

New Forest District Council, Localisation of Council Tax support implications for
Local Councils

On Thursday 23rd August the Clerk, Cllr Mrs Hoare and Cllr Mrs Bennison attended a briefing on the possible implications on Parish and Town Councils if the Council Tax benefit system is changed.

This briefing was set out before the consultation paper at item 8 on this agenda had been released.

A copy of the presentation is attached and Members are asked to take note of this as if the consultation document at item 8 is not supported then the information in the presentation is likely to still be relevant and will be the system the government is likely to introduce.

The consultation document at item 8 has only been prepared due to responses received from Parish and Town Councils during the first consultation document on this subject.

LOCALISATION OF COUNCIL TAX SUPPORT IMPLICATIONS FOR LOCAL COUNCILS

Bob Jackson - Executive Director &
Chief Financial Officer

Glynne Miles - Head of Customer &
Financial Services

Kevin Green - Accountancy Manager

OBJECTIVES OF PRESENTATION

- For Town & Parish Councils to gain a general understanding about the localisation of council tax support
- To start to consider and discuss the funding implications for local authorities
- To be open and transparent about all the changes and all the potential implications
- To agree on a joint approach to resolving the issues

INTRODUCTION

- NFDC as a billing authority bills, collects and recovers council tax on behalf of the precepting authorities
- NFDC also currently administers housing benefit and council tax benefit
- Housing Benefit is to be incorporated into new Universal Credit from October 2013 to 2017 which will be paid by Dept for Works & Pensions
- Council tax benefit is to be replaced by localised council tax reductions from April 2013
- NFDC bills nearly £110 Million, award council tax benefits £10 Million, budget to collect 98.5% in year

BACKGROUND

- NFDC will be responsible for determining a local council tax support scheme by 31 January 2013
- The reform is accompanied by a projected 10% (£1M+) reduction in expenditure from April 2013. Government proposals will affect all preceptors from next year
- Pensioners are to be protected and the Government will specify rules
- Local schemes will be for working age claimants
- The Government is giving billing authorities some additional limited discretions for council tax discounts e.g. empty properties & second homes

POLITICAL CONTEXT

- **Deficit reduction** - the Government's top priority!
- **Welfare reform** – to make it fairer and more affordable and better able to tackle poverty, worklessness and welfare dependency
- **Localisation** – Coalition principles of increasing freedom and sharing responsibility by localising power and funding

COUNCIL TAX BENEFIT

- Currently approx £10M of council tax benefit is awarded by NFDC
- Government pays NFDC grant of £10M which pays the council tax bills for claimants
- Expecting government grant to reduce by over £1 million
- Approximately 11,000 claimants now receive council tax benefit in NFDC
- Currently about 60% of claimants are pensioners and 40% are working age claimants

LOCAL SCHEMES

- Will define who is entitled to support, what reductions will apply for categories of claimants and the process of applying
- Freedom to choose rules for working age claimants but must respect responsibilities for 'vulnerable groups' and incentivise work
- NFDC must consult on the scheme design
- Once adopted a scheme cannot be changed in the year
- If a local scheme is not adopted by 31 January 2013 then a default scheme will apply, based on the existing council tax benefit scheme

OTHER IMPORTANT FACTORS

- Extremely tight timescale
- Software – limited scope in short time
- Effect on council tax collections
- All risk transfer to local authorities

GLOSSARY

- Precept – the total sum of money that the billing authority is asked to raise by a precepting authority
- Taxbase – the total estimated number of properties in the area adjusted for bandings, exemptions, discounts, bad debt provision etc
- Band D tax – the full council tax payable on a band D property
- NFDC calculates Band D tax for each area by dividing the precepts by the relevant taxbase

