

NORTH LANARKSHIRE COUNCIL

REPORT

AGENDA ITEM No. 9

To: HOUSING & TECHNICAL SERVICES COMMITTEE		Subject: NEW TAX CREDITS
From: DIRECTOR OF HOUSING & PROPERTY SERVICES		
Date: 18 September 2002	Ref: TMCK/PN/JMCE	

1. Introduction

- 1.1 The purpose of this report is to advise committee of the expected impact on Housing/Council Tax Benefit Administration as a result of the introduction of New Tax Credits from April 2003.

2. Background

- 2.1 In his 2000 Budget, the Chancellor announced his intention to introduce new payable tax credits for families with children and low income working families.
- 2.2 The new tax credits (which will be administered by the Inland Revenue) are a streamlining of existing systems with all the income-based support for children pulled into one payment – the Child Tax Credit. The Inland Revenue will pay this directly to the person mainly responsible for caring for the children. There will also be a new Working Tax Credit, paid through the payroll, for low income working households, with or without children.
- 2.3 The New Tax Credits are part of the Government's programme for tackling poverty and making work pay, and will replace the support currently available through :
- (a) Children's Tax Credit ;
 - (b) Working Families' Tax Credit ;
 - (c) Disabled Person's Tax credit ;
 - (d) Child elements of Income Support ; and
 - (e) Child elements of income-based Jobseeker's Allowance.

3. Impact

- 3.1 New Tax Credits will impact on Housing/Council Tax Benefits Administration in the following ways :
- (a) There will be significant increases in the number of people who currently receive standard HB/CTB but who do not currently receive working families' tax credit or disabled person's tax credit and will in future be entitled to a new tax credit. This will cause little change in the number of HB/CTB cases but the effort to service the caseload will increase as all these claims will have to be reassessed;
 - (b) Major software amendments will be required to cope with the changes in legislation;

- (c) A possibility that additional staffing will be required to cope with the increase in workload; and
- (d) Amendments will have to be made to the HB/CTB claim form.

4. Financial Implications

- 4.1 The Department for Work and Pensions has pledged additional funding to help with the cost of changes to Housing/Council Tax Benefit Administration arising from the New Tax Credits. Most of the funding is designed to pay for software amendments and additional staff needed to deal with the increased workloads.

5. Recommendation

- 5.1 Committee is asked to note the contents of this report.

6. Access to Information

- 6.1 Background information is available from the department.



T McKenzie
Director of Housing & Property Services