



## **CABINET**

**19 DECEMBER 2018**

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### **Approval of the Council Tax Support Scheme for 2019-20**

Report of Barry Scarr, Executive Director of Finance and Deputy Chief Executive

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

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#### **Purpose of report**

The purpose of this report is to seek approval for the local Council Tax Support Scheme for 2019-20.

#### **Recommendations**

**Members are recommended to:**

- a) **Note the results of the public consultation.**
- b) **Approve an 8% reduction in the level of Council Tax Support for all working age claimants.**
- c) **Approve the Council Tax Support Scheme attached at Appendix 1 for financial year 2019-20.**

#### **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 2019.
2. The Council's existing scheme for 2018-19 provides a maximum of 100% assistance to both pensioners and working age claimants.

3. Cabinet agreed on 11 September 2018 that a statutory consultation exercise could be carried out on a proposal to reduce the level of council tax support for working age claimants by 8% to a maximum of 92%.
4. Consultation was carried out between 24 September and 2 November 2018. Of the 512 respondents, 51% agreed with the proposal to reduce the maximum level of council tax support for working age claimants from 100% to 92%.
5. There are currently 26,984 council tax support claimants in Northumberland receiving support amounting to £24.64 million 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 (77.86%) receive 100% support and currently have no bill to pay.
6. Applying an 8% reduction to the level of council tax support would reduce the cost of the scheme to the Council by £1.2 million. With an anticipated collection rate of 83% over time, the proposal would generate additional council tax receipts of £1 million per annum.
7. 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.
8. In order to maintain collection rates, the option to pay over 12 instalments will be offered to those affected by the change as well as the usual 10 instalments.
9. There is no change proposed to the Council Tax Support Scheme for pensioners which is prescribed by Central Government.

## **Background**

10. With effect from 1 April 2013 each local authority has been required to have its own local Council Tax Support Scheme.
11. Since 1 April 2013 the annual Council Tax Support Scheme for Northumberland has maintained the support offered by the previous national Council Tax Benefit Scheme. That scheme has supported claimants up to a maximum of 100% council tax support.
12. The following table sets out the council tax support levels for the other local authorities in 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
Darlington	80%	20%
Durham	100%	0%
Gateshead	91.5%	8.5%
Hartlepool	88%	12%
Middlesbrough	85%	15%
Newcastle	Income banded scheme 90% reducing to 25% depending upon income bands	10% to 75% depending upon their income band
North Tyneside	85%	15%
Redcar & Cleveland	80%	20%
South Tyneside	70% (85% for vulnerable groups)	30% (15% for vulnerable groups)
Stockton	80%	20%
Sunderland	91.5%	8.5%

## Consultation

13. There is a legislative requirement for comprehensive consultation to take place where there is a proposal for a change to the Council Tax Support Scheme. Consultation must involve:
  - Consultation with the Police
  - Publication of a proposed scheme
  - Consultation with any other person or stakeholders considered to have an interest in the operation of the scheme.
  
14. The consultation process ran from 24 September 2018 to 2 November 2018. The following activity was carried out to ensure as many stakeholders as possible were made aware of the consultation:
  - A letter was issued to the Police and Crime Commissioner
  - There were extensive social media campaigns via Facebook and Twitter to cover all council tax payers and council tax support claimants
  - The scheme and the questionnaire were mailed direct to a sample of 1,000 residents

