

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

DECISION

Agenda Item No 6

meeting date: 16 JULY 2012
title: LOCALISATION OF COUNCIL TAX SUPPORT
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

1.1 To consider the progress we are making with the Localisation of Council Tax support in Ribble Valley.

1.2 Relevance to the Council's ambitions and priorities:

- The council will need to decide upon a scheme of local support for council tax. In doing so consideration will need to be given to the amount of support to be given to all groups of residents

2 BACKGROUND

2.1 As you are aware the Government announced in the 2010 Spending Review that council tax benefit will be replaced by local schemes of support for council tax from 2013/14.

2.2 Funding from the Government to pay for council tax support will be reduced by 10%. This means that councils will either have to design their own schemes which need to cost 10% less than the current one or maintain the same level of benefit/support but stand the 10% loss in grant from elsewhere, or a combination of the two

2.3 The Local Government Finance Bill imposes a duty on billing authorities to make a scheme by **31 January 2013** and to consult with major precepting authorities i.e. LCC/Fire and Police authorities and other persons likely to have an interest in the scheme

2.4 As you are aware the Government has stated that protection must be given to vulnerable people including pensioners. This means that if we were to accommodate the 10% reduction in the overall cost of benefit payments, reductions in payments to other client groups **will be much more than 10%**.

3 WHERE ARE WE NOW

3.1 Caseload Data

The table below and Annex 1 shows an analysis of our current caseload by category of claimant.

	No. of claims	yearly £	weekly £
Current cost (no reductions)			
cost of CTS to pensioners	1,579	1,366,900.45	26,214.53
cost of CTS to working age passported	584	534,179.97	10,244.55
cost of CTS to working age vulnerable	118	88,925.33	1,705.42
cost of CTS to working age other	428	287,641.01	5,516.40
Total cost of CTS	2,709	2,277,646.76	43,680.90

3.2 As you can see we currently have a caseload of 2,709 Council Tax Benefit claims. 60% of the cost of our current caseload is from residents who are pensioners (**comparatively this is one of the highest level in the country**).

3.3 We pay out £2.278m in Council Tax Benefit but currently receive benefit subsidy to cover this expenditure in full from the Government. Given the changes, in future we and the other precepting authorities will only receive a grant of 90% towards the total benefit cost. Therefore the grant lost is around £228,000. However this shortfall will be shared amongst all the precepting authorities pro rata to their share of the total council tax – our share would therefore be approx. 10.7% (including parishes) ie £24,400.

3.4 The Government intends that support for council tax will be offered as **reductions or discounts** within the council tax system. This will be a fundamental change in how council tax benefit will be accounted for in future.

4 ACCOUNTING TREATMENT

4.1 Annex 2 shows a comparison of the current arrangements against the proposed accounting treatment for council tax support. In summary the main differences are:

- Each precepting authority will be paid their council tax support grant directly in future rather than the total grant be paid to the billing authority as current
- This grant will represent 90% of the cost of council tax support for each precepting authority
- Due to the new support being classed as a discount against an individual's council tax in future the council taxbase will fall significantly

4.2 We have assumed for illustration purposes in Annex 2 that each precepting authority would meet the 10% reduction in grant from elsewhere.

4.3 In reality what will happen is that the council taxbase will be increased to reflect this shortfall either by:

- Reducing the council tax support for certain categories of claimant or
- Changing other council tax discounts and exemptions

4.4 Annex 3 shows our current calculation of the taxbase. You will see to calculate the taxbase the starting point is the number of dwellings in each council tax band and then various discounts are deducted to arrive at the number of band d equivalents.

4.5 In summary the savings required are therefore £227,500 or in taxbase terms the equivalent of finding 154 extra Band D properties.

5 OPTIONS AVAILABLE

5.1 As previously reported the options available are:

1. **Accept the Default Scheme (Do nothing) and reduce expenditure elsewhere to meet the reduction in grant**

The savings required by each precepting authority if we decide to do nothing would be as follows:

- (a) Lancashire County Council £172,000
- (b) Lancashire Police Authority £23,300
- (c) Lancashire Fire Authority £9,900
- (d) Ribble Valley plus parishes £24,400

The advantages of this option are:

Benefit claimants will see no change in the amount of council tax they pay

It allows us time to see what problems arise when others introduce their local schemes

It is administratively convenient

The disadvantages of this option are:

No savings are achieved.