COUNCIL TAX BASE 2012/13

	Dis. A 5/9	Band A 6/9	Band B 7/9	Band C 8/9	Band D 9/9	Band E 11/9	Band F 13/9	Band G 15/9	Band H 18/9	Total
Dwellings	0	6591	11766	17623	19138	13154	6624	4361	567	79824
Exemptions	0	-395	-330	-382	-480	-239	-97	-66	-15	-2004
Disabled Relief	20	29	71	59	-47	-45	-17	-49	-21	0
Chargeable Dwellings	20	6225	11507	17300	18611	12870	6510	4246	531	77820
Disreg. Occupants - 50%	0	-3	-7.5	-7.5	-14.5	-12	-19	-17.5	-2	-83
Holiday Chalets - 70%	0	-41.1	0	0	0	0	0	0	0	-41.1
Single Occupants - 75%	-1.25	-918.75	-1276.5	-1433	-1373.5	-717	-316.75	-156.5	-17	-6210.25
Second Homes - 90%	0	-8.8	-11.1	-20.3	-40.8	-33.6	-21.3	-22.9	-3.3	-162.1
Long term Empty - 100%	0	0	0	0	0	0	0	0	0	0
Net Dwellings	18.75	5253.35	10211.9	15839.2	17182.2	12107.4	6152.95	4049.1	508.7	71323.55
Band D Adjustment	-8.3	-1751.1	-2269.3	-1759.9	0.0	2690.5	2734.6	2699.4	508.7	2844.6
Band D Equivalent	10.4	3502.2	7942.6	14079.3	17182.2	14797.9	8887.6	6748.5	1017.4	74168.16

Collection Rate @ 98.5%	73055.6
Contributions in Lieu	<u>218.7</u>
TAXBASE	<u>73274.3</u>

TOTAL COUNCIL TAX COLLECTABLE

73274.30*£1466.45

£107.45m

TOWN & PARISH COUNCIL CURRENT ARRANGEMENTS

Precept	£100,000
Taxbase	5,000
Council Tax Band D	£20.00

COLLECTION FUND - CURRENT ARRANGEMENTS

£'000

INCOME

Council Tax		97053
Council Tax Benefits		<u>10400</u>
		107453

PRECEPT EXPENDITURE

HCC	76050	
NFDC	11413	
Police	10716	
Fire	4498	
Towns/Parishes	<u>4776</u>	107453
		<u>0</u>

Benefits as % of total income

$10400/107453 = 9.68\%$

COLLECTION FUND - EXCLUDING COUNCIL TAX BENEFITS

		£'000
INCOME		
Council Tax		97053
Council Tax Benefits		<u>0</u>
		97053
PRECEPT EXPENDITURE		
HCC	76050	
NFDC	11413	
Police	10716	
Fire	4498	
Towns/Parishes	<u>4776</u>	107453
DEFICIT ON FUND		<u><u>-10400</u></u>

COLLECTION FUND - EXCLUDING COUNCIL TAX BENEFITS, INCLUDING GOVERNMENT GRANT TO MAJOR PRECEPTORS

£'000

INCOME

Council Tax	97053
Council Tax Benefits	0
	97053

PRECEPT EXPENDITURE

	Current	Govt Grant	Revised Precept	
HCC	76050	-6130	69920	
NFDC	11413	-920	10493	
Police	10716	-864	9852	
Fire	4498	-363	4135	
Towns/Parishes	4776	0	4776	
	107453	-8277	99176	99176
DEFICIT ON FUND				-2123

**COLLECTION FUND - EXCLUDING COUNCIL TAX BENEFITS,
INCLUDING GOVERNMENT GRANT TO MAJOR PRECEPTORS
AND ATTRIBUTABLE TOWN/PARISH GRANT**

£'000

INCOME

Council Tax	97053
Council Tax Benefits	<u>0</u>
	97053

PRECEPT EXPENDITURE

	Current	Govt Grant	Revised Precept	
HCC	76050	-6130	69920	
NFDC	11413	-920		
		<u>-385</u>		
		-1305	10108	
Police	10716	-864	9852	
Fire	4498	-363	4135	
Towns/Parishes	4776	0	4776	
	<u>107453</u>	<u>-8662</u>	<u>98791</u>	98791
DEFICIT ON FUND				<u><u>-1738</u></u>

Deficit as % of Council Tax Income

1738/97053 = 1.79%

Government Grant as % of £10.4m

8662/10400 = 83.3%

PROPOSED CHANGES FROM 2013/14

- National Council Tax Benefits being replaced by Local Council Tax Support
- Payment scheme replaced by discount to taxbase scheme

