

## Local Council Tax Support Scheme Frameworks

### Advantages and Disadvantages

<b>A. The Default Scheme</b>
<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Implement a Local Council Tax Support Scheme based on the current national Council Tax Benefit Scheme, subject to any minor changes introduced by central government</li> </ul>
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Minimum impact on existing households entitled to support under the current benefits scheme</li> <li>No extra collection or recovery costs</li> <li>No adverse impact on collection rates</li> <li>Protection for most vulnerable in the current scheme maintained</li> <li>Least chance of legal challenge</li> </ul>
<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Reduction in government funding support impacts on Surrey County Council, Surrey Police Authority and SHBC providing less income for services or requiring income to be raised from other sources to prevent cost falling on general tax-payer</li> <li>Does not achieve reduction in expenditure on welfare benefits in line with central government spending plans</li> <li>Does not result in everyone making a contribution to the cost of local services</li> <li>Potential for harder reductions for those on low income in future years with more public spending cuts</li> </ul>

<b>B. The Surrey Framework Scheme</b>
<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Implement a Local Council Tax Support Scheme based on the current national Council Tax Benefit Scheme, subject to specific changes to criteria used (removal of second adult rebate, reduce capital limit, restrict minimum amount of benefit paid, restrict support to a specified property band value, reduce or remove backdated awards)</li> </ul>
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Reduction in support targeted rather than across the board</li> <li>Limits the number of households affected by the changes</li> <li>Makes a saving in benefit costs</li> <li>Limited extra collection / recovery costs</li> <li>Overall collection rate not likely to be significantly affected</li> <li>Option chosen by most districts</li> <li>Surrey CC to cover projected shortfalls</li> </ul>
<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Small number of households affected but for those households loss of support will be higher</li> <li>Reduction in government funding support still impacts on Surrey County Council, Surrey Police Authority and SHBC providing less income for services or requiring income to be raised from other sources to prevent cost falling on general tax-payer</li> <li>Only achieves partial reduction in expenditure on welfare benefits falling short of central government spending plans</li> <li>Potential for harder reductions for those on low income in future years with more public spending cuts</li> <li>Some additional protection may be required for most vulnerable households</li> </ul>

<b>C. Scheme Based on the DCLG criteria for Transitional Funding</b>
<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Implement a Local Council Tax Support Scheme based on the current national Council Tax Benefit Scheme but with all working age households expected to a contribution but where no contribution is currently paid this will be capped at 8.5%</li> </ul>
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Reduction in council tax support spread across all claimants, other than pensioners</li> <li>Everyone contributes to council tax, unless specifically protected</li> <li>Makes a saving in benefits costs</li> <li>Limits financial impact on Surrey County Council and Surrey Police Authority</li> <li>Eligible for Transitional Grant funding</li> </ul>
<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>A high number of current recipients of council tax benefits will be affected</li> <li>Reduction in government funding support still impacts to some degree on Surrey County Council, Surrey Police Authority and SHBC providing less income for services or requiring income to be raised from other sources to prevent cost falling on general tax-payer</li> <li>Still only achieves partial reduction in expenditure on welfare benefits falling short of central government spending plans</li> <li>Potential for harder reductions for those on low income in future years with more public spending cuts</li> <li>Additional protection may be required for most vulnerable households</li> <li>Additional resources required at SHBC for recovery</li> <li>Increase in irrecoverable debt and lower collection rate</li> <li>Possibility of inefficient tax collection: high ratio of collection / recovery costs to income collected</li> </ul>

<b>D. Scheme Based on the Surrey Framework plus 30% minimum Contributions</b>
<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Implement a Local Council Tax Support Scheme based on the current national Council Tax Benefit Scheme but with all working age households expected to make a contribution, where no contribution is currently paid this will be capped at 30%</li> </ul>
<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Reduction in council tax support spread across all claimants, other than pensioners</li> <li>Everyone contributes to council tax, unless specifically protected</li> <li>Makes a more significant saving in benefits costs contributing towards government funding cuts</li> <li>Reduces financial pressures on general tax-payer</li> <li>Removes financial impact on Surrey County Council and Surrey Police Authority</li> </ul>
<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>All working age current recipients of council tax benefits will be affected</li> <li>Amounts payable for those currently receiving full support will be high as a proportion of their income</li> <li>Not supported by Surrey County Council due to impact on individuals</li> <li>Risk of impact on local economy</li> <li>Additional protection will be essential for most vulnerable households</li> <li>Additional resources required at SHBC for assessment and recovery</li> <li>Larger increase in irrecoverable debt and lower collection rate</li> <li>Inefficient tax collection – high ratio of collection and recovery costs compared to income collected</li> </ul>