The Government's policy of reducing dependency on benefits is not followed.

Precepting authorities are likely to object to this option and may not be in a position to make the required savings.

2. **Reduce Council Tax discounts and exemptions**

Change the discounts and exemptions on empty and unfurnished properties and second homes.

The advantages of this option are:

Benefit claimants will see no change in the amount of council tax they pay

It allows us time to see what problems arise when others introduce their local schemes

It is administratively convenient

It achieves the required savings

The disadvantages of this option are:

The Government's policy of reducing dependency on benefits is not followed.

Precepting authorities may object to this option on the grounds that they would rather use the extra income raised to meet other financial pressures.

The Council taxpayers of empty properties/second homes may object to paying more council tax.

3. Reduce Council Tax Support (Benefit)

Reduced Council Tax Support to working age claimants (Pensioners are protected)

The advantages of this option are:

Meets Government policy objectives

Achieves the required savings

Precepting Authorities are likely to accept

The disadvantages of this option are:

Benefit claimants will see their council tax increase

It may be difficult to collect.

The impact of the changes may have unintended consequences.

The Lancashire Countywide Scheme

- 5.2 Officers from both the County Council and Districts have been examining whether agreement can be reached on a countywide scheme, this work has been led by Oneconnect on behalf of the County Council. In summary the proposal is to effectively go for the third option and find all the savings required by reducing council tax support for all claimants by a standard percentage (with the exception of pensioners) irrespective of the type of claimant. Due to our high proportion of pensioners this would require an average of 25% cut in support to all working age claimants. We believe this would be too much to take off claimants and the resulting Council Tax would be both costly and extremely difficult to collect.
- 5.3 Most districts now seem to be developing their own schemes based on their own local circumstances but also following the Government's principle to reduce the cost of council tax benefit.

6 RIBBLE VALLEY'S POSITION

- 6.1 Previously we had indicated that a mixture of options 2 and 3 would be the preferred solution to deliver the savings required.
- 6.2 By way of illustration even if we ignore the new flexibilities over council tax discounts and exemptions mainly around empty properties, the Council's existing income from council tax on second homes raises approximately £121,000 (82 band d equivalents).
- 6.3 The County Council have already indicated that in future the income from second homes raised in Ribble Valley will no longer be returned to the Council via the LSP to spend in our area. If the County Council confirm this stance you may wish to assign this funding towards council tax support.

6.4 Moving on to council tax support itself clearly we need to consult the major precepting authorities and the public on our preferred scheme. The sooner we can begin this process the better; however in my view the consultation should certainly begin no later than the end of August.

7 POTENTIAL RIBBLE VALLEY SCHEME

7.1 In my opinion the scheme should **ideally mirror the existing council tax benefit scheme as closely as possible** and any variations to this should be kept as simple and straightforward as we can, certainly in year one. Set out below are the main principles we would suggest form the basis of a new Ribble Valley council tax support scheme to go out to consultation on.

7.2 Key Principles

Principle 1: The income raised from the existing council tax on second homes should be used to subsidise the council tax support scheme thus contributing to those Ribble Valley residents who are vulnerable and/or in receipt of low incomes.

Principle 2: All working age claimants should pay something

At present, claimants in receipt of income support, job seekers allowance (income based) and employment support allowance (income related) and other claimants not receiving these but with an income below the required level for their basic living needs, generally receive 100 per cent council tax benefit and therefore pay no council tax.

However we suggest that either all working age claimants should pay at least 10 per cent of their council tax under the CTS scheme or all working age claimants' support in the new scheme is reduced by 12%.

Either option will deliver the balance of the savings required but have a different impact on individual claimants. We illustrate this in Annex 4.

Principle 3: The most vulnerable claimants should be protected

The proposed CTS scheme affords additional protection to vulnerable groups because of the way the default scheme is organised. This is in the main by using higher applicable amounts (basic living needs as determined by the Government) and part of their income may be disregarded (e.g. disability living allowance). We propose to leave these additional applicable amounts and income disregards unchanged.

