

Report to: Budget Panel
Date of meeting: 11 September 2012
Report of: Head of Strategic Finance
Title: Localisation of Support for Council Tax

1.0 SUMMARY

1.1 This report provides an update on progress in devising a local scheme to provide support to Council Tax payers and outlines the consultation process that will occur.

2.0 RECOMMENDATIONS

2.1 The Budget Panel notes the current situation..

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3.0 INTRODUCTION

- 3.1 Budget Panel will recall that it considered, at its meeting in June, proposed changes to Central Government funding arrangements to take effect from 1st April 2013. The essence of the changes is that Watford (and all other councils) will effectively suffer a reduction of at least 10% in its receipt of council tax benefit subsidy. It is estimated that this reduction will equate to £800k per annum for Watford and its preceptors (but may be higher when final figures are advised by the Department of Communities and Local Government).
- 3.2 The DCLG expect local authorities to fund this budget shortfall from either further 'efficiencies', by reducing entitlement to council tax benefit, or any other means deemed appropriate such as reviewing current levels of discount on empty properties and second homes.
- 3.3 Budget Panel gave this issue very serious consideration and were concerned about the impact on vulnerable sectors of the community (pensioners are exempt from any reductions) and felt that a review of discounts should be the first recourse. Budget Panel did not favour an across the board reduction in benefit entitlement.
- 3.4 Since the meeting of the Budget Panel, all authorities within Hertfordshire have considered the issues and could not reach agreement regarding the shape of any future benefit scheme. There will not be a common scheme across the County although some districts are attempting to produce similar schemes within local areas. In that respect Watford and Three Rivers have been attempting to develop a common scheme and that work will be influenced by the Consultation process.
- 3.5 The Elected Mayor and Portfolio Holders have considered this issue (there being no Cabinet Meeting within the tight timescales) and generally endorsed the views of the Budget Panel. A menu of options has to be presented to consultees and relevant documentation is attached at **Appendix I** (an outline of the proposed scheme) and **Appendix II** (survey). It should be noted that this does include the option of an across the board reduction in benefit. This option is not favoured by the Mayor/ Portfolio holders but it was felt that it had to be included as a bona fide option. There are clear dangers that vested interests might support this option in order to protect their own targeted financial position. It is essential that as wide a response as possible is encouraged.

4.0 CONSULTATION PROCESS

- 4.1 As part of the development of a local council tax support scheme, billing authorities (such as Watford BC) have to consult with 'major precepting authorities and such other persons as it considers likely to have an interest in the scheme about the scheme'.
- 4.2 A briefing paper was brought to Budget Panel in June 2012 outlining how Watford BC might approach this duty to consult. Following the decision by Hertfordshire authorities not to develop a countywide scheme, a proposed scheme was approved for consultation in late July – see 3.5 above. The proposals previously outlined in the paper to Budget Panel, as to how Watford BC would manage its own consultation, have been progressed.

4.3 The elements of Watford BC's consultation process comprise:

- A survey – as attached – **Appendix II** (available online and offline)
https://www.surveymonkey.com/s/council_tax_support_scheme_2012
- Consultation page for Watford BC website (to include an overview of the proposed scheme and a calculation tool so people can find out the impact of the proposals on their household)
- Setting up 'drop in' sessions for those not online / who want to go through the survey in person (September)
- Letter to be sent to those affected by reduction in discount (i.e. those of working age) inviting them to take part in the consultation. The letter will include details of the online survey (including where to access computers in the borough for free), the drop in sessions, it will also offer the opportunity to go through the survey over the phone if that is easier for people
- News release for local media + Watford BC website alerting people to the consultation and the various ways to get involved
- Contacting 'interested parties' to advise them of the consultation including:
 - Hertfordshire County Council
 - Hertfordshire Police
 - Watford Community Housing Trust + other registered providers
 - Hertfordshire Welfare Unit (at Hertfordshire CC)
 - Watford Citizens Advice Bureau
- Members update:
 - Report to Budget Panel – 11 September 2012
 - Article in Members' Bulletin – September 2012

4.4 The consultation is open until 8 October 2012. Results from the consultation will help support the recommendations within the report to Cabinet in November and the development of the Equality Impact Analysis – see 9.0 below.

5.0 FINANCIAL IMPLICATIONS

5.1 Central Government proposals mean that Watford Borough Council and its preceptors (HCC & HPA) will experience a shortfall in funding of at least £800k per annum. Recent exemplifications seem to suggest this may be understating the position and that the shortfall may be closer to £900k (final figures will not be known until the Autumn).

5.2 Leaders across Hertfordshire have indicated that they would attempt to compensate for this shortfall by reviewing council tax discounts and the current national council tax benefit scheme. There is no wish to increase the level of council tax to meet any funding deficit. Any decision will be painful to those clients who are affected but regrettably there are limited alternatives. A further report upon the ultimate financial implication for Watford will be produced for a future meeting of the Panel.

6.0 LEGAL IMPLICATIONS

6.1 The Head of Legal and Property Services comments that if no scheme is decided by 31 January 2013, a “default scheme” will be imposed. This default scheme largely replicates the current local council tax benefit scheme.

7.0 CONSULTATION PROCESS

7.1 See 4.0.

8.0 POTENTIAL RISKS

Potential Risk	Likelihood	Impact	Overall Score
That consultation is not progressed and feedback not achieved from local people and organisations	2	3	6
That the Software required for a local scheme is not in place in time for the scheme to be fully operational in 2013	4	3	12
That a robust Equality Impact Analysis is not developed to support decision making	1	4	4

9.0 EQUALITIES

9.1 Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions.

A draft Equality Impact Analysis (EIA) is prepared and will be reviewed as the consultation findings are received. The EIA will be available to support the report to Cabinet in November when a decision on the final scheme will be sought.

The survey contains equality questions on all protected characteristics as defined by the Equality Act 2010 to support

Appendices:

- Appendix I – Watford Borough Council local council tax support scheme explanatory note
- Appendix II – local council tax support scheme survey