

CABINET MEETING – 5 OCTOBER 2011 EXECUTIVE SUMMARY SHEET – PART I	
Title of Report: Localising Support for Council Tax in England Consultation Response	
Author(s): Executive Director of Commercial and Corporate Services	
Purpose of Report: <ul style="list-style-type: none"> The purpose of this report is to advise Cabinet of a consultation exercise on the proposed localisation of Council Tax support in England. It also makes Cabinet aware of the potential impact of these proposals and how the council intends to respond to the consultation, and asks for any comments or amendments Cabinet may wish to add to the main issues included in the response as highlighted within paragraphs 4.3 and 4.4. 	
Description of Decision: <ul style="list-style-type: none"> To note the potential impact of the proposals contained within the consultation and to provide any additional comments or amendments to the main issues included in the proposed consultation response. 	
Is the decision consistent with the Budget/Policy Framework? *Yes/No	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision: The reason for the decision is to: <ul style="list-style-type: none"> Note the impact of the proposals to provide local support for Council Tax Agree a response to the consultation, by providing any additional comments or amendments to the draft response 	
Alternative options to be considered and recommended to be rejected: The only alternative option would be to not respond to the consultation	
Is this a “Key Decision” as defined in the Constitution? No Is it included in the Forward Plan? No	Relevant Scrutiny Committee: Management Scrutiny Committee

CABINET 5 OCTOBER 2011

**LOCALISING SUPPORT FOR COUNCIL TAX IN ENGLAND
CONSULTATION RESPONSE**

**REPORT OF THE EXECUTIVE DIRECTOR OF COMMERCIAL AND CORPORATE
SERVICES**

1 Purpose of the Report

- 1.1 The purpose of this report is to advise Cabinet of a consultation exercise on the proposed localisation of Council Tax support in England.
- 1.2 It also makes Cabinet aware of the potential impact of these proposals and how the council intends to respond to the consultation, and asks for any comments or amendments Cabinet may wish to add to the main issues included in the response as highlighted within paragraphs 4.3 and 4.4.

2 Description of Decision

- 2.1 To note the potential impact of the proposals contained within the consultation and to provide any additional comments or amendments to the main issues included in the proposed consultation response.

3 Consultation

- 3.1 Communities and Local government (CLG) have issued a consultation which seeks views on proposals for the localisation of Council Tax support in England from 2013. The consultation is open for anyone to respond, and the consultation will close on 14 October 2011.
- 3.2 The consultation sets out:
 - Schemes must be developed within broad parameters set by the Government, including:
 - The framework for support for eligible pensioners – which will ensure pensioners are no worse off.
 - The importance of supporting incentives to work to ensure that people are generally better off working than claiming benefits.
 - Local authorities will be encouraged to consider how the process of establishing eligibility for working age claimants can be simplified. The Government will work with local government to understand how data sharing can help further reduce administrative costs and complexity.
 - Local authorities will seek to integrate arrangements for providing support within the council tax system, and will continue to provide support to households as a reduction in the amount of council tax payable, rather than a cash payment.

The reform will be accompanied by a new Government grant to local authorities, who will be able to take this into account when setting the local scheme.

The Government will consider whether maintaining the new grant allocations unchanged for several years will help to provide certainty for local authorities.

This consultation document sets out proposals for local mechanisms to help manage financial pressures.

- 3.3 Members have recently received briefings on the wider impact of Welfare Reform plans including the proposal to localise Council Tax support.