8 CONSULTATION

8.1 Government guidance on consultation is briefly as follows. As billing authority before adopting a scheme we must in the following order:

- i. Consult major precepting authorities
- ii. Publish a draft scheme in such manner as we think fit
- iii. Consult other such persons we consider are likely to have an interest in the operation of the scheme

8.2 When consulting on reduction schemes billing authorities should ensure all interested parties are able to give their views and influence the design of the scheme.

8.3 In particular, the views of the major precepting authorities must be sought before the draft scheme goes out to public consultation.

- 8.4 The timing of consultation should be realistic and ensure feedback can be sought from all individuals and groups in the community.
 - 8.5 Whilst the Government's Code of Practice on Consultation states that 12 weeks is normally appropriate they state that there may be good reason for a shorter period such as a budget cycle or if changes proposed are relatively straight forward i.e. amend the level of the awards and not the qualifying criteria.
 - 8.6 Even so, it is important to ensure that any consultation is effective and we have time to gather feedback, to consider the responses to consultation before we make a final decision on our local support scheme.
 - 8.7 I wrote to the major precepting authorities outlining our approach on 25 July 2012 (see Annex 5) I have asked them to respond by Friday 17th August 2012; we must take their views into account before determining our draft scheme on which we will consult. We also need to determine how this wider consultation will be carried out and carry out a full Equality Impact Assessment on what we propose.
- 9 RECOMMENDED THAT COMMITTEE
- 9.1 Note the progress being made.
 - 9.2 Delegate to the Director of Resources in consultation with the Budget Working Group the Draft Scheme for Local Council Tax Support and the scheme of public consultation.

DIRECTOR OF RESOURCES

PF39-12/JP/AC
26 July 2012

BACKGROUND PAPERS

For further information please ask for Jane Pearson

Analysis

	Case Group				Totals
	A	B	C	D	
	Pension Age	Working Age Passported	Working Age Vulnerable	Working Age Other	

Imported Claim Data

Number of claims	1579	584	118	428	2709
Total weekly awards	£26,214.53	£10,244.55	£1,705.42	£5,516.40	£43,680.90
Average weekly award	£16.60	£17.54	£14.45	£12.89	£16.12
Total annual awards	£1,366,900.45	£534,179.97	£88,925.33	£287,641.01	£2,277,646.76

Calculated Claim Data

Total weekly awards	£26,162.41	£10,244.58	£1,660.58	£5,334.22	£43,401.79
Average weekly award	£16.57	£17.54	£14.07	£12.46	£16.02

Adjustment for Rise in Pension Age

No. of claims at pension age +/- 3 yrs	141	51	13	26	
Total weekly awards	£2,434.84	£885.96	£194.20	£366.13	
Average weekly award	£17.27	£17.37	£14.94	£14.08	
No. of claims adjustment for pension age change	13	-7	-3	-3	
Adjusted number of claims	1592	577	115	425	2709
Adjusted total weekly awards	£26,386.90	£10,122.98	£1,615.77	£5,291.98	£43,417.62
Adjusted average weekly award	£16.57	£17.54	£14.05	£12.45	£16.03

Adjustment for Caseload Trend

Ajustment (-) %age	0.00	0.00	0.00	0.00	0.00
Adjusted number of claims	1592	577	115	425	2709
Adjusted total weekly awards	£26,386.90	£10,122.98	£1,615.77	£5,291.98	£43,417.62
Total annual CTS Awards	£1,375,888.28	£527,841.00	£84,250.76	£275,938.70	£2,263,918.74

