

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 20 SEPTEMBER 2006

Report of Strategic Director (Shirlene Adam)

This matter is the responsibility of Executive Councillor T Hall (Portfolio Holder for Resources)

APPLICATION FOR COUNCIL TAX DISCOUNT (S13A LGA2003)

EXECUTIVE SUMMARY

This report requests the Executive to consider an application for a further 25% discount on council tax for single household pensioners.

1. Background

- 1.1 The Local Government Act 2003 introduced a new power for council tax billing authorities – “s13A power to reduce amount of tax payable”. This power allows billing authorities to either reduce or cancel the Council Tax payable either for specific classes of cases, as determined by the billing authority, or for individual cases.
- 1.2 This power was introduced to give council tax billing authorities the flexibility to create local discounts and exemptions appropriate to their local circumstances (to cope with things such as flooding). The authorities are required to fully fund the cost of any such reduction. No provision is made in the legislation for the other major precepting authorities (Counties and Police authorities) to fund their element of the discount or exemption awarded.
- 1.3 The Executive approved a procedure and delegation framework for the consideration of any applications under s13A at their meeting in November 2005.
- 1.4 The framework requires applications for specific classes of reduction to be considered by the s151 Officer (Shirlene Adam) and the Portfolio Holder (Cllr Terry Hall). Where the application is supported, or is contentious, then a recommendation to the Executive is required.

2. Application Under s13A LGA2003

- 2.1 The Taunton and Wellington Pensioners Forum have formally applied under this act for the Council to consider:-

“... calls upon Taunton Deane Borough Council to investigate ways in which single, older people living alone in their own homes can effectively receive a further reduction of 25% in Council Tax, thus paying only one half instead of three quarters of council tax levied by the Council”.

- 2.2 This has been considered by the S151 Officer (Shirlene Adam) and Portfolio Holder (Cllr Terry Hall).
- 2.3 The Council has also approached both Somerset County Council and Avon and Somerset Police Authority and asked whether they as major preceptors would be willing to support and fund their share of any discount awarded.
- 2.4 The conclusions of the review are set out below.

3. Review Conclusions

3.1 Local Issue v. National Issue

The intention behind the new legislation was to give Council's the power to create bespoke reductions to cater for local issues. The issue around the affordability of council tax by single pensioner households is a national issue. The knock-on effect of awarding a local discount to make up a perceived inadequacy in the national council tax and welfare system must also be considered. Other groups may then be able to make a case locally on a national issue.

Additionally, the local government funding regime is currently under review (by Sir Michael Lyons). The review is due to report back to Government in December 2006.

3.2 Council Tax Benefit System

There is a national welfare benefit system in place to help those on low incomes. The Council's Benefits Team has been actively encouraging people to take up benefits that they are entitled to.

3.3 Financial Impact and Affordability

All single occupier households are entitled to a 25% discount on council tax. This is a national regulation and therefore is not charged directly to Taunton Deane Borough Council. The amount of discount awarded under this regulation is approx £4.2m per annum.

Based on best estimates (2001 Census data re number of single pensioner households), if the Council were to award a further 25% discount to single household pensioners, then the cost to Taunton Deane Borough Council would be an extra £2.24m per annum.

Clearly this would have a significant impact on the authority's budget position – increasing its budget requirement by some 17.6%. There would not be any government grant to cover this, so the entire impact would be felt by this council's taxpayers. In broad terms, each £50k

extra spend will add 1% to the council tax bill for Taunton Deane Borough Council. So, the financial impact of granting this discount would be:-

- significant on the remaining Taunton Deane taxpayers – adding around £57 to the current Band D tax bill (an increase of 45%).
- significant in the eyes central Government – and likely to cause the Council to breach the Governments guidelines for council tax increases and trigger the capping regime (currently the capping level is around 5%).

Views of Other Major Preceptors

The response from the Avon and Somerset Police Authority is enclosed at Appendix A.

The response from Somerset County Council is imminent and an update will be provided at the meeting.

3.4 The Way Forward

As demonstrated above, the impact of granting such a discount – to be funded entirely by this Council – is unaffordable.

However, the Executive may wish to consider supporting other measures that could make a difference to single-household pensioners:-

- To review our council tax and housing benefit take-up strategy.
- To encourage the Taunton and Wellington Pensioners Forum to write to Sir Michael Lyons, outlining their concerns, so that this can be taken into account in the review of local government funding.

4. Recommendation

4.1 The Executive is requested to:-

a/ consider the review findings and decide whether to support the application by the Taunton and Wellington Pensioners Forum for a further 25% discount on council tax for single household pensioners (under s13A LGA2003).

b/ decide whether to support the actions outlined in section 3.5 above.

Shirlene Adam
Strategic Director
01823 356310
s.adam@tauntondeane.gov.uk

Background Paper:

Executive 16th November 2005 – Council Tax Section 13A Reductions Procedure (report of the Revenues Manager)

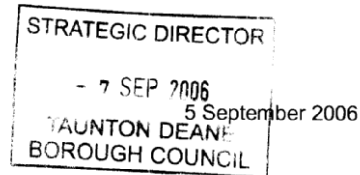
APPENDIX A

Executive's Office
2nd Floor
The Deane House
Belvedere Road
Taunton

Ms S Adam
Strategic Director
Taunton Deane Borough Council
The Deane House
Belvedere Road
TAUNTON
TA1 1HE

AVON and SOMERSET POLICE AUTHORITY

Please ask for: Tim Richens
My reference: T/TR/SJC
Your reference:
Fax No: 01823 356108
Direct Dial: 01823 356021
Email: trichens@somerset.gov.uk



Dear Shirlene

Taunton and Wellington Pensioners Forum

Further to your letter dated 12 July 2006 and our subsequent discussions, I can confirm that I have now discussed the issue of offering a discount to single pensioner households within the council tax billing area of Taunton Deane Borough Council with both the Chair of the Authority and the Chair of the Finance, Science and Technology Committee and I would like to share with you the key points arising from these discussions.

The issues surrounding the level of council tax paid by single pensioner households, and indeed a range of other households with single or fixed incomes are not new and indeed have been raised with the government on a number of occasions by both individual local authorities, special interest groups and the Local Government Association. It therefore seems appropriate that this national issue should be addressed by national government through the mechanism of the Council Tax Benefit System.

The equality, fairness and cost implications for individual authorities attempting to utilise local discretions in respect of reducing the council tax liability for any particular group could cause significant difficulties, particularly for authorities covering a wider area across a number of council tax billing authorities. These wider implications would need careful consideration and scrutiny.

We are also aware that Sir Michael Lyons is currently undertaking a review of the funding of local government as part of his ongoing Inquiry and this is likely to include the Council Tax Benefit System. We understand that this Inquiry will be announcing its findings in December 2006 to the government and we would suggest that not only should the Taunton and Wellington Pensioners Forum highlight their concerns to Sir Michael for consideration as part of his Inquiry, but that also the Inquiry's findings may indeed have implications for their specific request.

It would therefore be necessary to conclude that at this stage there are a number of fundamental issues for you to consider on this matter but I do hope these points are useful. I should of course be grateful if you would keep me apprised of the Council's decision on this matter.

Yours truly

A handwritten signature in black ink, appearing to read 'Tim Richens'.

Tim Richens
Treasurer to the Police Authority

Treasurer: Tim Richens ♦ Deputy Treasurer: Jacky Barnes