



Northumberland

County Council

CABINET

DATE: 11 SEPTEMBER 2018

Council Tax Support

Report of Barry Scarr, Executive Director of Finance & Section 151 Officer/ Deputy Chief Executive

Cabinet Member: Councillor Nicholas Oliver – Portfolio Holder for Corporate Services

Purpose of report

The purpose of this report is to seek approval to carry out statutory consultation with council taxpayers, claimants and other stakeholders to reduce the level of council tax support to claimants from 1 April 2019.

Recommendations

It is recommended that Cabinet gives approval to consult on the implementation of a reduction in the level of council tax support for working age claimants to 92%.

Link to Corporate Plan

The Council Tax Support Scheme is relevant to the 'we want to be efficient, open and work for everyone' priority in the Corporate Plan 2018-2021 by ensuring financial prudence whilst listening to and considering the views of the consultees.

Key issues

1. A local council tax support scheme needs to be agreed by members by 31 January each year. A scheme for 2019-20 needs to be agreed by 31 January 2019.
2. The Council's existing scheme for 2018-19 provides assistance to both pensioners and working age claimants. For pensioners the support scheme is prescribed and the working age claimant element is for each Council to decide.

3. The current scheme provides assistance up to 100% of council tax liability for pensioners and working age claimants meaning that some households pay no council tax.
4. The full cost of the scheme for 2018-19 is forecast to be £24.64 million with £10.69 million attributable to the prescribed element for pensioners which would be the minimum cost of the scheme. The cost of the scheme can vary and is dependent upon the number of claimants and their individual and family circumstances and also on the level of the council tax that is set.
5. There are currently 26,984 council tax support claimants in Northumberland receiving support amounting to £24.64 million. This is broken down as follows:
 - Working Age claimants = 15,425 claimants receiving £13.95 million in support
 - Pensioner claimants = 11,559 claimants receiving £10.69 million in support

Of the 15,425 working age claimants 12,010 (77.85%) receive 100% support and currently have no bill to pay.

6. In line with the medium term financial plan commitments a reduced level of support for council tax claimants is proposed. Implementing a council tax charge to claimants who rely on welfare benefits will be difficult to collect. When consideration is also given to the rollout of Universal Credit in Northumberland in November and December 2018 that would affect the same claimants it would be prudent to limit the level of reduction and this could be reviewed and increased in future years.
7. An 8% reduction in the level of council tax support is proposed that would mean the maximum level of council tax support would reduce to 92%. Applying this level of reduction to all working age claimants would reduce the cost of the scheme by £1.2 million. With an anticipated collection level of 83% over time the proposal would generate additional council tax receipts of £1 million.
8. The reduction in support would affect all 15,425 working age claimants and it would mean that 12,010 who currently do not pay council tax would receive a bill requiring payment.
9. An illustration of the impact of an 8% reduction to a typical Band A property in Northumberland currently in receipt of full council tax support would be:

	Couple or Family	Single person
Annual amount to pay	£98.55	£73.91
10 instalments	£9.86	£7.39
12 instalments	£8.21	£6.16

In order to maintain collection rates, it is likely that the default instalment period will be 12 months for those affected by the change rather than the usual 10 month period. Options for payment periods will be covered by the consultation.

10. There is a legislative requirement that where a scheme is to be changed that comprehensive consultation will take place. Consultation must involve:
 - Consultation with the Police
 - Publication of a draft scheme
 - Consultation with any other person/stakeholders that are considered to have an interest in the operation of the scheme.
11. There has been legal challenge to some schemes that have focussed on the consultation carried out and it is important to consult with as many stakeholders as possible. Consultation will need to include all council taxpayers, council tax claimants, Parish and Town Councils and Voluntary Sector organisations.
12. In order to fit with the current committee cycle and forward plan, consultation will need to commence as soon as possible. It is anticipated that the following timetable will be followed:
 - Consultation period of 6 weeks (24 September to 2 November 2018)
 - Consideration of consultation responses – 2 weeks (5 to 16 November 2018)
 - Final Report and CTS scheme to Scrutiny 3 December 2018
 - Final Report and CTS scheme to Cabinet 11 December 2018
 - Final Report and Approval of CTS scheme 9 January 2019
 - Tax Base Report to Scrutiny 7 January 2019
 - Tax Base Report for approval at Cabinet 15 January 2019
13. The council tax support scheme impacts by way of a reduction to the council tax base calculation and needs to dovetail with the tax base setting committee timetable.
14. The Council Tax Base has historically been agreed in November, although the statutory date for approval is 31 January each year. The time required for consultation and approval of the scheme will mean that the Council Tax Base for 2019-20 will be set in January 2019. As a result the Town and Parish Councils will receive their tax base calculations later than usual although indicative figures can be supplied in advance if necessary.