COLLECTION FUND ACCOUNTING ARRANGEMENTS - COUNCIL TAX

Annex 2

	Existing £		Future £	
Expenditure				
Deficit Brought Forward	90,434.19		90,434.19	
Precepts:				
Lancashire County Council	24,863,629.00		23,143,644.14	precepts fall as subsidy paid direct to each precepting authority except parishes
Lancashire Police Authority	3,363,453.00		3,130,780.28	
Lancashire Combined Fire Authority	1,427,924.00		1,329,144.87	
Ribble Valley incl Parishes	3,528,054.00		3,283,994.72	
Bad Debts Provision	250,753.00		250,753.00	
	33,524,247.19		31,228,751.19	
Income				
Share of Deficit from previous year:				
Lancashire County Council	67,925.65		67,925.65	
Lancashire Police Authority	8,964.58		8,964.58	
Lancashire Combined Fire Authority	3,901.00		3,901.00	
Ribble Valley incl Parishes	9,642.96		9,642.96	
Council Tax Income	31,138,317.00		31,138,317.00	
Council Tax Benefits	2,295,496.00		-	will be treated as a discount in future
	33,524,247.19		31,228,751.19	
Surplus/Deficit) Carried Forward	0.00		0.00	
Calculation of share of CTB cost			2,295,496.00	
Lancashire County Council	24,863,629.00	74.93%	1,719,984.86	
Lancashire Police Authority	3,363,453.00	10.14%	232,672.72	
Lancashire Combined Fire Authority	1,427,924.00	4.30%	98,779.13	
Ribble Valley incl Parishes	3,528,054.00	10.63%	244,059.28	
	33,183,060.00	100.00%	2,295,496.00	
Taxbase	22,434		21,052	taxbase falls as new benefit classed as a discount

COUNCIL TAXBASE CALCULATION JUNE 2012

AUTH	The Authority									
Dwellings on Valuation List	Band @	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Total number of dwellings	0	3501	4808	4825	4433	3260	2035	1872	205	24939
2. Classes A - W	0	180	156	126	87	64	35	38	2	688
3. Demolished dwellings	0	0	0	0	0	0	0	0	0	0
4. Chargeable dwellings	0	3321	4652	4699	4346	3196	2000	1834	203	24251
5. Disabled reductions	0	7	15	25	25	26	21	22	12	153
6. Effectively chargeable	7	15	25	25	26	21	22	12	0	153
7. Adjusted chargeable dwellings	7	3329	4662	4699	4347	3191	2001	1824	191	24251
8. Entitled to 25% discount	2	1834	1837	1628	1157	631	338	227	21	7675
(a) SINGLE discount	2	1811	1768	1575	1127	606	318	221	21	7449
(b) 1 Disregard discount	0	23	69	53	30	25	20	6	0	226
9. Entitled to 50% discounts	0	70	77	75	45	39	21	28	1	356
(a) 2NDHOME discount	0	1	1	1	1	0	0	0	0	4
(b) 2 Disregard discounts	0	21	11	8	9	7	6	11	1	74
(c) ZERO discount	0	48	65	66	35	32	15	17	0	278
10. Prescribed Class Discounts:										
Actual Relevant										
a(i)										
a(ii)										
b(i) PCLB 10% 50%	0	31	44	36	31	29	11	19	1	202
b(ii)										
c(i)										
c(ii)										
11. Entitled to no discounts	5	1394	2704	2960	3114	2492	1631	1550	168	16018
Welsh Prescribed Discounts										
(already counted):										
(a) Class A (PCWA)										
(b) Class B (PCWB)										
12. Total equivalent dwellings	6.50	2820.00	4142.25	4236.50	4019.75	2999.25	1900.50	1743.75	184.75	22053.25
13. Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
14. Band D equivalents	3.6	1880.0	3221.8	3765.8	4019.8	3665.7	2745.2	2906.3	369.5	22577.7



Case 1 Couple of Pensioner Age (not receiving full benefit)

William and Sarah are a couple both in their 70's who live in a Band B property. They currently claim Council Tax Benefit and have been awarded £20.85 per week based on means testing their income from state pensions, William's works pension and Sarah's savings. Their Council Tax charge is £29.85 per week so they so they have £9.00 per week to pay. When Local Support for Council Tax is introduced they will now receive a bill, which says they get a discount rather than benefit but the amount they have to pay will not change i.e. £9.00 per week.

Case 2 Single Pensioner (receiving full benefit)



Janet is 67 and she has recently moved to live in a sheltered housing flat that is in Band A. She finished work a few years ago but was always in low paid jobs so was not able to save for her retirement. She receives Pension Credit Guaranteed Credit and therefore she currently does not have any Council Tax to pay. Under the new system she will still have nothing to pay but her bill will show the reduction as a discount rather than benefit.

