

CABINET MEETING – 13 JANUARY 2016

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 in paragraph 6 and Appendix B be implemented with effect from 1 April 2016.

2. Description of Decision (Recommendations)

- 2.1 To recommend Council to:-
- (i) consider feedback received during the consultation period from the public;
 - (ii) approve the council's Local Council Tax Support Scheme as set out in paragraph 6 and Appendix B for the financial year 2016/17 which is unchanged from the current scheme; and
 - (iii) 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 1st 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 Following the implementation of the scheme in April 2013 and further evaluation of the feedback from consultation some minor amendments were made to the scheme for 2015/2016 and the council adopted an updated scheme which was based upon the government's default scheme and included a small number of modifications effective from 1st April 2015.

4. Current Position

- 4.1 Following approval and implementation of the current scheme, a review has been undertaken which considered the early potential impacts of changes to universal credits and consultation to gauge citizens' views on either leaving the scheme as is, or increasing the minimum amount all working aged claimants should pay. The consultation was undertaken as part of the wider budget consultation carried out by the council, in order to inform whether any changes in the scheme would be proposed.

- 4.2 On 2nd December 2015 DCLG announced that it is to undertake a review of the localisation of council tax support taking into account the impact of the proposed reform of local government finance and consider whether further reforms should be made to include payments within Universal Credit. Under the terms of reference for the review, views are being sought about the effectiveness, efficiency, fairness, and transparency of the change. Evidence is also being sought from a range of stakeholders on the local experience of designing, implementing, or receiving support, and what the main challenges have been. The review is scheduled to conclude in early 2016 with a report to the Secretary of State for Local Government by the end of March 2016. Any outcomes of this will be taken into account when considering changes (if any) to the support scheme for 2017/18 and will be subject to further consultation at that time.

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

- 5.1 Consultation was carried out with the public on the content of the scheme from 23rd October to 13th December 2015 via an online questionnaire which was available to all city residents, and distributed in hardcopy format at a number of budget consultation area based workshops
- 5.2 The results of the survey have been analysed. Overall there is support for the council's scheme and the key findings are summarised at Appendix A.

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 continues with the current scheme, the main features of which are set out in Appendix B.

7. Financial Implications

- 7.1 The operation of the proposed scheme is expected to be broadly neutral with the cost of the scheme factored into the council's budget planning.

8. Reasons for the Decision

- 8.1 The council must have its Local Council Tax Support Scheme approved by 31 January 2016.
- 8.2 The proposal to continue with the current scheme as set out in section 6 and at Appendix B reflects the experience of the impact of the scheme to date and the outcome of the consultation undertaken. Impacts of the scheme will continue to be closely monitored following the scheme's introduction in April 2016.

9. Alternative Options

- 9.1 The alternative option is to amend the scheme which would not be consistent with the consultation responses received.

10. Impact Analysis

(a) Equalities –

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

Work will continue to assess the impact of this scheme alongside the related impacts of any welfare and benefit reforms either already introduced or still being planned by Government.

11. Other Relevant Considerations / Consultations

(i) Legal Implications – The comments of the Head of Law and Governance have been taken into account in preparing this report.

(ii) Other Consultations – The comments of the Executive Director of People Services and the Director of Human Resources and Organisational Development have been taken into account in preparing this report.

(iii) The Public – The outcome of the public consultation is set out in the report and at Appendix A.

12. List of Appendices

Appendix A – Public Consultation Results Summary

Appendix B – Local Council Tax Support Scheme Main Features

13. Background Papers

Localised Council Tax Support Scheme Equality Analysis

Public Consultation Results Summary

- 1 Approximately 48.42% (215 respondents) of the 444 respondents are in overall agreement with continuing with Sunderland's Scheme, with some 30.18% (134 respondents) disagreeing and 21.40% (95 respondents) having no views either way / not responding. 61.6% of those respondents making a positive response agreed with continuing with the current scheme with 38.4% disagreeing.
- 2 Respondents were also asked if in the event that they disagreed with the council's current scheme whether the minimum payment should be raised to 10% or 12.5% from the current level of 8.5%. Of the 198 response, 38.19% (76 respondents) indicated that the minimum payment should be raised to 10% and 61.81% (123 respondents) indicated that the minimum payment should be raised to 12.5%.
- 3 General comments were also sought about a preferred council tax support scheme.

Consultation – Description	Respondents agreeing	Respondents not agreeing	Respondents with no views either way	No response
Do you agree that the council should continue with the current Council Tax Support Scheme	48.42%	30.18%	20.05%	1.35%
If you disagree with the council's preferred proposal to continue with the current Council Tax Support scheme, do you:				
Think that the minimum payment should be raised to 10%	38.19%			
Think that the minimum payment should be raised to 12.5%	61.81%			

In relation to general comments, the substantive responses ranged between respondents wanting those in receipt of council tax support to pay more / their fair share / not to receive council tax support and those who recognised the difficulties faced by those in receipt and the need to provide assistance.

Local Council Tax Support Scheme Main Features

1. Council tax support entitlement will be calculated and reduced by 8.5% for all working aged claimants.
2. Second Adult Rebate, which 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 will continue to not apply.
3. The council will continue, within the limits of point 1 above, with applying 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 continue to 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.

