

CABINET MEETING

14 JANUARY 2015

LOCAL COUNCIL TAX SUPPORT SCHEME

REPORT OF THE DIRECTOR OF FINANCE

1. Purpose of the Report

- 1.1 To provide Cabinet with an update on the consultation results for the Local Council Tax Support Scheme and to recommend that the Local Council Tax Support Scheme set out at Appendix B be implemented with effect from 1 April 2015.

2. Description of Decision

- 2.1 To recommend Council to:-

- (i) Consider feedback received during the consultation period from
 - precepting authorities,
 - the public, including representatives/representative groups of Council Tax payers and Council Tax benefit claimants, voluntary organisations and community groups.
- (ii) approve the Council's Local Council Tax Support Scheme as set out in paragraph 6 and Appendix B for the financial year 2015/16.
- (iii) authorise the Director of Finance to administer the Local Council Tax Support Scheme, including undertaking the consideration and determination of applications for support, and authorise the Head of Law and Governance to amend the constitution accordingly.
- (iv) authorise the publication of the approved Scheme on the Council's website and in any additional manner determined by the Director of Finance in consultation with the Leader of the Council and Cabinet Secretary.

3. Background

- 3.1 The Welfare Reform Act 2012 abolished the Council Tax Benefit system and replaced it under the Local Government Finance Act 2012 with the Local Council Tax Support scheme from 1 April 2013, thereby transferring responsibility from central to local government. The Local Government Finance Act 2012 also legislated that pensioners must receive protection, in that they must receive the same levels of entitlement under the new local Council Tax Support scheme as they had received under the old Council Tax Benefit scheme.

- 3.2 The Council Tax support scheme introduced on 1st April 2013 was based on the Council Tax Benefit scheme but
- reduced the amount awarded by 8.5% for working age claimants;
 - increased the deductions for non dependants by £1 per week
 - abolished second adult rebate;
 - In line with legislation, there were no changes to the levels of award given to pensioners.

The scheme reflected the findings of the consultation which supported the view that all people should pay some council tax, at the same time balancing the financial position of the council, with the ability of the individual to pay.

- 3.3 The above scheme was introduced for a two year period after which the council would review the scheme and consult on its findings.

4.0 Findings on the Local Council Tax Support Scheme

- 4.1 The scheme has been working effectively, balancing the financial needs of the council with the ability of the individual to pay the increase.
- 4.2 Whilst there are some minor amendments proposed to the current scheme, these are minor in nature, and it is expected to be broadly financially neutral.

5. Results of Consultation on the Local Council Tax Support Scheme

5.1 Precepting Authorities

- 5.1.1 Consultation was undertaken with the major precepting authorities, the Police and Crime Commissioner for Northumbria and Tyne and Wear Fire and Rescue Authority, who will share the effects of any increases or reductions in demand for Council Tax Support Scheme and costs based on the local scheme offered. There were no issues arising other than the Tyne and Wear Fire and Rescue Authority seeking assurances from local authorities to minimise any impact on their budget.

5.2 Public

- 5.2.1 Consultation was also carried out with the public on the content of the scheme from 23rd October to 5th December 2014.

5.2.2 The format of the consultation was to utilise an on-line questionnaire, which was made available to all City residents. A workshop was also held as part of the budget consultation on 25th November 2014. No major concerns were raised in respect of the current scheme and the proposed changes.

5.2.3 The results of the on-line survey and feedback from the workshop have been analysed. Overall there is support for Sunderland's scheme and the key findings are summarised at Appendix A.

5.2.4 Appendix B sets out key features of the scheme to be continued within Sunderland taking into account the principles of the Local Council Tax Support Scheme consulted upon.

6. Proposed Local Council Tax Support Scheme

6.1 Following the successful implementation of the current scheme and evaluation of the feedback from consultation it is proposed that the Council adopt the scheme as set out in Appendix B on the basis that:

- The Scheme is already working successfully in Sunderland and supports the views that everyone should pay something towards their Council Tax bill.
- Council Tax support reduction will continue to be 8.5%.
- The abolition of second adult rebate will continue.
- The increase in non-dependant deductions will continue at £1 per week.
- Information held in respect of housing benefit applications will be used for the calculation of council tax support where appropriate.
- Those non dependants serving in the forces whilst on operations will be disregarded from the calculation.
- People of pension age will have their entitlement calculated under pension age rules regardless of whether or not they are available for work.

