

**TITLE OF REPORT: Local Council Tax Support Scheme for 2016/17**

**REPORT OF: Darren Collins, Strategic Director, Corporate Resources**

---

### **Purpose of the Report**

1. Cabinet is requested to recommend to Council a Local Council Tax Support Scheme for the year 2016/17 following consultation.

### **Background**

- 2 The Local Government Finance Act 2012, paragraph 5 of Schedule 1A, established a framework for Local Council Tax Support that requires the Council for each financial year, to revise its scheme, or replace it with another scheme and to do so before 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 3 The Council is provided with funding to deliver its own Local Council Tax Support scheme although this grant is no longer separately identifiable having been subsumed within the council's overall settlement figure that continues to reduce year on year. The regulations require that pensioner households must be protected from the impact of the local scheme and therefore any shortfall in funding will fall to working age households or the council itself.
- 4 When designing a scheme the Council additionally must also consider its responsibilities under:
  - The Child Poverty Act 2010
  - The Disabled Persons (Services, Consultation and Representation) Act 1986, and Chronically Sick and Disabled Persons Act 1970
  - The Housing Act 1996 which gives local authorities a duty to prevent homelessness with special regard to vulnerable groups
- 5 Under legislation, the Council's own Local Council Tax Support scheme must be approved each year by Council by 31 January at the latest. The proposed council tax support scheme within this report is therefore a scheme for 2016/17.

### **Proposal**

- 6 The proposed Local Council Tax Support scheme for Gateshead has been established with due regard to the Council's statutory obligations and in order to attempt to distribute the reduced funding available amongst those claimants most in need of financial assistance, whilst still achieving a contribution to meet the funding reduction.

7 Apart from some underlying adjustments to the scheme calculations to bring the scheme in line with the Government's Housing Benefit scheme, the outline proposed scheme for 2016/17 will remain much the same as the scheme that was in place in previous years from 2013/14 and this will retain the same provision for pensioners and the original 8 underlying principles outlined below;

- Protection should be given to certain groups – all working age claimants to pay at least 8.5% of their council tax liability
- The scheme should encourage people to work
- Everyone in the household should contribute
- Capital or Savings threshold should be maintained at £16,000
- War Pensions should be disregarded
- Minimum level of support should be £1
- Child benefit should be disregarded as income.
- A discretionary fund should be maintained.

8 The proposed scheme therefore retains the minimum contribution of all working age claimants at 8.5% of their Council Tax liability and does not recommend an increase to this figure.

### **Recommendations**

9 Cabinet is requested to recommend that Council:

- (i) Approves the proposed scheme as set out in paragraph 7 of the report.
- (ii) Delegates powers to the Strategic Director, Corporate Resources, to provide regulations to give effect to the scheme.

For the following reasons:

- (i) To meet the statutory requirements of the Local Government Finance Act 2012 in relation the establishment of a framework for Localised Council Tax Support
- (ii) To mitigate the impact of budget cuts on Council Tax support claimants
- (iii) To mitigate the impact of funding reductions on Council finances

---

**CONTACT:** John Jopling extension: 3582

## APPENDIX 1

### Policy Context

1. The proposal in this report will support the vision for Gateshead as outlined in the Council plan in particular the key council priority of ensuring a sustainable Gateshead through best use of resources.

### Background

2. The Welfare Reform Act 2012 included the abolition of the Council Tax Benefit scheme with effect from 1 April 2013.

The Act created the need for each billing authority in England to develop a scheme that 'states the classes of person who are to be entitled to a reduction under the scheme'. The Council must, before developing a scheme, consult any major precepting authority which has power to issue a precept, publish a draft scheme in such a manner as it sees fit, and then consult such other persons as it considers are likely to have an interest in the operation of the scheme.

