

## **CABINET**

**15<sup>th</sup> 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 25<sup>th</sup> 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 decide on one of the three options and associated desired subset identified in the main report (attached Appendix / Slide extract) for which they want to form the base of Tamworth's Local Council Tax Support scheme. The approved option and subset will form the basis of public consultation on the proposed scheme which will commence following the decision.

##### **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.

The 3 options presented to Cabinet on 25<sup>th</sup> July for consideration were;

- (1) Protect pensioners (this is a statutory requirement) only
- (2) Protect pensioners and all claimants who are disabled or who have a disabled child
- (3) Protect pensioners and only claimants who are severely disabled.

The attached slides give a reminder of the indicative financial savings for each option.

## **RESOURCE IMPLICATIONS**

None identified as a direct result of this report. However, there are financial implications associated with each scheme option for consultation, as set out in the presentation to Cabinet on 25<sup>th</sup> July. The costs of the consultation exercise itself will be managed within existing resources and met by a DCLG grant.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

Full Equality Impact Assessments must be considered for all possible scheme options, in order to avoid legal challenge.

An Equality Impact Assessment for each option is attached. Cabinet should note that Options 1 and 3 are concluded as being equitable, whilst Option 2 has been assessed as inequitable because of the overall effects on the remaining working age claim base.

## **SUSTAINABILITY IMPLICATIONS**

Funding for the replacement of the current Council Tax Benefit scheme will be changed from Annual Managed Expenditure (unrestricted reimbursement of Council Tax Benefit subsidy) to Departmental Expenditure Limit (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 17<sup>th</sup> May 2012, *Localising Support for Council Tax – A Statement of Intent* was published.

The Statement of Intent set 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.

On 16<sup>th</sup> July 2012, the *Localising support for council tax: Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations* were then released (**Appendix 1 hyperlink**).

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 hyperlink**) 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 hyperlink**) 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 hyperlink**) should also be considered when drafting the policy.

If Councils do not have a local scheme in place by 31<sup>st</sup> 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 25<sup>th</sup> July for details on the possible options for a working age Localised Council Tax Support Scheme. Once an option is chosen, a consultation period must then commence with all stakeholders. It is recommended that 8 weeks is allowed for consultation. Post consultation, the scheme must be approved by full Council before 31<sup>st</sup> January 2013.

## REPORT AUTHOR

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## LIST OF BACKGROUND PAPERS

Presentation slides from Cabinet meeting of 25<sup>th</sup> July 2012.  
Equality Impact Assessment for each of the 3 options

**APPENDICES**

<b>Document Name</b>	<b>Description</b>	<b>Location</b>
(1) Localising Support for Council Tax; Draft Council Tax Reduction Schemes (Prescribed Requirements) Regulations	sets out the draft key regulations under the Local Government Finance Bill	<a href="http://www.communities.gov.uk/publications/localgovernment/draftprescribedreqsregs">http://www.communities.gov.uk/publications/localgovernment/draftprescribedreqsregs</a>
(2) Localising Support for Council Tax Vulnerable people  – key local authority duties	Sets out consideration to be made of the requirements of the Equality Act 2010	<a href="http://www.communities.gov.uk/documents/localgovernment/pdf/2148567.pdf">http://www.communities.gov.uk/documents/localgovernment/pdf/2148567.pdf</a>
(3) Localising Support for Council Tax Funding arrangements - consultation	Outlines how the Government intends to distribute funding to support local schemes	<a href="http://www.communities.gov.uk/documents/localgovernment/pdf/2146648.pdf">http://www.communities.gov.uk/documents/localgovernment/pdf/2146648.pdf</a>
(4) Localising Support for Council Tax – Taking Work Incentives into account	Guidance on how to design local Council Tax reduction schemes for working-age applicants that will also support the wider objectives of welfare reform	<a href="http://www.communities.gov.uk/publications/localgovernment/lscworkincentives">http://www.communities.gov.uk/publications/localgovernment/lscworkincentives</a>



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