

<p align="center">CABINET MEETING – 14 JULY 2022</p> <p align="center">EXECUTIVE SUMMARY SHEET – PART I</p>									
<p>Title of Report: Local Council Tax Support Scheme</p>									
<p>Author(s): Executive Director of Corporate Services</p>									
<p>Purpose of Report: To request that Cabinet approve a consultation process on the Local Council Tax Support Scheme (LCTSS) for the financial year 1 April 2023 to 31 March 2024 – which is the Council's Council Tax Reduction Scheme under section 13A(2) of the Local Government Finance Act 1992.</p>									
<p>Description of Decision: Cabinet is requested to:</p> <ul style="list-style-type: none"> i. approve the commencement of consultation on the LCTSS for the financial year 1 April 2023 to 31 March 2024; and ii. authorise the Executive Director of Corporate Services in consultation with the Cabinet Secretary to determine the LCTSS models to be consulted upon. 									
<p>Is the decision consistent with the Budget/Policy Framework? *Yes</p>									
<p>If not, Council approval is required to change the Budget/Policy Framework</p>									
<p>Suggested reason(s) for Decision: (i) The Council must have its LCTSS for 2023/2024 approved by 11 March 2023 and any fundamental changes to the LCTSS must be consulted upon prior to consideration by Cabinet and approval by Council.</p>									
<p>Alternative options to be considered and recommended to be rejected: There are no alternative options proposed. There is a requirement for the Council to consult upon changes to the LCTSS.</p>									
<p>Impacts analysed;</p> <table border="0"> <tr> <td>Equality</td> <td><input type="text" value="N/A"/></td> <td>Privacy</td> <td><input type="text" value="N/A"/></td> <td>Sustainability</td> <td><input type="text" value="N/A"/></td> <td>Crime and Disorder</td> <td><input type="text" value="N/A"/></td> </tr> </table>		Equality	<input type="text" value="N/A"/>	Privacy	<input type="text" value="N/A"/>	Sustainability	<input type="text" value="N/A"/>	Crime and Disorder	<input type="text" value="N/A"/>
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<p>Is the Decision consistent with the Council's co-operative values? Yes</p>									
<p>Is this a "Key Decision" as defined in the Constitution? Yes</p>									
<p>Is it included in the 28 day Notice of Decisions? Yes</p>									

CABINET MEETING –14 JULY 2022

LOCAL COUNCIL TAX SUPPORT SCHEME

REPORT OF THE EXECUTIVE DIRECTOR OF CORPORATE SERVICES

1. Purpose of the Report

- 1.1 To request that Cabinet approve a consultation process on the Local Council Tax Support Scheme (LCTSS) for the financial year 1 April 2023 to 31 March 2024 – which is the Council's Council Tax Reduction Scheme under section 13A(2) of the Local Government Finance Act 1992.

2. Description of Decision (Recommendations)

- 2.1 Cabinet is requested to:
 - i. approve the commencement of consultation on the LCTSS for the financial year 1 April 2023 to 31 March 2024; and
 - ii. authorise the Executive Director of Corporate Services in consultation with the Cabinet Secretary to determine the LCTSS models to be consulted upon.

3. Background

- 3.1 The former council tax benefit system was abolished by the Welfare Reform Act 2012 and was replaced (by virtue of the provisions of the Local Government Finance Act 2012) by a requirement for locally adopted Council Tax reduction schemes (in Sunderland referred to as the "Local Council Tax Support Scheme" (or LCTSS)) from 1st April 2013, thereby transferring responsibility for Council Tax support from central to local government.
- 3.2 In accordance with that requirement, the Council adopted a LCTSS which was based on the government's default scheme, for implementation as from April 2013. The scheme incorporated protection for pensioners as required by the Local Government Finance Act provisions, namely the requirement that they must receive the same levels of entitlement under the new Council Tax Support Scheme as they had received under the old Council Tax Benefit Scheme. Evaluation of previous consultation resulted in some minor modifications to the scheme in 2015/16 and following consultation, further technical and administrative changes were implemented from 1st April 2018 in order to align the scheme to Housing Benefit rules and to make the LCTSS more efficient to administer and easier for the customer to understand. Council tax support entitlement is calculated and reduced by 8.5% for all working aged claimants.