COUNCIL TAX BASE 2013/14

	Dis. A 5/9	Band A 6/9	Band B 7/9	Band C 8/9	Band D 9/9	Band E 11/9	Band F 13/9	Band G 15/9	Band H 18/9	Total
Dwellings	0	6591	11766	17623	19138	13154	6624	4361	567	79824
Exemptions	0	-395	-330	-382	-480	-239	-97	-66	-15	-2004
Disabled Relief	20	29	71	59	-47	-45	-17	-49	-21	0
Chargeable Dwellings	20	6225	11507	17300	18611	12870	6510	4246	531	77820
Disreg. Occupants - 50%	0	-3	-7.5	-7.5	-14.5	-12	-19	-17.5	-2	-83
Holiday Chalets - 70%	0	-41.1	0	0	0	0	0	0	0	-41.1
Single Occupants - 75%	-1.25	-918.75	-1276.5	-1433	-1373.5	-717	-316.75	-156.5	-17	-6210.25
Second Homes - 90%	0	-8.8	-11.1	-20.3	-40.8	-33.6	-21.3	-22.9	-3.3	-162.1
Long term Empty - 100%	0	0	0	0	0	0	0	0	0	0
COUNCIL TAX SUPPORT	-X	-X	-X	-X	-X	-X	-X	-X	-X	-X
Net Dwellings	18.75	5253.35	10211.9	15839.2	17182.2	12107.4	6152.95	4049.1	508.7	71323.55
Band D Adjustment	-8.3	-1751.1	-2269.3	-1759.9	0.0	2690.5	2734.6	2699.4	508.7	2844.6
Band D Equivalents	10.4	3502.2	7942.6	14079.3	17182.2	14797.9	8887.6	6748.5	1017.4	74168.16

Collection Rate @ 98.5%	73055.6
Contributions in Lieu	218.7
COUNCIL TAX SUPPORT	-7092.0
TAXBASE	<u>66182.3</u>

Council Tax Support

£10.4 m / 1466.45

7092.0

**LOCALISATION OF COUNCIL TAX
SUPPORT**

Potential Impact on Town/Parish Councils of £10.4m Council Tax Benefits

Town/Parish	2012/13 Tax Base Band D Equivalent No.	£10.4m cost of benefits allocation £	band D reduction No.	Revised Tax Base Band D Equivalent No.	2012/13 Precept £	2012/13 Original T/Parish C Tax Band D £	2012/13 Revised T/Parish C Tax Band D £	Increase %
Ashurst & Colbury	926.20	54855	38.39	887.81	25750	27.80	29.00	4.32
Beaulieu	508.70	31382	22.15	486.55	8000	15.73	16.44	4.55
Boldre	1059.10	80483	56.69	1002.41	19562	18.47	19.51	5.66
Bramshaw	347.50	29713	20.97	326.53	5500	15.83	16.84	6.42
Bransgore	1881.10	227012	157.04	1724.06	83360	44.31	48.35	9.11
Breamore	182.80	19387	13.62	169.18	4000	21.88	23.64	8.05
Brockenhurst	1846.50	105951	73.94	1772.56	58445	31.65	32.97	4.17
Burley	791.00	76613	54.01	736.99	13700	17.32	18.59	7.33
Copythorne	1247.10	94728	67.04	1180.06	14700	11.79	12.46	5.68
Damerham	241.00	34716	24.20	216.80	8000	33.20	36.90	11.16
Denny Lodge	156.50	12930	9.04	147.46	4576	29.24	31.03	6.13
East Boldre	398.30	49942	34.71	363.59	15000	37.66	41.25	9.55
Ellingham, Harbridge & Ibsley	596.70	37440	26.15	570.55	18090	30.32	31.71	4.58
Exbury & Lepe	114.70	17190	11.92	102.78	4700	40.98	45.73	11.60
Fawley	4942.10	957759	639.71	4302.39	473980	95.91	110.17	14.87
Fordingbridge	2398.40	403439	273.10	2125.30	182200	75.97	85.73	12.85
Godshill	228.50	23643	16.35	212.15	10162	44.47	47.90	7.71
Hale	267.50	16010	11.17	256.33	8461	31.63	33.01	4.36
Hordle	2473.80	276514	191.98	2281.82	96588	39.04	42.33	8.41
Hyde	512.60	8440	5.97	506.63	7000	13.66	13.82	1.18
Hythe & Dibden	7854.20	1243509	843.58	7010.62	571907	72.82	81.58	12.03
Lymington & Pennington	7299.70	1180979	790.61	6509.09	675040	92.48	103.71	12.15
Lyndhurst	1410.20	133949	92.67	1317.53	62281	44.16	47.27	7.03

Potential Impact on Town/Parish Councils of £10.4m Council Tax Benefits (cont.)