Background

15. The Government replaced the former means tested national council tax benefit scheme with effect from 1 April 2013.
16. Each local authority was required to have its own local scheme if it wanted to continue to provide support for the most financially vulnerable including pensioners. Pensioners would continue to be protected at the national scheme levels and a local

scheme would need to be put in place for working age claimants. A national 10% cut in funding also took place at the same time.

17. The requirements were that a local scheme was required to be in place having been consulted on by 31 January 2013. If a scheme was not in place by that date then the Government's 'default' scheme (which mirrored the previous council tax benefit scheme) would be imposed to ensure that a support scheme for claimants was in place.
18. At County Council on 5 September 2012 the Council set out its approach for council tax support for 2013-14. It was recommended:
 - Not to adopt a scheme and accept the Government's default scheme. That scheme then became the Council's local scheme for 2013-14.
 - To use the potential increased yield from the council tax technical reforms for certain empty property and second homes to offset the cost caused by the grant reduction.
 - That the 2013-14 year would be used to monitor the approach and the scheme be reviewed in light of the performance of the collection fund.
19. This approach allowed the Council to adopt a localised Council Tax Support Scheme that maintained the support offered by the previous national Council Tax Benefit Scheme and is more generous to claimants than those run by the vast majority of other councils who have reduced their level of support.
20. For the 2014-15 local council tax support scheme a consultation exercise was carried out. As a result the same scheme was adopted at County Council on 18 February 2014 which continued to protect pensioners and working age claimants at the previous levels and this level of support has been approved each year since.
21. Nationally, only 37 out of 326 Council' schemes continue to provide 100% relief. The most common change has been a reduction in the level of support that introduces a minimum payment requiring all claimants to pay some council tax regardless of their income. The amount of the minimum payment varies by Council but there are around 50 Councils where the minimum payment is less than 10%, around 65 where it is between 10% and 20%, 140 Councils where it is between 20% and 30% and 15 where the minimum payment is above 30%.
22. Of the twelve Councils in the North East Region only Northumberland and Durham currently continue to provide support up to a maximum of 100%. The following table sets out the council tax support levels for the region for the 2018-19 financial year and also shows the minimum payment that claimants are required to pay:

Local Authority	Support Level 2018-19	Minimum Payment 2018-19
Durham	100%	0%
Northumberland	100%	0%
Newcastle	Income banded scheme 90% reducing to 25% depending upon income bands	10% to 75% depending upon their income band
North Tyneside	85%	15%
Sunderland	91.5%	8.5%
Gateshead	91.5%	8.5%
Middlesbrough	85%	15%
Stockton	80%	20%
Darlington	80%	20%
Redcar and Cleveland	80%	20%
Hartlepool	88%	12%
South Tyneside	70% (85% for vulnerable groups)	30% (15% for vulnerable groups)

Implications

Policy	The Council Tax Support scheme for 2019-20 will need to be amended and approved by full County Council by 31 January 2019.
Finance and value for money	The Council Tax Support Scheme governs the level of financial support given to claimants on low incomes to assist them to meet their council tax obligations. The Council Tax support Scheme is also used in the calculation of the council tax base which is an element used to calculate the level of council tax to be levied.
Legal	The requirement to have a Council Tax Support Scheme is governed by legislation. A local scheme needs to be approved by 31 January in the year preceding its implementation. Consultation is required and will include all council taxpayers, council tax claimants, Parish and Town Councils and Voluntary Sector organisations.
Procurement	No implications
Human Resources	No implications
Property	No implications
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	At this stage an equality impact assessment is not required as that will be given full consideration as the consultation responses are collated. The proposal will have a disproportionate effect on claimants of working age between the ages of 18 and 65 as well as those with disabilities where a larger proportion of those affected are known to be in receipt of council tax support.
Risk Assessment	There are a risk to council tax collection rates as charging claimants who have previously not paid council tax will mean it will be difficult to collect and potentially contentious.
Crime & Disorder	No implications
Customer Consideration	The Council currently has 26,984 claimants receiving council tax support. Of these 15,425 are of working age and will be affected by this proposal. the 15,425 will see an 8% reduction in their level of support and will have council tax to pay in 2019-20. Of the 15,425 working age claimants 12,010 do not pay any council tax but will do so as a result of this proposal in 2019-20.
Carbon reduction	No implications
Wards	All wards are affected by this proposal

Background papers:

Council Tax Support Scheme 2018-19

County Council minutes 1 November 2017

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	initials
Monitoring Officer/Legal	LH
Executive Director of Finance & S151 Officer	BS
Relevant Executive Director	BS
Chief Executive	DL
Portfolio Holder(s)	NO

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