

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting29th November 2012

1. Title of Item/Report

Local Council Tax Support Scheme

2. Record of the Decision

Consideration was given to a report that provided details of the results of public consultation on the draft Local Council Tax Support scheme to replace council tax benefit. Sufficient responses had been received from the consultation to provide statistically significant responses, which showed the majority in agreement with all 7 principles of the scheme.

Members were provided with extensive details of the consultation results and had been provided with the equality impact assessment associated with this issue.

It was explained that a letter had been received (provided to members) from the Royal British Legion urging that 100% disregard was provided for military compensation payments, which included war widows and war disablement pensions. Members were aware that such an enhancement to the housing and council tax benefit schemes had been operated in Stockton for over 20 years, and the proposed LCTS scheme for working age claimants did include provision for 100% disregard of such payments. The regulations for the national pensioner LCTS schemes were not yet available but DCLG had given assurances that local authorities would be given powers to continue to provide for a 100% disregard of military compensation payments within the pensioner LCTS scheme. It was therefore recommended that this provision be included in the draft scheme for pensioner claimants, subject to the appropriate legislative powers being made available.

At their meeting of 9 August members considered a full financial appraisal of LCTS proposals including details of the impact on the Medium Term Financial Plan (MTFP)

On 16 October 2012 DCLG announced an additional £100million of funding for councils to help support them in developing well-designed council tax support schemes and maintain positive incentives to work. The new voluntary grant was intended to encourage "best practice" and

would be available to councils (billing and major precepting authorities) who chose to design their local schemes so that:

- those who would be on 100 per cent support under current council tax benefit arrangements pay between zero and no more than 8.5 per cent of their council tax liability;
- the taper rate does not increase above 25 per cent;
- there is no sharp reduction in support for those entering work

The statement also indicated that “Councils will rightly want to avoid collecting small payments, and it may consequently be better value for money for councils to avoid designing schemes which seek to do so.” The grant was available for one year only to allow local authorities time to “explore more sustainable approaches to managing the funding reduction that minimise the impact on vulnerable taxpayers.” Clearly there was an encouragement for councils to identify savings elsewhere and not to pass on the funding reduction to people claiming council tax support.

Councils must make application for the grant after 31 January 2013, following scheme approval. Stockton’s proposed scheme does not meet the requirements, in that it was proposed that those currently receiving 100% support would have to pay 20% of their council tax liability. The additional cost of meeting the grant requirements had been calculated and were detailed:-

Additional cost of scheme for max. 8.5% contribution	£1,283,571
Maximum grant (SBC plus preceptors)	£398,015
Additional cost to be met by SBC	
£885,556	

Introducing a maximum contribution of 8.5% would equate to a council tax bill of £86 per year for a person living in a Band A property. Overall there would be around 6600 additional bills issued for less than £100 per year.

Given the additional financial pressures that would arise from securing this grant it was not recommended that Stockton makes an application for this funding.

RECOMMENDED to Council that:-

- 1) That Cabinet consider the responses to the consultation exercise.
- 2) The draft Local Council Tax Support Scheme, as consulted upon, be recommended for approval at full Council. Authority to make any required changes to the scheme prior to the Council meeting to be delegated to

Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet members for Housing and Community Safety and Corporate Management and Finance.

3) That, subject to appropriate legislation, the LCTS scheme for pensioners makes provision for a full disregard of military compensation payments, and that this be recommended for approval at full council.

4) That Cabinet note the position with regard to additional government support and agree not to pursue this for the reasons identified in the report

3. Reasons for the Decision

The Local Government Finance Act imposes a duty upon local councils to adopt a Local Council Tax Support scheme to replace Council Tax benefit when it was abolished in April 2013. Public consultation had taken place on the draft LCTS scheme and showed a majority of respondents in agreement with the principles behind the draft scheme. The draft LCTS scheme was developed, having considered a number of options, which would help to safeguard the financial position of the council whilst trying to ensure that the effect of the scheme would not disproportionately affect any particular group of residents.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

Not applicable

Proper Officer
03 April 2012