vulnerable – where disability premiums are included in the assessments.
4. Working age Employed – Working 16 hours or over.
5. Working Age Other – All other working age claimants.

6.10 Nationally the position has varied between authorities and the implementation of the Scheme. City of York Council for example made a 30% cut in claimant payments. A recent District Council survey (of 113 Districts) showed the following for 2013/14:

- 27% of Councils made no cuts to claimants
- 47% introduced a scheme with a cut of 8.5%
- 26% made cuts in excess of 8.5%

6.11 Those with the greater cuts have also seen the greatest impact on collection rates and increased administrative costs, as well as the impact on claimants. The billing authority (RDC) alone bears these increased administrative costs.

6.12 For 2014/15, year 2, there is again a mixed picture of approaches from Local Authorities. Many are retaining their year 1 scheme to enable a full year to be analysed before making further changes.

6.13 Should RDC move to a 20% cut to claimants it would mean the additional amount which would be billed to working age claimants would be c£150k. RDC's share of this additional income after considering collection rates would be c£10k. There would potentially be additional costs facing the Council from such a decision. Claimant payments would increase such that the majority would be £150 - £300 per annum.

6.14 RDC officers are keen to fully understand the impact of the new schemes based on over a full years experience before going further. It is also believed that a financial contribution towards additional costs may be possible from the major preceptors, in particular the County Council when the new burdens funding is no longer identifiable as a separate Government Grant in 2015/16. This in part is because of the greater financial benefit NYCC would see from any extension of the scheme.

6.15 In addition to the above waiting before extending the scheme further allows the impact of other welfare changes in Ryedale to be considered.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
There are no significant new financial implication of the recommendation.
- b) Legal
The scheme is a detailed legal document of the Council which will only require minor amendment.
- c) Other
There are no significant other issues around the recommendation.

Paul Cresswell
Corporate Director (s151)

Author: Paul Cresswell, Corporate Director (s151)
Telephone No: 01653 600666 ext: 214
E-Mail Address: paul.cresswell@ryedale.gov.uk

Background Papers:
None.