

**COUNCIL**

**Report Title: Council Tax Support 2018/2019**

**Councillor Nicky Walker, Executive Member for Finance & Governance**

**Strategic Director: James Bromiley**

**Date 6 December 2017**

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**PURPOSE OF THE REPORT**

1. To propose revisions to the Council Tax Support Scheme following a consultation exercise asking for residents views and recommendation from Executive on the 21 November 2017.

**SUMMARY OF RECOMMENDATIONS**

2. It is recommended that Council:
  - Note the results of the public consultation regarding the potential changes to the Council Tax Support scheme from 1 April 2018.
  - Agree to implement the proposed changes to the scheme set out in the table at paragraph 8 and recommended by the Executive at the meeting of the 21 November 2017. In particular the reduction of the minimum amount of council tax payable by working age claimants from 20% to 15% and leaving in the family premium for new working age claims, without any impact on council tax payers not in receipt of support.

**SUMMARY INFORMATION**

3. From 1 April 2013, the Government replaced the national Council Tax Benefit scheme with a new Local Council Tax Support Scheme (LCTS) to be designed and administered by local authorities. The Government passed this responsibility to council's with a 10% cut in the grant funding and prescribed that pensioners must be no worse off under any local scheme. This translated into an effective reduction in funding for working age claimants of 20% and meant that some residents, many of whom had previously been required to pay nothing, now had to pay at least 20% of their council tax. Middlesbrough's scheme was approved by full Council on 9 January 2013 and has remained unaltered (apart from some minor legislative changes) since this date, which have been annually approved by full Council.
4. An Executive report was submitted on 11 July 2017 in respect of potential changes to the Council Tax Support scheme from 1 April 2018. Approval was given by

Executive to consult with residents around a small number of changes to the scheme as well as the potential to increase the level of support provided to either 82.5% or 85% (the scheme currently provides 80% support). Both of these options would mean that those in receipt of Council Tax Support, and less likely to be able to pay their Council Tax, would have less to pay.

5. None of the proposals will have an impact on the amount of Council Tax paid by other Council Tax payers, not in receipt of Council Tax Support

## BACKGROUND AND EXTERNAL CONSULTATION

6. The consultation ran from 17 July 2017 to 1 October 2017 and was widely publicised through the Council's website, all media channels, and the Council's Financial Inclusion Group. Paper copies of the consultation document were also available in Council Hubs, the Contact Centre and Civic Centre.
7. A total of 88 responses were received to the consultation document. In addition, views were also obtained from both Cleveland Police and Crime Commissioner and Cleveland Fire Authority regarding the proposed changes, with neither organisation having any objections to the potential revisions. Both organisations were fully supportive of the potential changes should the Council choose to implement any amendments to the scheme.
8. The table below provides details of the responses to the consultation document:

	Strongly Agree / Agree	Strongly Disagree / Disagree
<b>Question 1</b>		
Should the Council increase the level of support to 85%	59%	20%
<b>Question 2</b>		
Should the Council remove the family premium for all new working age claims from 1 April 2018	31%	67%
<b>Question 3</b>		
Should the Council reduce the backdating of Council Tax support to 1 month	55%	45%
<b>Question 4</b>		
Should the Council reduce the period of time when someone can be absent from Great Britain and still receive Council Tax Support to 4 weeks	70%	28%
<b>Question 5</b>		
Should the Council remove the Work Related Activity Component in the calculation for new Employment and Support Allowance applicants	53%	45%
<b>Question 6</b>		
Should the Council provide a full exemption from Council Tax for residents who are Care leavers until they turn 22 years of age	68%	31%

9. The consultation results show significant support to increase the level of Council Tax assistance provided by the Council to 85%, therefore meaning those receiving help with their Council Tax through this method would have less to pay. For someone living in a Band A property and based on the current Council Tax charges

for 2017/18, this would mean that a property with more than one adult would pay £59.34 per year less in Council Tax and a single person £44.49 less, due to receiving a discount for being the only adult in the property. They are currently required to pay £237 and £178 respectively.

10. In addition to the question relating to the percentage of support provided, the results of the questionnaire confirm that a further 4 out of the 5 proposals were supported by residents. The only proposal not supported was to remove the family premium for new claims made from 1 April 2018 with 67% advising that they disagreed with this proposal.
11. If the Council decides to move to the 85% scheme, it will have one of the most supportive schemes in the Tees Valley. Hartlepool has the most generous at 88% with Darlington, Stockton and Redcar at 80%.

## **IMPACT ASSESSMENT (IA)**

12. An impact assessment has been carried out on all of the proposed changes to the Council Tax Support scheme. There are no groups who hold a protected characteristic who are disproportionately adversely affected by the proposed changes. The full impact assessment is included with this report as Appendix A.

## **OPTION APPRAISAL/RISK ASSESSMENT**

13. The Council does have the option of keeping the Council Tax Support scheme the same for 2018/2019. The consultation process did propose a number of options with regard to both the overall level of support at 80%, 82.5% and 85% and also options with regard to changes to a number of disregards and additional support for care leavers. (table at paragraph 8). The consultation showed that there was not support to remove the family premium for new working age claimants from 1 April 2018 onwards.

## **FINANCIAL, LEGAL AND WARD IMPLICATIONS**

14. **Financial** – If the amount of Council Tax Support was increased to a maximum of 85%, which is recommended and changes made to the disregards which received residents support this would cost the Council approximately £360,000 per year. This can be fully funded from existing budgets already allocated to support residents in hardship with their Council Tax.
15. Increasing the support to those most in need should increase both the in-year council tax collection rate in 2018/2019 and the overall collection rate on-going.
16. **Ward Implications** – All wards are potentially affected by these changes as Council Tax Support is available to all residents liable for Council Tax.
17. **Legal Implications** – There are no legal implications regarding this report.

## RECOMMENDATIONS

18. It is recommended that Council:

- Note the results of the public consultation regarding the potential changes to the Council Tax Support scheme from 1 April 2018.
- Agree to implement the proposed changes to the scheme set out in the table at paragraph 8 and recommended by the Executive at the meeting of the 21 November 2017. In particular the reduction of the minimum amount of council tax payable by working age claimants from 20% to 15% and leaving in the family premium for new working age claims, without any impact on council tax payers not in receipt of support.

## REASONS

19. An increase in Council Tax Support will assist those working age residents who are most in need of help in paying their Council Tax. In addition, if this proposal was supported, this will potentially increase the in-year Council Tax collection for 2018/2019.
20. By reviewing and implementing the proposals which were supported by residents in the consultation document, this will bring both the Housing Benefit and Council Tax Support schemes more closely in line with each other reducing confusion for those residents who receive help with both their rent and Council Tax.

## BACKGROUND PAPERS

No background papers were used in the preparation of this report.

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