Case 3 Couple of working age in low paid work (not receiving full benefit)



David and Victoria live with their 3 children in a band D property. Victoria stays at home as two of the children have not started school yet and David works for a local firm on the minimum wage, which is topped up with tax credits and child benefit. Their Council Tax is £28.49 per week and they currently get £13.49 in benefit, reducing the amount that they have to pay to £15.00 per week. They will automatically be assessed for local support for Council Tax and may have to pay more in future. This will depend on whether we reduce the liability that we use to calculate their entitlement to local support for Council Tax by 10% or we reduce the amount of benefit that they currently receive by 12% or 25%. If we reduce the liability that



we use to determine their local Council Tax support by 10% they will have to pay an extra £2.85 per week. However if we decide to reduce their award they will have to pay an extra £1.62 per week with a 12% reduction and an extra £3.37 per week if the reduction is 25%.

Case 4 Single parent of working age not in work (receiving full benefit)

Patricia lives in a Band B property with her two children and receives Income Support. Her Council Tax is £16.62 per week and she currently gets full Council Tax Benefit. She will be automatically assessed for local support for Council Tax and may have to pay a contribution in future. This will be depend on whether we reduce the liability that we use to calculate her local support for Council Tax by 10% or we reduce her current award by 12% or 25%. If we reduce the liability that we use to determine her local Council Tax support by 10% she will have to pay an extra £1.66 per week. However if we reduce her award she will pay an extra £1.99 per week with a reduction of 12% and an extra £4.16 per week with a reduction of 25%.

Please ask for: Mrs J Pearson
 Our ref: JP12-12/AC
 Your ref:
 Email: jane.pearson@ribblevalley.gov.uk
 Resources fax: 01200 414432

24 July 2012

Dear Gill

Localised Council Tax Support

The purpose of this letter is to consult you about the approach that the Council intends to adopt in establishing its scheme for Council Tax Support from April next year.

We estimate that the total bill for Council Tax Benefit awarded to the Borough's residents in the current year will be just under £2.3m. A 10% cut in funding from Government will therefore amount to approximately £228k. The Council is in the process of drafting a local scheme that will pass on a substantial part of this reduction to residents of working age currently in receipt of Council Tax Benefit (CTB).

The Council is committed to carrying out a comprehensive consultation exercise during the period August to October. This will allow sufficient time for proper consideration and analysis of all points raised during consultation prior to the Council decision on adopting the local scheme in December. The Council's Policy and Finance Committee will be considering the latest position on localising Council Tax support on 7 August 2012. It will be recommended that any final decision regarding approval of a draft scheme will not take place until late August to ensure that the views of the three major precepting bodies are reported and taken into account by elected members in taking that decision.

The Council do not wish to add to the complexity of the current Council Tax Benefit Scheme therefore any local scheme will build upon the default scheme proposed by the Government certainly in the first year of operation.

Another important consideration for the Council is the amount of benefit currently given to different claimant groups. This can be summarised as follows:

- £1.4m Pensioners
- £0.5m Working Age (passported claims)
- £0.4m Working Age (non-passported)

This demonstrates that the Council has a proportionately high number of pensioners who as you are aware will be fully protected under the government's proposals. This clearly creates problems for the Council if the full required saving is to be made by reducing benefit for working age claimants (an overall average reduction of 25% would be necessary). The Council accept the view put forward in the Countywide discussions that the current benefit and proposed default scheme have built in elements to protect the most vulnerable. We wish to retain these important elements of protection in any new scheme.

We are therefore minded to recommend that, given the existing CTB scheme and other DWP benefits takes account of disability, young children, and applies a disregard to earned income, no further targeted protection should be offered under the Ribble Valley scheme. This would enable the reduction in the level of support provided to be applied equally amongst all working age claimants.

The Council recognises that before finalising any scheme a full and detailed Equalities Impact Assessment will need to be carried out to ensure the range of impacts on different categories of claimants is understood and that the overall work is robust and resilient to challenge. This work is on-going.

The Council is therefore currently considering a number of options for its Local Support Scheme on which we would like your views. These are as follows:

Option 1 Adopt the Default Scheme and reduce expenditure elsewhere

This would mirror the existing Benefit scheme and would be likely to be popular with claimants but would not achieve any savings leaving all the major precepting authorities to absorb the reduction in Government subsidy. The advantage would be that we would have a breathing space so that lessons could be learnt from others as they implement their support schemes.

