Council Tax Support Scheme 2014/15

To: Cabinet
Date: 5 December 2013

Main Portfolio Area: Finance and Governance

Author of report: Stephen McGinnes, Head of Revenues and Benefits

Classification: Non Exempt

Ward: All

SUMMARY

The purpose of the report is to present the results from the public consultation and analysis of the impacts on groups protected under the Equality Act 2010 to support Cabinet in giving due regard to their equality duties when making a recommendation to Full Council on the Local Council Tax Support Scheme to be implemented from April 2014.

LINK TO STRATEGIC COMPASS

The proposed changes impact on local communities, customers and value for money through the way in which the Council manages public finances.

Report status

The report seeks a decision from Cabinet on the scheme to be recommended to Full Council.

Route to Implementation/Timetable:

Following consideration by Cabinet of the consultation response and their responsibilities under the Public Sector Equality Duty, a recommendation will be made to Full Council on 11 December 2013 with the agreed scheme to become operational from 1 April 2014.

Portfolio Holder Decisions

I confirm that I have read the report and approve it for publication

Signed: Councillor James Scholes
Dated: 26 November 2013
BACKGROUND/INTRODUCTION

1. As part of the changes introduced through the Welfare Reform Act the national scheme for council tax benefit was abolished from 31 March 2013 and replaced by a requirement to determine a local discount scheme.

2. In responding to that change a number of options were explored and presented to Cabinet in July 2012, with Cabinet identifying the preferred scheme to be an 18.5% reduction in council tax benefit entitlements, whilst otherwise retaining the existing rules and criteria.

3. At the same time Cabinet proposed a number of changes to the council tax discounts and exemptions for empty properties, the additional revenue from which would help meet the shortfall in the proposed council tax support scheme funding.

4. A public consultation was undertaken between August and October 2012 to outline and seek views on two primary options identified by Cabinet as set out below.

**Option 1** - reduce benefit awards by 25% to reflect in full the reduction in government grant and protection of pensioners.

**Option 2** - reduce benefit awards by 18.5% and reduce the discount for empty homes from 6 months to 3 months.

5. A total of 928 responses were received with option 2, the Councils preferred scheme, receiving the greatest support (53.3%).

6. The response from ethnic groups and disabled people showed a higher proportion of respondents agreeing with none of the options and the free text comments received as part of the survey response and feedback from consultation meetings, provided a consistent response in highlighting concerns regarding the impact of additional cost to low income households and accumulative impact of benefit changes on vulnerable customers groups such as people with disabilities.

7. On the 18 October 2012 the Department for Communities and Local Government announced the introduction of a £100 million transitional fund to help Council’s lessen the impact for residents in year 1. It is important to note that the fund only applied to the first year (2013/14) with the Council required to meet certain criteria to qualify for funding.

8. The funding criteria required that the Council’s local scheme pass on an increase of no more that 8.5% in the first year for those currently receiving full benefit and provide for no sharp reduction in support for those entering work. In meeting that criteria the Council qualified for an additional grant of £149,000 in the first year.

9. Following consideration of the consultation results and opportunity provided through the transitional fund, Cabinet made the following recommendation which was agreed at Full Council in December 2012:

An 8.5% reduction in the rate of council tax support applicable to all working age households during 2013-14, whilst otherwise maintaining the structure of the current national scheme.
A phased approach to achieve an 18.5% reduction in the rate of council tax support applicable to all working age households by 2015-16, subject to the future demand and grant received for the scheme.

10. Since making the decision in December 2012, the Council implemented a scheme in April 2013 where persons eligible for Council Tax Support would pay a minimum contribution of 8.5% towards their liability.

WHAT IS THE ISSUE THAT REQUIRES A DECISION AND WHAT DOES THIS MEAN FOR THE PEOPLE OF TUNBRIDGE WELLS?

11. The Council needs to decide, taking account of the consultation response and having due regard to their responsibilities under the Public Sector Equality Duty, whether to proceed with:

a) The scheme to reduce awards for working age recipients by 18.5% as agreed by Full Council in December 2012 and identified within the consultation as the Councils preferred scheme; or

b) To vary the suggested reduction to either increase or reduce the level of support to low income households.

12. The average impact of an 18.5% reduction would be £162 per year (£3.34 per week). The average impact during 2013/14 based on an 8.5% reduction was £74 per year (£1.42 per week). The information in Appendix E summarises the impacts on groups protected under the Equality Act (2010) and shows that people with disabilities and those aged 18-24 would receive the largest average weekly reduction, following an 18.5% reduction overall, when compared with other groups. Members should note that the information in Appendix E is based on mid-year estimates and it will not be possible to identify the full extent of any impacts until any reduction is introduced. The data will therefore be kept under review.