4 Impact of the proposals /Response to the Consultation

- 4.1 Currently, the Council pays Council Tax support (Council Tax Benefit) to eligible customers on behalf of Government, and this is based on Government rules. From April 2013 it is proposed that the Council must design, implement, and pay Council Tax support based on its own local scheme. It is proposed that funding will be reduced by 10%. The detail of the proposals are still be worked through, however, the broad principal will be that any local scheme must not work against Government policy of making work pay and supporting eligible pensioners. This will mean that the scheme will have to support incentives to work and ensure that people are generally better off working than claiming benefits and to ensure that pensioners are no worse off than under the current scheme. Significant work is ongoing to understand and manage these proposed changes, such as impact assessments and financial modelling. In addition, the financial risk of changing the grants to Local Authorities, such as the current £3.5M administration grant for paying the benefit and potential for freezing the 90% funding irrespective of changes in caseload, will need to be planned for when the detail is released. In summary, there is significant potential financial risk to these proposals.
- 4.2 A task group led by the Executive Director of Commercial and Corporate Services, is in place to respond to the Welfare Reform agenda. The task group will assist the city in dealing with the significant changes of Welfare Reform, both up to 2013 when localised Council Tax support and Universal Credit are implemented (April and October 2013), and to 2015 when Housing Benefit claims will cease. The task group consists of officers from Policy, Welfare Advice, Housing Advice/Policy, Child Poverty Board, Customer Services, Community Services, Benefits, Council Tax, Finance, Communications and Fraud, which will be expanded to include external partners and stakeholders who can take a city wide approach to the changes.
- 4.3 The task group have produced a draft response to the questions raised in the consultation. The main issues included within the response are set out below:
- The value of any funding provided should adequately recognise the cost of provision by the local authority

- The potential 10% reduction and pensioner protection should not impact disproportionately on other client groups.
- The ability to support new vulnerable groups will be limited without the Local authority meeting the cost.
- Local authorities will need access to DWP/HMRC/Pension Service data, and passporting of information to allow for administration, forecast demand, and take up actions.
- There needs to be a clear understanding of the impact of other benefit changes.
- Local Authorities will need to be able have access to national employment market data, as well as local data to determine the likelihood of additional demand.
- There are significant risks in the timescales and it may not be possible for software providers to deliver by April 2013, particularly as primary and secondary legislation will not be in place until 2012.
- External scrutiny of the scheme should be minimised, and Council Members must be involved in the development of any scheme.
- Setting longer periods of award or runs-ons will give stability and reduce administration costs.
- Any risk sharing should be in the form of a legally binding agreement.
- There should be simplified approach to the application process, changes in circumstances, award letters and decision making.

4.4 Whilst not requested by government, it is proposed that some additional comments could be included in the consultation should Cabinet wish to express some more fundamental concerns regarding the proposals, including,

- The development of the local Council Tax support is taking place alongside the Local Government Resource Review and Business Rates localisation. All are proposing a significant change which could have major financial planning implications. The proposals put an unacceptable risk on Local Authorities, in terms of grant level, ability to collect Council Tax from those who cannot afford to pay, and is not consistent with proposals for localisation of Business Rates.
- Welfare Reform is something that should be dealt with by central government policy.
- Whilst local schemes will provide discretion, it will mean that entitlement will vary between Local Authorities.

4.5 Work is underway on a task group action plan to address the Welfare Reform impact, including the localisation of Council Tax Support. Actions underway include, financial modelling, impact assessments, risk register, take up strategies, advice provision (including major employers in Sunderland), joint working with landlords, and linkages to Housing Reform and Community Resilience. Future actions include, comprehensive and ongoing reporting to Members of progress against the action plan, development of communication strategies / social marketing, consultation, maximisation of income and preparation for the take on of community care grants and crisis loans.

5 Reasons for the Decision

- 5.1 The reason for the decision is to:
Note the impact of the proposals to provide local support for Council Tax
- 5.2 Agree a response to the consultation, by providing any additional comments or amendments to the draft response

6 Alternative Options

- 6.1 The only alternative option would be to not respond to the consultation

7 Relevant Considerations/Consultations

(a) Financial Implications

The financial implications are set out in paragraph 4.1 of the report. The Executive Director of Commercial and Corporate Services has confirmed the position.

(b) Legal Implications

The Head of Law and Governance has been consulted on the preparation of this report and there are no issues in relation to the legality of the proposed response.

8. Background Papers

- 1. Communities and Local Government Consultation paper, Localising Support for Council Tax in England