

Localisation of Council Tax Support

1. As part of the 2010 Spending Review, the government announced that from 2013/14, they would localise council tax benefit and reduce expenditure by 10%. The government also said that local schemes should protect the most vulnerable people, including pensioners. The government set out details of the localisation policy in December 2011 following consultation on the proposals during the autumn.
2. The new scheme will change the way support is provided to people who have difficulty paying council tax. Currently, people are sent council tax bills with their council tax benefit deducted from them. In the new scheme, people will instead get a discount on their council tax bill. The effect of giving discounts will be to reduce the council tax base used for calculating council tax rates.
3. Billing authorities and precepting authorities will receive council tax support grant in proportion to their share of council tax. The grant will reduce the amount each authority has to raise through council tax (i.e. the council tax requirement). This will help to off-set the reduction in the council tax base as a result of discounts provided for in the new scheme, however it is unlikely to offset it in full because of the government's savings plan.
4. In May 2012, the government published statements of intent which set out exemplified council tax support funding for each authority. Whilst these will not be the final grant figures, they provide an indication of the funding. The estimated cost of council tax benefit for Oxfordshire for 2013/14 is £33.6m. This compares to exemplified funding of £30.3m, requiring savings of £3.3m (of which £2.5m falls to the County Council).
5. Given the timescales and the commitment not to disadvantage the low paid, the Oxfordshire districts are consulting on adopting the existing council tax benefit scheme as a countywide scheme for 2013/14. This approach does not give rise to any savings from the scheme itself. The scheme will need to be reviewed for 2014/15 due to the impact of Universal Credit which comes into effect in October 2012 along with further pressures anticipated from increasing council tax and the cost of council tax benefit.
6. The outcome of the consultation on Technical Reforms of Council Tax issued in May 2012, confirmed that local authorities would have the ability to vary the discounts given on certain classes of properties. Reducing the discounts has the effect of increasing the tax base, thereby potentially offsetting the reduction in tax base arising from the new council tax support scheme. Discounts/exemptions on allowed properties across all Oxfordshire districts currently cost £5.1m. Consideration of savings arising from reducing discounts/exemptions will be made by the district councils over the autumn as part of their budget setting process.