

Corporate Policy and Strategy Committee

10am, Tuesday 16 April 2013

Welfare Reform – Council Tax Reduction Scheme arrangements

Item number	7.1(b)
Report number	
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Welfare Reform – Council Tax Reduction Scheme arrangements

Summary

This report updates the Committee on a new service being provided by the Council, the Council Tax Reduction Scheme that will replace Council Tax Benefit on 1 April 2013 as part of the UK Government's programme of Welfare Reform.

The funding for the Scheme will be transferred from the UK government to Scotland based on the existing level of Council Tax benefit spend 2012/13, however, there will be a reduction of 10% on current funding levels. Scottish Local Authorities have decided to introduce a national scheme with similar provision to claimants with the existing Council Tax Benefit.

The Scottish Government and COSLA have agreed to meet the funding gap for 2013/14 only.

The scheme will apply nationally, and current recipients of Council Tax Benefit will see no difference in entitlements under the new scheme and there will be no need for them to reapply.

Recommendations

It is recommended that the Corporate Policy and Strategy Committee:

1. notes the current arrangements for the implementation of the Council Tax Reduction Scheme in 2013/14;
2. approves a programme of consultation on the future alternative schemes which will take place in 2013/14 and the Committee will be advised of the key outcomes; and
3. that expenditure against the funding gap provision will be monitored by the Finance and Budget Committee.

Measures of success

Maintenance of current KPIs in line with the Right Time Indicator used for processing applications and changes under the current scheme.

Customer access to service will remain the same, and for this financial year customers will see a seamless transition to the new scheme.

Financial impact

The risk is that the budget will be insufficient to meet demand and consequently, there will be uncertainty over how this will be financed.

Risk created by uncertainty over funding for 2014/15 as the Scottish Government have only made a one year commitment at this stage.

Equalities impact

The UK Government has prepared Equalities and Human Rights assessments for all Welfare Reform proposals. The Council will undertake an EHIRA when necessary for any of its proposals.

Transitional arrangements will ensure no negative impact on award of benefit for the financial year 2013/14.

Sustainability impact

There are no direct sustainability consequences arising from this decision.

Consultation and engagement

The Welfare Reform Strategic Planning Group continues to consider the new scheme and will monitor performance to ensure demand is being met.

COSLA and Scottish Ministers will continue to consult in the development of a new scheme beyond 2014.

Background reading / external references

Recent reports to committee:

[Welfare Reform – Update – Corporate Policy and Strategy Committee, 22 January 2013](#); and

[Welfare Reform - Update – Corporate Policy and Strategy Committee, 4 December 2012](#).

External Links - HMSO

<http://www.legislation.gov.uk/ssi/2013/49/contents/made> Pension age
<http://www.legislation.gov.uk/ssi/2013/48/contents/made> Working age

Welfare Reform – Council Tax Reduction Scheme arrangements

1. Background

- 1.1 The Council Tax Reduction Scheme is being introduced to replace the existing Council Tax Benefit arrangement on 1 April 2013 as part of the UK Government's welfare changes.
- 1.2 The Scottish Government and COSLA have agreed to top up the funding provided by the UK government for 2013/14 to ensure existing Council Tax Benefit claimants will see no difference in their payments.
- 1.3 It is essential that the scheme is administered appropriately to mitigate any effect on Council Tax collection and adversely impact revenue to the Council.

2. Main report

- 2.1 The Council Tax Reduction Scheme replaces the existing Council Tax Benefit arrangements from 1 April 2013. The UK Government will transfer programme funding to Scotland based on existing levels of Council Tax Benefit spend (2012/13), less 10%. Currently the funding for Council Tax Benefit is around £400m for Scotland, consequently a reduction of £40m can be expected.
- 2.2 COSLA and The Scottish Government have agreed to jointly meet the funding gap for 2013/14 up to the level for 2012/13. This will be met with £23m being provided by Scottish Government and £17m being provided by Local Government.
- 2.3 It is unclear how any funding gap in excess of this level will be financed. It is also unclear how any funding gap beyond 2013/14 will be financed.
- 2.4 Set up funding has been agreed, Edinburgh's allocation is £175k; to cover the costs of establishing the new service.
- 2.5 Administration of the Council Tax Reduction Scheme and assessment of claims will remain the responsibility of the Council. The new scheme will be delivered by the same business area as Council Tax Benefit within Corporate and Transactional Services in Corporate Governance. Changes to the software used to assess eligibility have been carried out and minimum training for staff is required.

- 2.6 The DWP administration subsidy paid to the Council will be reduced by £0.51m for 2013/14, reflecting that the new scheme is not included within Social Security Regulations.
- 2.7 Council Tax Reduction Scheme recipients will continue to receive non dependent reductions, income definitions and disregards, and calculations etc where applicable in line with the existing Council Tax Benefit Scheme.
- 2.8 Entitlement to reduction requires an application to be made. Transitional arrangements mean, however that those in receipt of Council Tax Benefit on 31 March 2013 will be deemed to have made an application.
- 2.9 The DWP will not accept claims for Council Tax Reduction in conjunction with Housing Benefit Claims, as is the current practice with Council Tax Benefit.
- 2.10 There are no arrangements for the scheme beyond 2013/2014 but COSLA and Scottish Ministers have committed to working together to agree the design and implementation of the scheme beyond this point.

3. Recommendations

- 3.1 It is recommended that the Corporate Policy and Strategy Committee:
 - 3.1.1 notes the current arrangements for the implementation of the Council Tax Reduction Scheme in 2013/14;
 - 3.1.2 approves a programme of consultation on the future alternative schemes which will take place in 2013/14 and the Committee will be advised of the key outcomes; and
 - 3.1.3 that expenditure against the funding gap provision will be monitored by the Finance and Budget Committee.

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SO2 – Edinburgh’s citizens experience improved health and wellbeing, with reduced inequalities in health