Option 2 Reduce Council Tax Discounts and exemptions on empty and unfurnished properties and on Second Homes.

The funds raised from this in Ribble Valley would potentially be in excess of £400,000 pa and would therefore more than offset the reduction in Government subsidy allowing the new system of Council Tax support to mirror the existing benefit system. The same comments apply as in Option 1.

Option 3 Reduce Council Tax Support (Benefits)

Adopt a scheme of Council Tax support that reduces the support given to all working age claimants.

Having carefully considered each of these options the Council is currently minded to propose a local support scheme based upon the 3rd Option whereby support is reduced for all claimants however, we are also mindful that to do so in Ribble Valley because of our high numbers of pensioners means that to fully meet the reduction in grant would require a 25% reduction in benefit for all working age claimants.

We believe this would be too much to take off claimants and the prospect of collecting such significant increases in Council Tax extremely low. We also believe such increases would ultimately be counterproductive with collection being costly and non-payment being high. We also share the Government's view that the reduction in support can in part be managed by using flexibility over Council Tax.

The current arrangement whereby the funds raised from Council Tax on Second Homes in Ribble Valley is allocated to our Local Strategic Partnership ends on 31 March 2013. We are therefore minded to continue to charge Council Tax on Second Homes with the funds raised being used (£121,000 per year) to part fund the savings required. This would also ensure that those most able to pay were supporting those that could least afford to pay, in doing so Council Tax Support would therefore be reduced by 12% for all working age claimants either by:

- (i) A 10% reduction in Council Tax liability on which the support is based.
- (ii) A 12% reduction in Council Tax Support.

Whilst these calculations would give the same answer overall they would have a different impact mainly on those individuals not in receipt of full benefit at the moment. We would welcome your views in particular on these two options and whether you have a preference for one over the other.

Whilst we have heard arguments that council tax support and the other discounts and exemptions are completely separate we can't support that view. The Government clearly believes that it has given greater freedoms locally to Council's over both the design of support schemes and over the additional fund raising powers through changes to discounts and exemptions.

We believe that the scheme we have in mind would recognise local circumstances, would broadly be supported by Ribble Valley residents and importantly would raise the necessary funding to ensure that the major precepting authorities achieve the savings required to offset the reduction in Government subsidy. I do hope you will be able to support our approach. Please could you respond to this consultation by no later than Friday 17 August 2012.

Yours sincerely

Jane Pearson
Director of Resources

Cc Lisa Kitto, Treasurer, Lancashire Police Authority
Keith Mattinson, Lancashire Fire Authority

Ms G Kilpatrick
County Treasurer
Lancashire County Council
PO Box 100
County Hall
PRESTON
PR1 0LD

Averil Crowther

From: SHQ - Mattinson, Keith <KeithMattinson@lancsfire.org.uk>
Sent: 27 July 2012 13:28
To: Averil Crowther
Subject: RE: Localised Council Tax Support

In terms of your consultation please see our response below:-

We are obviously concerned about the impact that the reduction in funding has on both our own funding levels and also on individual claimants.

Can you please confirm what our share of the impact of the estimated reduction in government funding in respect of council tax benefit in Ribble Valley would be, we are working on an estimate of approx £10k. However as you are aware this forms part of a county wide reduction for the Fire Authority of approx. £600k. As such we are obviously keen to ensure that any new scheme offsets the reduction in funding, thus presenting a cost neutral position for the Authority.

With this in mind we would support the following design principles:-

- ♣ be affordable in terms of grant received, revenue loss and costs to operate
- ♣ be as fair as possible and a detailed 'map' of those affected is required; a detailed Equality Analysis is required
- ♣ be transparent, understandable to customers and practical to operate
- ♣ be feasible to implement within the constraints of the timescales and available software
- ♣ be simple in design avoiding unnecessary complexity
- ♣ avoid the costs and risks associated with collecting additional data
- ♣ Incorporate a contingency saving to allow for growth in the number of claims.

In terms of the options presented:-

We do NOT support *Option 1 Adopt the Default Scheme and reduce expenditure elsewhere*, as this will result in increased costs for ourselves, which require additional savings to be identified elsewhere within the Service.

