

**Corporate Performance Management, Efficiency and Effectiveness Scrutiny Committee – 5<sup>th</sup> September 2013**

**Report of the Director of Corporate Resources – Council Tax Reduction (CTR) Scheme**

**Purpose of Report**

- 1 To consider in more detail the specific areas that Members of the Committee, at its meeting on 30<sup>th</sup> July 2013, identified for further scrutiny.

**Background**

- 2 The terms of reference for this scrutiny topic are:

“To consider the options for the Local Council Tax Reduction Scheme 2014/15 and advise the Cabinet on an appropriate course of action”

- 3 At the informal meeting held on 30<sup>th</sup> July, members received a presentation on the background to the Government changes to the scheme and the 3 options for the Council’s 2014/15 Local Council Tax Reduction Scheme, which are:

**Option 1** – Continue with current arrangements

**Option 2** – Increase council tax payable by cutting the level of CTR by 8.5%

**Option 3** – Increase the council tax payable by cutting the level of CTR by 20%

- 4 Reports have been circulated in advance of the meeting regarding the following:

- A more detailed analysis relating to potential vulnerable groups (including definitions for disabled)
- A breakdown of direct debit payers by council tax property band

- 5 A presentation will be made at the meeting, providing the latest information in relation to the following:

- Details of the public consultation responses to date. (Consultation ends 18/10/13)
- To review what neighbouring authorities plan to do
- To review the available collection evidence from LAs who have changed CTR schemes this year

## **Finance**

- 6 In 2013/14 it is estimated that £24m in council tax reductions will be granted under our current scheme for low-income families. This is funded by £21.3million from central government, £0.6million in 'one-off' transitional grants, and a contribution from Dudley and its major precepting authorities (Fire & Police) of £2.1million. The breakdown of these figures is 88% Dudley Council, 8% West Midlands Police & Crime Fire Commissioner and 4% West Midlands Fire Service. No further transitional funding has been announced for 14/15.
- 7 Although provision for funding the Dudley contribution to the scheme was made in the budget for 2013/14, (assisted by the one-off transitional grant), any savings made in the costs of the 2014/15 scheme will contribute to meeting other budget pressures.
- 8 If introducing a new scheme that requires collection of small amounts of council tax from a larger number of tax payers, the additional cost of collection and potential lower collection rates (based on Community Charge experience) will also need to be factored in to the budget setting process for 2014/15. Although official collection rate statistics are not published mid-year we are planning to gather evidence throughout the consultation period from other local authorities who have already implemented less generous schemes and will feed this into the Autumn decision making.

## **Law**

- 9 The Local Government Finance Act 2012 introduced local council tax reduction schemes to replace council tax benefit from April 2013.
- 10 The Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 (Statutory Instrument 2012 / 2885) contains the mandatory elements for any local scheme and details the scheme that must be adopted for pensioners.
- 11 The Council Tax Reduction Scheme (Default Scheme) (England) Regulations 2012 (Statutory Instrument 2012 / 2886) contains the default council tax reduction scheme that can be adopted by authorities either by choice or it is imposed in the event that no local scheme is set by 31<sup>st</sup> January. Our chosen current scheme follows this with the addition of extra income disregards for war and war widow pensions.

## **Equality Impact**

- 12 The council will need to have due regard to any adverse equalities implications arising from whatever approach is adopted, and given that persons with the relevant protected characteristics will feature highly within council tax reduction claimant profiles, it is reasonable to expect that there will be some adverse equality implications.
- 13 The proposal and outcome of the consultation will be subject to a full equality analysis.

## **Recommendation**

- 14 Members are requested to scrutinise the information provided to them and determine what recommendations (if any) they wish to make to Cabinet.



Philip Tart

27<sup>th</sup> August 2013  
Director of Corporate Resources

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### **Links to Background Information**

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[Local Government Finance Act 2012](#)

[The Council Tax Reduction Scheme \(Prescribed Requirements\) \(England\) Regulations 2012](#)

[The Council Tax Reduction Scheme \(Default Scheme\) \(England\) Regulations 2012](#)

[The Council Tax Reduction Schemes \(Prescribed Requirements and Default Scheme\) \(England\) \(Amendment\) Regulations 2012](#)

Independent research on CTR schemes adopted by other local authorities is available on the following websites:-

<http://counciltaxsupport.org/the-story-so-far/>

<http://www.npi.org.uk/>