- Information was sent to all Parish and Town Councils
  - Information was sent to the Voluntary Sector Assembly for distribution to voluntary sector organisations in Northumberland
  - Drop in sessions were held at Alnwick, Berwick, Blyth, Ashington, Hexham and Morpeth Libraries
  - Posters and leaflets were made available in all Northumberland Customer Information Centres along with paper copies of the questionnaire
  - There were press releases issued locally and regionally
  - The consultation was published on the Council's website
  - The consultation was included in the Council's staff communication bulletin
  - Information leaflets were provided to the Landlord Forum.
15. In total there were 512 responses to the consultation and the responses were as follows:
- Proposal 1 - Reduce the maximum level of support for working age applicants from 100% to 92%
    - 51% of respondents supported the proposal
    - 42% of respondents did not support the proposal
    - 7% of respondents were undecided.
  - Proposal 2 - Introduce a 'tolerance' level reducing the need to send you multiple bills
    - 69% of respondents supported the proposal
    - 23% of respondents did not support the proposal
    - 8% of respondents were undecided
- This means that when an applicant's circumstances change, resulting in either an increase or decrease of £1 or less per week, amended bills will not be issued.
16. Respondents were also asked to consider three alternative options to reducing the amount of help provided by the Council Tax Support Scheme. The options and responses were as follows:
- Option 1 - Increasing the level of council tax
    - 34% of respondents said this was their most preferred option

- o 17% of respondents indicated that this was their second most preferred option
  - o 49% of respondents said that this was their least preferred option
  - Option 2 – Finding savings from cutting other Council Services
    - o 24% of respondents said this was their most preferred option
    - o 28% of respondents indicated that this was their second most preferred option
    - o 48% of respondents said that this was their least preferred option
  - Option 3 – Using the Council’s savings
    - o 29% of respondents said this was their most preferred option
    - o 29% of respondents indicated that this was their second most preferred option
    - o 42% of respondents said that this was their least preferred option
17. In all cases the majority of respondents said that the alternative proposed was their least preferred option.
18. A summary of the results of the consultation is attached to the report as Appendix 2.

### **Proposed Scheme**

19. Following the positive results of the consultation an 8% reduction in the level of council tax support is proposed for all working age claimants.
20. The full Council Tax Support Scheme is attached as Appendix 1.

## Implications

<b>Policy</b>	<p>The Council Tax Support Scheme for 2019-20 needs to be approved by full County Council by 31 January 2019. The scheme contributes to the “we want to be efficient, open and work for everyone’ priority in the Corporate Plan 2018-2021.</p>
<b>Finance and value for money</b>	<p>The Council Tax Support Scheme governs the level of financial support provided to claimants on low incomes to assist them in meeting their council tax obligations. Reducing the level of support means that working age claimants will have to pay more council tax and some, (12,010 claimants) who currently have no council tax to pay will receive a bill.</p> <p>The introduction of an 8% reduction to the council tax support offered to working age claimants will generate an additional £1 million in council tax.</p>
<b>Legal</b>	<p>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.</p> <p>Statutory consultation is required where there are proposed changes to an existing scheme. The consultation took place from 24 September 2018 to 2 November 2018.</p>
<b>Procurement</b>	<p>No implications</p>
<b>Human Resources</b>	<p>No implications</p>
<b>Property</b>	<p>No implications</p>
<b>Equalities (Impact Assessment attached)</b> <b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/> <b>N/A</b> <input type="checkbox"/>	<p>An Equality Impact Assessment has been completed and is attached to this report as Appendix 3.</p>
<b>Risk Assessment</b>	<p>There is a risk that council tax collection rates may fall, as the Council will be charging claimants who have previously not paid council tax. Council tax from working age claimants could be difficult to collect. Payment over 12 months will be offered to working age claimants to assist with the change.</p>

<b>Crime &amp; Disorder</b>	No implications
<b>Customer Consideration</b>	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 working age claimants will see an 8% reduction in their level of council tax support and will have council tax to pay in 2019-20. 12,010 claimants do not currently pay any council tax but will do so as a result of this proposal in 2019-20.
<b>Carbon reduction</b>	No implications
<b>Wards</b>	All wards are affected by this proposal

**Background papers:**

Cabinet Report 11 September 2018 Council Tax Support

Council Tax Support Scheme 2018-19

County Council minutes 1 November 2017 Council Tax Support Scheme

Council Tax Support Scheme 2018-19

**Report sign off:**

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

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