We would support *Option 2 Reduce Council Tax Discounts and exemptions on empty and unfurnished properties and on Second Homes*. However we feel that whilst these could be made in order to generate sufficient additional council tax to bridge any anticipated shortfall, we would also suggest that this should also incorporate a contingency element to allow for any potential growth in the number of claims

We would support *Option 3 Reduce Council Tax Support (Benefits)*

Our main concern is that the eventual scheme is cost neutral to all Authorities, which having read your letter would appear to be your aim.

In terms of how to reduce council tax support we have no preference over whether you reduce council tax support by either of the options presented:-

- (i) A 10% reduction in Council Tax liability on which the support is based.

(ii) A 12% reduction in Council Tax Support.

We share your concern re the ability and cost of collection and are keen to ensure that any estimate of the impact of the new regulations are robust, particularly with reference to anticipated collection rates.

We are also concerned that local demand for council tax discount will increase over the next few years, in contrast with the government's assumption that it will reduce, and believe that any scheme needs to be flexible enough to cope with changes in the future, and hence needs to have regular review periods to ensure that the scheme remains fit for purpose.

Keith Mattinson
<SPA

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GET OUT - STAY OUT - CALL THE FIRE SERVICE OUT



Jane Pearson
Director of Resources
Ribble Valley Borough Council
Council Offices
Church Walk
Clitheroe
BB7 2RA

Please ask for : Lisa Kitto
Telephone : (01772) 534757
Fax : (01772) 534870
E-Mail : lisa.kitto@lancashire.gov.uk
Your ref : JP12-12/AC
Our ref : LK/JA
Date : 07 August 2012

Dear Jane

Localised Council Tax Support

Thank you for your letter of 24th July 2012 consulting Lancashire Police Authority on the approach that Ribble Valley Borough Council intends to adopt in establishing its scheme for Council Tax Support from April next year. We very much welcome the opportunity to have the views of Lancashire Police Authority presented to the Council when it considers a draft scheme for consultation.

It is the strong view of Lancashire Police Authority that the Borough's proposed scheme for council tax support must:

- Be affordable in terms of grant received, revenue loss and costs to operate;
- Be as fair as possible
- Be transparent, understandable to customers and practical to operate;
- Be feasible to implement within the constraints of the timescales and available software;
- Be simple in design, avoiding unnecessary complexity;
- Avoid the costs and risks associated with collecting additional data.

Targeting of Support

As you set out in your letter, the current system of council tax support provides further protection for vulnerable people and those in work. By adopting a scheme

based on the current scheme, the Borough Council will be providing a level of protection to vulnerable groups. In particular, the existing CTB scheme already provides protection for certain groups within the underlying rules of the CTB scheme which provides for disability premiums, additional personal allowances for children and for a small amount of earned income to be ignored in the calculation of benefit.

It is Lancashire Police Authority's view that it would appear to be the most fair and equitable approach that council tax support is provided equally amongst the vulnerable groups, with the level of support determined by the resources available from the grant made available by the government for this purpose.

In terms of the options that the Borough Council is considering, I would make the following points.

Option 1 – Adopt the Default Scheme and reduce expenditure elsewhere

It is important to make the point very clearly that Lancashire Police Authority does not support the adoption of a scheme which mirrors the existing CTB regime. This would result in significant additional financial pressure on Lancashire Police Authority's budget which would require additional ongoing savings to be made elsewhere. This is wholly unacceptable and takes no account of the potential impact on vulnerable members of the community.

It is also absurd to consider that this would provide a "breathing space" in terms of lessons learnt; this action would instead require Lancashire Police Authority to make further savings within the services provided in advance of the further austerity measures anticipated in 2014/15 and beyond. This does not equate to breathing space for the most vulnerable members of Lancashire's communities.

However, in terms of the specific issues you have raised I would like to make the following points.

Option 2 Reduce Council Tax Discounts and exemptions on empty and unfurnished properties and on second homes

Lancashire Police Authority is mindful of the difficult balance between the burden of council tax on our communities, and the provision of services which support the most vulnerable members of our communities. However, within this, Lancashire Police

Authority considers that the council tax burden should be shared equitably, and supports the Borough Council in its proposal to reduce council tax discounts and exemptions on empty and unfurnished properties and on second homes.

