

CABINET

15th August 2012

REPORT OF THE PORTFOLIO HOLDER FOR CORE SERVICES AND ASSETS

LOCALISING SUPPORT FOR COUNCIL TAX

EXEMPT INFORMATION

This proposal is not exempt information for the purposes of Part 1 of Schedule 12 (A) to the Local Government Act 1972

PURPOSE

To seek a decision from Cabinet, further to the presentation given on 25th July, of the preferred consultation option for a Local Council Tax Support scheme. The scheme will replace Council Tax Benefit, to help to those of working age on a low income pay their Council Tax from 1 April 2013.

RECOMMENDATIONS

That Cabinet confirm which of the three Options they wish to base Tamworth's Local Council Tax Support scheme on, after which public consultation will begin.

EXECUTIVE SUMMARY

The Welfare Reform Act 2012 confirmed that Council Tax Benefit will be abolished from 1 April 2013, to be replaced by a new Localised Council Tax Support scheme. Grant funding will be reduced by 10% and distributed via the Department for Communities and Local Government rather than by the Department for Work and Pensions.

The Government have specified that Pensioners must be protected from any grant cuts. Accordingly, regulations that mirror the current *Council Tax Benefit (Persons who have attained the qualifying age for state pension credit) 2006* will be devised for Pensioners, which must be adhered to. For Working Age customers, Councils are free to decide their schemes, which will be subject to an overall 10% reduction in grant funding currently received.

Tamworth Borough Council is working closely with all other Staffordshire Local Authorities, Staffordshire County Council and the major preceptors, to devise an overarching County-wide scheme.

RESOURCE IMPLICATIONS

None identified.

LEGAL/RISK IMPLICATIONS BACKGROUND

Full Equality Impact Assessments must be considered for all possible scheme options that will be considered.

SUSTAINABILITY IMPLICATIONS

Funding for the replacement of the current Council Tax Benefit scheme will be changed from AMEY (unrestricted reimbursement of Council Tax Benefit subsidy) to DEL (restricted, pre allocated grant figure). The Council must be aware that there will be little room for contingency if, for instance, a major local employer goes into administration.

BACKGROUND INFORMATION

The Government is committed to retaining Council Tax Support for the most vulnerable in society and taking forward plans for Councils to develop local Council Tax reduction schemes. The Welfare Reform Act 2012 contains provisions for the abolition of Council Tax Benefit, paving the way for new localised schemes. On 17th May 2012, *Localising Support for Council Tax – A Statement of Intent* (**Appendix 1**) was published.

The Statement of Intent sets out policy statements of intent for the regulations to be provided under the Local Government Finance Bill for England and explains the policy intent of the regulations and how they will enable the delivery of local Council Tax support. The document is specific in the rules for pensioners but has given Local Authorities little direction regarding policy for Working Age customers.

Consideration of the Department for Communities and Local Government policy intention document - *Localising Support for Council Tax Vulnerable people – key Local Authority Duties* (**Appendix 2**) must also be made when introducing the new Localised Council Tax Support scheme.

The document – *Localising Support for Council Tax – Funding Arrangements Consultation* (**Appendix 3**) gives details of how funding for a Council Tax reduction scheme will be reduced from 2013 onwards. Accordingly, regard for these budgetary cuts must also influence the design of a Localised Council Tax Support scheme.

A further document - *Localising Support for Council Tax - Taking Work Incentives into Account* (**Appendix 4**) should also be considered when drafting the policy.

If Councils do not have a local scheme in place by 31st January 2013, the Government will impose a 'default scheme' which is the current Council Tax Benefit scheme. This option is not sustainable as the current scheme is fully subsidised by the Department for Work and Pensions, regardless of caseload and any new scheme

will have a fixed annual grant *only* which will be at least 10% less than it is now.

Please refer to the slides presented on 25th July for details on the possible options for a Localised Council Tax Support Scheme for those of working age, that must be considered and agreed by full Council. A consultation period must then commence with all stakeholders. It is recommended that 8 weeks is allowed for consultation.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

Presentation slides from Cabinet meeting of 25th July 2012

APPENDICES

Document Name and Version	Description	Location
(1) Localising Support for Council Tax A Statement of Intent	sets out the proposed policy for the key regulations to be provided under the Local Government Finance Bill	http://www.communities.gov.uk/documents/localgovernment/pdf/2146581.pdf
(2) Localising Support for	Sets out consideratio	http://www.communities.gov.uk/documents/localgovernment/pdf/2146581.pdf

<p>Council Tax Vulnerable people</p> <p>– key local authority duties</p>	<p>n to be made of the requirements of the Equality Act 2010</p>	<p>vernment/pdf/2148567.pdf</p>
<p>(3) Localising Support for Council Tax Funding arrangements - consultation</p>	<p>Outlines how the Government intends to distribute funding to support local schemes</p>	<p>http://www.communities.gov.uk/documents/localgovernment/pdf/2146648.pdf</p>
<p>(4) Localising Support for Council Tax – Taking Work Incentives into account</p>	<p>Guidance on how to design local Council Tax reduction schemes for working-age applicants that will also support the wider objectives of welfare reform</p>	<p>http://www.communities.gov.uk/publications/localgovernment/lscworkincentives</p>