Town/Parish	2012/13 Tax Base Band D Equivalent No.	£10.4m cost of benefits allocation £	band D reduction No.	Revised Tax Base Band D Equivalent No.	2012/13 Precept £	2012/13 Original T/Parish C Tax Band D £	2012/13 Revised T/Parish C Tax Band D £	Increase %
Marchwood	2146.00	214994	143.57	2002.43	206396	96.18	103.07	7.17
Martin	193.60	16686	11.69	181.91	5009	25.87	27.54	6.43
Milford on Sea	2763.90	179467	125.13	2638.77	90992	32.92	34.48	4.74
Minstead	367.10	22241	15.58	351.52	9500	25.88	27.03	4.43
Netley Marsh	824.80	63651	44.99	779.81	11034	13.38	14.15	5.77
New Milton	11054.00	1845647	1274.76	9779.24	514744	46.57	52.64	13.04
Ringwood	5526.10	975316	661.46	4864.64	404560	73.21	83.16	13.60
Rockbourne	166.70	7940	5.38	161.32	12333	73.98	76.45	3.34
Sandleheath	283.10	14311	10.09	273.01	5014	17.71	18.37	3.69
Sopley	308.80	42987	29.29	279.51	20500	66.39	73.34	10.48
Sway	1690.90	126324	88.31	1602.59	49250	29.13	30.73	5.51
Totton & Eling	9916.10	1748548	1158.85	8757.25	1066900	107.59	121.83	13.23
Whitsbury	98.70	6797	4.78	93.92	2150	21.78	22.89	5.09
Woodgreen	250.30	18506	12.97	237.33	6350	25.37	26.76	5.47
	73274.3	10400000	7061.88	66212.42	4775734			

Town/Parish Element of
£10.4m benefits awarded

504000

Attributable Government

385000

Grant

Shortfall

119000

OPTIONS FOR DEALING WITH GAP

- Increase Council Tax
- Increase taxbase - by reducing Council Tax Support Awarded (not pensioners or very vulnerable)
 - by reducing other discounts
- Reducing Precept - by reducing net expenditure on services provided

FUNDING

- Government funding proposals will affect all precepting authorities because taxbases will have to take into account council tax support
- In future, Government propose to allocate reduced grant to billing & major precepting authorities
- Billing authorities given grant attributable to local councils
- Understand grant will not be ringfenced – in future likely to be subsumed with general revenue support
- Major precepting authorities want to see the scheme designed to close the funding gap and state it is a matter for billing authorities

NFDC DRAFT LOCAL SCHEME

- NFDC consulting on six possible options
- All six options would save nearly £1 million
- Welcome your views on the options
- www.nfdc.gov.uk/cts

NFDC SIX OPTIONS

- **All Working age claimants, except the most vulnerable, to pay a minimum of 20% council tax**
- **Cap the Council Tax support to a Band C property**
- **Change the amount of savings a person can have before support is given from £16,000 to £6,000**
- **Increase contributions from other adult members of the household**
- **Set a minimum level of award of £1.00 per week**
- **Remove Second Adult Rebate**

OUTLINE TIMETABLE

- July 2012 - Task & Finish group drafted options for consultation
- September 2012 - Consultation period ends
- October 2012 - Task & Finish group reviews responses
- December 2012 – Cabinet & Council approves final scheme
- April 2013 – Local scheme commences

CONCLUSION

- Government's proposals will reduce the taxbase of local councils
- Part of grant paid to the District is attributable to the council tax of the local councils
- This grant maybe identifiable for the first year only
- The shortfall in government funding could be paid for by all council taxpayers and/or by providing less support for those on low income
- We want to work with you openly and transparently to reach a solution

FEEDBACK

- Comments?
- Questions?
- Way Forward
 - Small group of Town and Parish Representatives to work with Portfolio Holder and Officers to determine how grant may be distributed