

## Agenda Item 8

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<b>Ward (s) affected</b>	All
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<b>Subject</b>	Mole Valley Council Tax Support Scheme 2014/15
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### RECOMMENDATIONS

The Council is asked to agree:

- 1) the continuation of the current local Council Tax Support Scheme including the uprating of allowances for working age claimants in line with those premiums set nationally for pensioners.
- 2) that delegated authority be given to the Corporate Head of Service, in consultation with the relevant portfolio holder, to consider revisions to the scheme annually and bring to Council for agreement only if there are recommended changes other than upratings in line with other, national, benefits.

### CORPORATE PRIORITIES

The Local Council Tax Support scheme as recommended to continue across the District supports the Council's priority theme of ensuring that our **residents are supported through Welfare Reform and the emerging Health and Wellbeing agenda**. The adoption of the 'default' scheme for another year means that claimants will see no reduction in their award for Council Tax Support and that public services will not be affected by this element of the welfare changes.

### The Council has the authority to determine the Recommendations

#### 1.0 BACKGROUND

In January 2013 Council agreed to implement the 'default' scheme for Council Tax Support for the first year of its transition from national Council Tax Benefit.

The Spending Review of 2010 required local authorities to establish local schemes for Council Tax Support which would be funded at 90% of the cost of the previous national scheme. The anticipated reduction in subsidy for MVDC from Department of Work and Pensions (DWP) for supporting households with their Council Tax liability was in the region of £500,000. Mole Valley DC's loss of revenue was therefore anticipated to be

around £50,000, as the other preceptors Surrey County Council and Surrey Police Authority would see a loss in the region of £400,000 and £50,000 respectively.

Alongside implementation of the default scheme, Council also agreed to reducing or removing exemptions on Council Tax charges for empty properties and second homes. It was anticipated that the additional charges would offset the loss of subsidy and the remainder would be covered by a one-off DCLG grant in year 1.

Surrey County Council expressed concerns regarding the increased pressure the changes to the welfare system would have on residents and on their services and offered support to Districts and Boroughs who agreed to implement schemes which would minimise those impacts.

Implementation of the default scheme across the District has meant that no claimant is worse off in terms of their support to pay their Council Tax charges.

Changes to the charging regime for those with empty and second homes has had no impact on collection rates for Council Tax and the anticipated additional income is in excess of the loss to subsidy.

### **Recommendation for 2014/15**

Benefits claimants are being affected by other welfare reforms including the Social Sector Size criteria, changes to Local Housing Allowance rates and the Benefits Cap and face the introduction of Universal Credit over the next 3 years, all of which can increase hardship and put additional pressure on public services. By continuing to implement the default scheme, Mole Valley DC will be mitigating further impacts on claimants and to support the County Council in its continued aspiration to minimise impacts on its services.

Implementation of the 'default' scheme in 2013/14 has not had a detrimental impact financially for the Council. That fact, combined with the social benefits of minimising additional financial hardship for claimants and pressure on public services, it is recommended that the Council agrees to continue with the default scheme as the Council's local scheme in 2014/15.

The only proposed change to the local scheme for 2014/15 would be to increase allowances and premiums in line with increases for other benefits such as Housing Benefit. These increases will be applied in legislation for pensioners, and by increasing the allowances by the same rate for working age claimants in the Council's own scheme it will align both.

**Financial Implications** – In the Council report of 30 January 2013, when the default scheme and the Council Tax technical changes were approved for 2013/14, a financial assessment was included that balanced the anticipated 10% reduction in Government support (£52,000) against the estimated yield from the technical changes (£46,000) and a one-off DCLG grant (£9,000).

It is difficult to accurately track the impact of the changes on both sides, and will become increasingly more difficult over time. On the Council Tax side, there is a range of variables that distort the calculation of the impact of the specific technical changes. On the Government grant side, the support scheme will no longer be separately itemised in

the overall Revenue Support grant settlement announcement in December though it is clear that the one-off additional grant will not be repeated.

However, the monthly monitoring of Mole Valley's finances indicates that the anticipated total of Council Tax for 2013/14 and the collection rate are holding up well against the estimates so far this year. A comparison of the position this year and last year shows an increase in yield that, after allowing for additional properties and inflation, suggests that the targeted addition from the technical changes will be met and the loss in Government support more than covered.

The implementation of the default scheme is therefore not expected to have a detrimental financial impact either this year or next year for the Council.

**Legal Implications** – It is a statutory obligation of the Council to agree the Local Council Tax Support scheme.

## **2.0 CORPORATE IMPLICATIONS**

### **Monitoring Officer commentary**

The Monitoring Officer confirms that all relevant legal implications have been taken into account

### **S151 Officer commentary –**

The s151 Officer confirms that the relevant risks and financial implications have been taken into account in this report.

**Risk Implications** – Continuation of the current Local Council Tax Support scheme is considered low risk in relation to implementation as no changes will be required in the assessment and award of this support. There are no IT changes required (other than the upratings which are common to the Housing Benefit system).

**Equalities Implications** - These are set out in a separate equality impact assessments. These impacts will be monitored and addressed as necessary during the first year of the scheme.

**Employment Issues** – None identified

**Sustainability Issues** - the Local Council Tax Scheme has been designed to reduce the financial burden on our most vulnerable residents, thereby seeking to support a fair and socially inclusive society.

**Consultation** – No consultation is required to continue with the current scheme

**Communications** – The major preceptors will be contacted regarding the outcome of the Council's decision and Council Tax Support claimants will be notified.

## **BACKGROUND PAPERS**

Council Report - Local Government Finance Act 2012 – Implications for Council Tax and Council Tax Support (30<sup>th</sup> January 2013) contains background to establishing the current Local Council Tax Support Scheme.

Equality Impact Assessment - Mole Valley Council Tax Support scheme.

