

## ESSENTIAL REFERENCE PAPER 'A'

### IMPLICATIONS/CONSULTATIONS:

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| <p>Contribution to the Council's Corporate Priorities/ Objectives<br/><i>(delete as appropriate):</i></p> | <p><b>People</b><br/>This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</p>  |
| <p>Consultation and Equality Impact:</p>  | <p>The detailed Equality Impact Assessment for the proposed CTS Scheme is set out in <b>ERP D</b> to this report</p>  |
| <p>Legal:</p>   | <p><b>Legal Implications</b></p> <p>The Local Government Finance (LGF) Act came into force on 31<sup>st</sup> October 2012.</p> <p>Details as to what was set out in the LGF Bill in relation to local authorities setting up Council Tax Support / Reduction schemes are set out below.</p> <p><b>Requirements of Council Tax Support scheme</b> - The prescribed content of a CTS scheme was set out in section 9 of the Local Government Finance Bill and in clause 1 of Schedule 4 which inserts Schedule 1A to the Local Government Finance Act 1992 ("LGFA 1992") and clause 2 of that proposed Schedule 1A. Under these provisions, a CTS scheme must state the following:</p> <ol style="list-style-type: none"> <li>(1) A scheme must state the classes of persons who are to be entitled to a reduction under the scheme;</li> <li>(2) A scheme must set out the reduction to which persons in each class are to be entitled (and different reductions may be set out for different classes);</li> <li>(3) A scheme must state the procedure by which a person may apply for a reduction under a scheme;</li> <li>(4) A scheme must state the procedure by which a person can make an appeal under section 16 of the LGF Act 1992 against any decision of the authority which affects (a) the person's entitled to a reduction under the scheme, or (b) the amount of any reduction to</li> </ol> |

which the person is entitled;

(5) A scheme must state the procedure by which a person can apply to the authority for a reduction under section 13A (1) (b) of the LGF Act 1992.

As for stating the classes of people who are to be entitled to a reduction under a scheme, classes may be determined by reference to the following:

- (1) The income of any person liable to pay council tax on the authority in respect of a dwelling;
- (2) The capital of any such person;
- (3) The income and capital of any other person who is a resident of the dwelling;
- (4) The number of dependants of any person within paragraph (2) or (3) above;
- (5) Whether the person has made an application for the reduction.

As for stating the reduction to which persons in each class are to be entitled and if different reductions are set out for different classes, a reduction may include the following detail:

- (a) A discount calculated as a percentage of the amount which would be payable apart from the scheme;
- (b) A discount of an amount set out in the scheme or to be calculated in accordance with the scheme;
- (c) Expressed as an amount of council tax to be paid (lower than the amount which would be payable apart from the scheme) which is set out in the scheme or is to be calculated in accordance with it; or
- (d) The whole amount of Council Tax (so that the amount payable is nil).

The LGF Act states that for each financial year, Councils must consider whether to revise its CTS scheme or replace it with another scheme and that such decisions need to be made by 31st January in the financial year preceding that for which the revision or replacement scheme is to take effect. If the Council does not make a CTS scheme by 31st January 2013, a default scheme will be imposed on the Council which will be effective

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|                  | from April 2013, the effect of which has been set out above in this report. Regulations on the working of the default scheme have been published.   |
| Financial:       | As included in the report   |
| Human Resource:  | None  |
| Risk Management: | <p><b>Risks and assumptions of the recommended scheme</b></p> <p>The following risks and assumptions have been identified:</p> <ul style="list-style-type: none"> <li>a) <b>Scheme Deficit Forecasts</b> - The level of deficit cannot be determined with accuracy, as the Government will not be issuing final funding allocations until the end of the year.</li> <li>b) <b>Caseload Forecasts</b> - Actual future caseload and expenditure growth cannot be determined with precise accuracy although estimates based on the profiles of current expenditure and caseload has been applied to the financial modelling.</li> <li>c) <b>Collection Rate Forecasts</b> - The actual Council Tax collection rate for the claimants affected by the changes cannot be predicted with accuracy as many have not been required to pay Council Tax previously, and are also on low incomes</li> <li>d) <b>Increased Administration Costs</b> - The impact of the recommended scheme on costs of Council Tax collection have not been included within the deficit modelling as they are subject to agreement with Revenues &amp; Benefits Partnership. These discussions will be finalised once a decision on the final scheme has been made by the Council.</li> <li>e) <b>Collection Fund</b> - Diminution of anticipated Council Tax receipts could result in a Collection Fund deficit position at the end of a financial year, particularly as precept payments at present have to be paid to the</li> </ul> |

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|  | <p>County Council and Police Authority at an agreed monthly rate, irrespective of Council Tax sums collected.</p> <p>f) <b>Bad Debt Provision</b> - A potential risk arising from the recommended changes is a drop in Council Tax collection rates and hence an increase in bad debt provision. Reductions to budgeted collection rates also affect the level at which the Council Tax base set, this in turn is used to determine the Band D Council Tax level.</p> <p>g) <b>Discretionary Discounts</b> - The use of Section 13A discounts under the Local Government Finance Act 1992 may increase as a consequence of the recommended changes and the wider welfare reforms and will need to be met by the General Fund.</p> |
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