7. Financial Implications

7.1 The revised scheme is expected to be broadly tax neutral with collectable income from the proposed Scheme unaffected.

8. Impact Analysis

8.1 An Equality Impact Assessment has been undertaken, taking into account analysis of public consultation data and comments.

8.2 Work will continue to assess the impact of this scheme alongside the related impacts of the significant number of welfare and benefit reforms either already introduced or still being planned by Government. Any unintended consequences of the scheme will be closely monitored and considered during a further review of the scheme next year.

9. Reasons for the Decision

9.1 The council must have its Local Council Tax Support Scheme approved by 31 January 2015.

9.2 The changes referred to in this report, as set out in section 6, reflect the experience of the scheme, as it has been implemented to date. Impacts of the scheme will continue to be closely monitored following the scheme's introduction in April 2015.

10. Alternative Options

10.1 The alternative option is to continue with the scheme in its present form without the proposed amendments.

11. Other Relevant Considerations

11.1 Legal Implications

11.1.1 The comments of the Head of Law and Governance have been taken into account in preparing this report.

11.2 Employee Implications

11.2.1 The reduction in administration grant and the implementation of Universal Credit may have an impact on how council tax support is administered in the future, and this is being kept under review

12. Background Papers

[Welfare Reform Act 2012](#)

<http://www.legislation.gov.uk/ukpga/2012/17/contents/enacted>

Localised Council Tax Support Scheme - Equality Analysis -

Consultation - Description	Respondents agreeing	Respondents not agreeing	Respondents with no views either way	No response
i) Do you agree the council should continue with the current council tax support scheme	66.47%	8.07%	22.98%	2.48%
ii) Do you agree the council should disregard non-dependants serving in the forces when working on operations	72.98%	12.11%	11.80%	3.11%
iii) Do you agree a person who is of pensionable age should have their entitlement to council Tax support calculated under pension age rules, regardless of whether or not they are available for work	51.24%	28.26%	17.70%	2.80%

<p>iv) The council would like to give everyone who is eligible for assistance through the Council Tax Support Scheme the help automatically, rather than asking them to complete additional application forms. This can be achieved by the council using information received in respect of other reductions such as Housing Benefit, and Universal Credit etc to calculate Council Tax support. Do you agree with this approach</p>	<p>72.67%</p>	<p>11.49%</p>	<p>12.42%</p>	<p>3.42%</p>

Consultation Results

Appendix A

- 1 Approximately 66% (detail at appendix A) of the 322 respondents are in overall agreement with Sunderland's proposed Scheme, with some 8% disagreeing and 23% having no views either way..
- 2 Respondents were also asked if the council should disregard non dependants whilst on operations, approximately 73% agreed, with some 12% disagreeing, and 12% having no views either way. In respect of the face to face consultation, one respondent did not agree. .
- 3 When asked if a person of pensionable age should have their entitlement calculated under pension age rules , regardless of whether or not they are still available for work, approximately 51% agreed, 28% disagreed, and 18% having no views either way.
- 4 Respondents were asked if the council should be able to use information received in respect of other reductions, to calculate Council Tax support, with 73% agreeing, 11% disagreeing, and 12% having no views either way..

Local Council Tax Support Scheme

Appendix B

- 1 Reduce Council Tax Support by 8.5% for all working aged claimants.
Council Tax Support will be reduced by a maximum of 8.5%
- 2 Allows councils to abolish Second Adult Rebate for working aged claimants
Second Adult Rebate is a reduction of up to 25% of the Council Tax where a customer's income is too high to receive benefit but they have other adults living in the household whose income is low. Second Adult Rebate will be removed.
- 3 Allows councils to amend non dependant deductions within the limits of point 1 above
Continue with an increase of £1 per week on non – dependant deductions for those in receipt of partial benefit.
- 4 Pensioners who are of pension age will be treated under pensioner rules even if they are available for work.
- 5 Those Non dependants serving in the forces on operations will be disregarded from the calculation.
- 6 Information held in respect of Housing Benefit or Universal credit can be used to calculate Council Tax support where appropriate.