In 2012, Cabinet recommended to Full Council that a phased approach to achieve an 18.5% reduction should not be adopted and that a review of the scheme would take place after Year 1, to identify any longer-term measures needed to mitigate any ongoing impacts. In considering what action to take, Members should openly consider whether any actions could be taken which avoid or mitigate any impacts on particular groups, in line with their responsibilities to have due regard to eliminating discrimination and advancing equality of opportunity, as required by the Public Sector Equality Duty.

WHO HAVE WE CONSULTED AND HOW? (OR WHO WILL WE CONSULT FOLLOWING THE DECISION?)

13. The Local Government Finance Act 2012 states that a public consultation must take place if a scheme is either amended or replaced. The increase from 8.5% to 18.5% for 2014/15 is considered a change under the legislation.

14. A further consultation has therefore been undertaken which included a direct mailing to a sample of 500 households in receipt of council tax support and wider participation through an online survey.

15. The consultation set out 2 primary options. Option 1, to reduce awards by 25% and option 2, to reduce awards by 18.5%.
16. A total of 79 responses were received to the consultation, with option 2, receiving the greatest level of support. Further analysis of the results in provided as appendix D.

**HOW WILL THE DECISION BE COMMUNICATED?**

17. All households adversely affected as a result of an agreed change will be advised in writing of any reduction in the level of support provided for council tax as part of the annual council tax billing process.

18. Details will also be made available through the Council’s website and reported through the local media.

**WHAT ALTERNATIVE ACTION COULD WE TAKE?**

19. If the Council fails to adopt a replacement scheme from 1st April 2014 the scheme in its current format will continue, without the benefit of the transitional funding, resulting in an additional cost to Tunbridge Wells Borough Council, KCC, Police and Fire Service.

20. The Council could look to vary the suggested reduction in support to either increase or reduce the level of support to low income households, however, it needs to balance the affordability of any increase for low income households with the wider interest of the council tax payer.

**CONCLUSIONS**

21. The proposed scheme looks to provide the correct balance between supporting low income households, the wider interest of residents in the borough and budget constraints on the council.

22. In adopting the scheme as set out in appendix A and moving from the 8.5% reduction provided through the transitional scheme to 18.5%, the council will continue to limit the impact on low income households, without adding further to the general level of council tax or reducing the services otherwise to be provided by the council.

**RECOMMENDATION FROM CABINET ADVISORY BOARD:**

23. The Finance and Governance Cabinet Advisory Board were consulted on the decision on 13th November 2013 and agreed the following recommendation to Cabinet, subject to the outcome of consultation:

The Cabinet Advisory Board supports the recommendation set out in the briefing note.

**RECOMMENDATION(S)**

24. That having noted the potential impact on claimant groups and giving due regard to their responsibilities under the Public Sector Equality Duty; that Cabinet recommends to Full Council whether the Local Council Tax Support Scheme, as detailed in Appendix B, be introduced from 1st April 2014.

25. The proposed scheme will reduce the level of support previously provided through the national council tax benefit scheme by 18.5%.
26. That the Head of Finance and Governance, in consultation with the Cabinet Member for Finance and Governance be given delegated authority to make such future changes as are necessary to maintain the effective operation of the scheme.

REASON(S) FOR RECOMMENDATION(S):

27. The changes to local council tax support represent a significant financial and social risk for the Council. With Government funding for the scheme reduced by 10% and a requirement to protect pensioner households at the level to be provided by the former national scheme, the council has to decide whether to reduce the level of financial support provided to low income households or meet the additional cost through the level of council tax set.

28. The recommended approach looks to balance these pressures by reducing the level of support to 18.5%, which is a level that is affordable to the council and held to provide a reasonable level of support to low income (working age) households.

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Name of Director/Head of Service
Lee Colyer, Head of Finance and Governance

Background Papers
None

APPENDICES TO REPORT

APPENDIX A Cross cutting issues
APPENDIX B Local Council Tax Support Scheme (2014) – Due to its size this document is available in the following link to the Council’s website: http://democracy.tunbridgewells.gov.uk/ieListDocuments.aspx?Cld=118&MId=2866&Ver=4

APPENDIX C Consultation report (2012)
APPENDIX D Consultation report (2013)
APPENDIX E Analysis of Council Tax Support Claimants by group (as protected under the Equality Act 2010)