However, Lancashire Police Authority does not support the assertion that these funds be then used to allow the Borough Council's council tax support scheme to mirror the existing benefit. This options gives no consideration of overall service priorities, or the impact of savings which Lancashire Police Authority would not have made if these additional resources were available to support services.

Option 3 Reduce Council Tax Support (Benefits)

We note that the Borough Council is minded to propose a local support scheme whereby support will be reduced for all claimants, but that support is reduced by 12%, rather than the 25% required in order for the scheme to be affordable within the grant resources. We note your proposal that the shortfall in funding is met by the total council tax revenue raised by continuing to charge council tax on second homes.

This proposal would effectively remove the second homes council tax revenue from the Police Authority's budget at a time when local government is facing significant austerity measures that are anticipated to continue until 2016/17, placing further pressure on services. This option again gives no consideration of overall service priorities, or the impact of savings which the Police Authority would not have made if these additional resources were available to support services.

For this reason, Lancashire Police Authority does not support the Borough Council's proposals.

The Basis of the Scheme

We note that if the Borough Council were to adopt a scheme that reduces council tax benefit across the board the preferred way of achieving this is either through a reduction in council tax liability or a reduction in council tax support. We believe that the second approach of a reduction in council tax support would offer a more equitable and proportionate impact across all claimants, and would provide additional work incentives. This is a key consideration within the scheme.

In conclusion, Lancashire Police Authority is not supportive of the approach set out by the Borough Council. I must stress that Lancashire Police Authority does not support the adoption of a scheme that passports significant financial pressures to the Police Authority, with the consequential impact on services across Lancashire.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'L Kitto', written in dark ink.

Lisa Kitto
Treasurer
Lancashire Police Authority



Jane Pearson
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Your ref: JP12-12/AC
Our ref: GD/GK/AP
Date: 2 August 2012

Dear Jane

Localised Council Tax Support

Thank you for your letter of 24th July 2012 consulting the County Council on the approach that Ribble Valley Borough Council intends to adopt in establishing its scheme for Council Tax Support from April next year. We very much welcome the opportunity to have the views of the County Council presented to the Council when it considers a draft scheme for consultation.

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Targeting of Support

As you set out in your letter, the current system of council tax support provides further protection for vulnerable people and those in work. By adopting a scheme based on the current scheme, the Borough Council will be providing a level of protection to vulnerable groups. In particular, the existing CTB scheme already provides protection for certain groups within the underlying rules of the CTB scheme which provides for disability premiums, additional personal allowances for children and for a small amount of earned income to be ignored in the calculation of benefit.

/Contd...

County Councillor Geoff Driver
Leader, Lancashire County Council
PO Box 78 County Hall
Preston PR1 8XJ



It is the County Council's view that it would appear to be the most fair and equitable approach that council tax support is provided equally amongst the vulnerable groups, with the level of support determined by the resources available from the grant made available by the government for this purpose.

In terms of the options that the Borough Council is considering, I would make the following points.

Option 1 – Adopt the Default Scheme and reduce expenditure elsewhere

It is important to make the point very clearly that the County Council does not support the adoption of a scheme which mirrors the existing CTB regime. This would result in significant additional financial pressure on the County Council's budget which would require additional ongoing savings to be made elsewhere within the services provided by the County Council. This is wholly unacceptable and takes no account of the potential impact on vulnerable members of the community.

It is also absurd to consider that this would provide a "breathing space" in terms of lessons learnt; this action would instead require the County Council to make further savings within the services provided in advance of the further austerity measures anticipated in 2014/15 and beyond. This does not equate to breathing space for the most vulnerable members of Lancashire's communities.

Option 2 Reduce Council Tax Discounts and exemptions on empty and unfurnished properties and on second homes

The County Council is mindful of the difficult balance between the burden of council tax on our communities, and the provision of services which support the most vulnerable members of our communities. However, within this, the County Council considers that the council tax burden should be shared equitably, and supports the Borough Council in its proposal to reduce council tax discounts and exemptions on empty and unfurnished properties and on second homes.

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In conclusion, the County Council is not supportive of the approach set out by the Borough Council. I must stress that the County Council does not support the adoption of a scheme that passports significant financial pressures to the County Council, with the consequential impact on services across Lancashire.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Driver', written over a horizontal line.

Cty Cllr Geoff Driver
Leader of County Council