4. Current Position

- 4.1 Currently the LCTSS has a caseload of 31,415 (12,220 pensioner age and 19,195 working age), although it should be noted that this varies on a daily basis as people's circumstances change. The current cost of the LCTSS is £27.640m and is factored into the calculation of the council tax base each year.
- 4.2 The introduction and continued rollout of universal credit has brought a number of challenges to the administration of the LCTSS including:
- The reluctance of universal credit claimants to make a prompt claim for council tax support, leading to a loss in entitlement;
 - A high volume of changes to universal credit cases are received from the Department of Work and Pensions requiring a change to council tax support entitlement. Some universal credit claimants experience between 8 and 12 changes in entitlement per annum;
 - These changes result in amendments to council tax support and hence council tax liability and the recalculation of instalments. This means residents are rebilled each time leading to confusion, delays and an impact on council tax collection; and
 - The increased costs of administration through the multiple changes required.
- 4.3 A number of local authorities regionally and nationally have moved to a banded scheme which reduces the number of changes that are required to council tax support entitlement and improves the efficiency of the process.

5. Consultation Approach

- 5.1 It is proposed that the Council undertakes some modelling on potential schemes and subsequently consultation on those models. Under any model, claimants of pension age are unaffected as protection for pensioners is required by the Local Government Finance Act provisions, namely the requirement that they must receive the same levels of entitlement under the new Council Tax Support Scheme as they had received under the old Council Tax Benefit Scheme.
- 5.2 It should be noted that there are unlimited combinations of options under this scheme for working age claimants, as the bands and thresholds could be set at any level. The models proposed will be based on a number of factors, including the existing LCTSS, the number of claimants in each category, schemes used by other councils and the available financial resources.
- 5.3 Under all of the models the Council would continue to disregard income from Attendance Allowance, Disability Living Allowance, Personal Independence Payments, all War Pensions and Child Benefit when assessing entitlement.

- 5.4 Subject to approval of Cabinet, consultation would be undertaken with residents as part of our wider Let's Talk Budget consultation activity, with a targeted approach to those directly affected to provide information, advice and guidance ahead of the proposed changes coming into effect.
- 5.5 In addition to consultation with residents the Council is required to formally consult with its precepting bodies (Tyne & Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria) as any changes to the LCTSS have a financial impact on the amount of council tax that those bodies can raise through their precept.

- 5.6 The proposed next steps are:

July – Develop models for consultation
August to mid October 2022 – Consultation undertaken
Mid October to November 2022 – Responses analysed
December 2022 / January 2023 – Cabinet considers outcome and if approved refers the LCTSS to be considered by Council
January 2023 – Council considers the LCTSS for 2023/24
April 2023 – Scheme commences if approved

6. Financial Implications

- 6.1 The cost of undertaking the consultation will be met from the service's revenue budget. A report to Cabinet on the outcome of the consultation and the proposed LCTSS for 1 April 2023 to 31 March 2024 will be factored into the Council's budget planning for 2023/24.

7. Reasons for the Decision

- 7.1 The Council must have its LCTSS for 2023/2024 approved by 11 March 2023 and any fundamental changes to the LCTSS must be consulted upon prior to consideration by Cabinet and approval by Council.

8. Alternative Options

- 8.1 There are no alternative options proposed. There is a requirement for the Council to consult upon changes to the LCTSS.

9. Impact Analysis

(a) Equalities –

An Equality Impact Assessment will be undertaken as part of the consultation upon the proposed LCTSS and set out as an appendix to the report to Cabinet in December 2022 / January 2023.

10. Other Relevant Considerations / Consultations

- (i) **Legal Implications** – The legislative requirements are set out above and the comments of the Assistant Director of Law and Governance have been taken into account in preparing this report.
- (ii) **Other Consultations** – As set out in the report, consultation will be carried out with Tyne and Wear Fire and Rescue Authority and the Police and Crime Commissioner for Northumbria (the Council's major precepting authorities) and residents which will inform the development of the LCTSS for 2023/24 to be considered by Cabinet in December 2022 / January 2023.

11. List of Appendices

None

12. Background Papers

There are no background papers to this report.