3. The Council scheme, since 2013 has been based on 8 underlying principles:
  - **Principle 1 – Protection should be given to certain groups** – All working age claimants to pay at least 8.5% of their council tax liability. The council will support through the local scheme the remaining amount up to 91.5%.
  - **Principle 2 – The scheme should encourage people to work** – The earnings taper will not be increased and the earnings disregard will not be decreased.
  - **Principle 3a – Everyone in the household should contribute: Non-Dependants** - Non dependant deductions will increase in line with government recommendations and be on a sliding scale according to income.
  - **Principle 3b – Everyone in the household should contribute: Second Adult Rebate** – there will be no second adult rebate.
  - **Principle 4 – Benefit should not be paid to those with relatively large capital or savings** – The level of savings a claimant can have will be £16,000. A tariff will be applied for savings held between £6,000 and £16,000.
  - **Principle 5 – War pensions should not be included as income** – In recognition of the sacrifices made by war pensioners, war pension income will be excluded as income.
  - **Principle 6 – There should be a minimum level of support** – The minimum award of council tax support will remain at £1 per week.
  - **Principle 7 – Child benefit will not be included as income** – All child benefit income will continue to be disregarded in the calculation.

- **Principle 8 – Establishment of a discretionary fund** – A discretionary fund will allow for additional support to be provided to the most vulnerable in exceptional circumstances.

### **Proposal**

4. The proposed scheme for 2016/17 will retain the same 8 underlying principles and remain the same as the scheme in place in previous years apart from some adjustments to the underlying entitlement calculation.
5. Those changes, which have been consulted on are:
  - No additional 'Family' premium for new claims or on the birth of a first child from May 2016.
  - Limit backdating to 1 month
  - Negate the impact of any tax credit reductions
6. The Council also consulted on the option to increase the minimum contribution amount to either 10% or 12.5%, however, the proposal is to retain the minimum contribution at 8.5% of liability.

### **Consultation**

7. Where the draft scheme for a year remains the same as in previous years, no formal consultation is required to be undertaken. Where even minor changes are considered to a scheme, the Council must undertake a formal consultation with stakeholders.
8. Consultation on those changes therefore took place between 16<sup>th</sup> September 2015 and 11<sup>th</sup> November 2015.
9. 115 residents and groups completed the survey and included Advice Agencies, Housing Associations and Private Landlords, residents and members. There was unanimous support for retaining the 8 underlying principles. Stakeholders also indicated their overall support to the proposed underlying entitlement calculation changes. The consultation provided the following levels of support for the options around minimum contribution: 30% supported 8.5% liability, 28% supported 10% liability and 37% supported 12½% liability.

### **Alternative Options**

10. Alternative options could involve the adoption of a scheme which offers more support to residents by increasing at a greater rate the Council's commitment of resources or the council could adopt a scheme which offers less support by increasing the minimum contribution to either 10% or 12.5%.

## Implications of Recommended Option

### 11. Resources:

- a) **Financial Implications** – The proposed approach enables the Council to operate a support scheme within the funding available and to mitigate the impact on working age claimants by utilising council resources.

Adopting the scheme means that approximately 10,000 council tax payers will continue to pay no more than 8.5% of their council tax (around £95 per year/ £1.83 per week).

The full impact on the Collection Fund continues to be monitored and the behaviour of those claimants who are required to pay has been analysed during the current and previous years. Full monitoring and the impact on the collection fund is continuing to be assessed but collection from this client group has exceeded previous assumptions since the start of the scheme and continues to do so in 2015/16.

The removal of the ring-fence within the Government funding calculation means that funding for this area is impossible to identify separately.

- b) **Human Resources Implications** – There are no human resource implications directly arising from this report
- c) **Property Implications** - There are no property implications directly arising from this report

12. **Risk Management Implication** - Retaining the same scheme in the main with only minor underlying entitlement changes, eliminates the risk of a local scheme not being supported from a technology perspective.
13. **Equality and Diversity Implications** - A Comprehensive Impact Assessment has been carried out.
14. **Crime and Disorder Implications** – No impact.
15. **Health Implications** – Financial concerns arising from reforms to welfare benefits may adversely affect the mental and physical health of some residents.
16. **Sustainability Implications** - There are no sustainability implications arising from this report.
17. **Human Rights Implications** – There are no Human Rights implications arising from this report.
18. **Area and Ward Implications** – This scheme affects all current and future working age benefit recipients across Wards within the borough.

## Background Information

Welfare Reform Act 2012  
Local Government Finance Bill  
Communities and Local Government - Statement of intent  
Communities and Local Government - Vulnerable people –key local authority  
duties  
Comprehensive Impact Assessment