

INDIVIDUAL EXECUTIVE DECISION MAKING MEETING

EXECUTIVE MEMBER - THE MAYOR

RECORD OF DECISION

An Individual Executive Decision Making meeting was held on 7 January 2013.

PRESENT: Councillors Mr R Mallon (Mayor)

OFFICIALS: Paul Slocombe, Martin Barker and Sharron Brown

13/1 LOCALISATION OF COUNCIL TAX

The Director of Resourced submitted a report for consideration of the proposed Local Council Tax Support Scheme and related issues.

In the Government's 2010 spending review it was announced that support for Council Tax (Council Tax Benefit) would be localised and the associated level of funding to Local Authorities' would be reduced by 10%. This was estimated to equate to a reduction in funding of £2.4 million.

A report was submitted to Executive on 11 September 2012 which confirmed that support for council tax (Council Tax Benefit) would be localised and that the existing Council Tax Benefit Scheme would be abolished on the 31 March 2013. Local Authorities were required to develop their own local scheme ("the new scheme") by 31 January 2013 for implementation on the 1 April 2013.

In developing any "new scheme" pensioners had to be protected and receive the same levels of support that they do under national rules. Approximately 38% of our Council Tax Benefit caseload was in respect of individuals of Pensionable age. The full impact of the reduced funding consequently falls on Council Tax benefit recipients of working age.

The "new scheme" was at the discretion of individual local authorities and required a period of statutory consultation with affected residents.

Executive on the 11th September 2012 agreed 5 principles in respect of the proposed "new scheme", which were outlined in further detail within the report.

A consultation exercise was undertaken from 14 September 2012 to 7 December 2012 .

A total of 225 responses were received following the consultation. The responses confirmed that those who replied are of the view that the impact of the reduced funding should be passed on to benefit recipients, and that people of working age should also pay some Council Tax. Consultation responses also strongly indicated that the Council should look at the level of discounts awarded for Council Tax and that work should be incentivised through the new scheme whilst targeting support for people on low incomes. A summary of the responses were shown at Appendix A of the report.

The report outlined in further detail the proposals for the following:

- Local Council Tax Scheme
- Exemptions and discounts

The report outlined that there were four options available:

1. **Do nothing.** This was not a viable option. Each Local authority was required to introduce its own scheme. Central Government could impose a scheme for those authorities who had not agreed a scheme by 31 January 2013.

2. **Apply a reduction in Council Tax Support at 10%.** As approximately 38% of our Council Tax Benefit caseload was in respect of individuals of pensionable age, the cost of the scheme would be significantly above the level of funding provided to the Council. Further service budget reductions would be required to meet the associated funding gap. This would not be in line with the key principles of the scheme outlined within the report.
3. **Apply a self financing scheme.** This would require a 20% reduction in Council Tax Support (for people of working age) and a revision to our scheme for exemptions and discounts. Whilst this would bring Middlesbrough very much in line with neighbouring authorities in respect Council Tax support, our level of exemptions and discounts would be very much above that of our neighbours. This would meet the key principles outlined within the report.
4. **Apply a scheme for Council Tax Support, discounts and exemptions in line with neighbouring authorities.** This would require acceptance of the proposals outlined within the report. The principles outlined in the draft scheme would be met and a financial contribution may contribute to the overall savings but also provide some flexibility to cope with any increased demand for Council Tax Benefits that may well arise in the current economic climate.

ORDERED

1. **That the impact of the Government's funding cuts on Council Tax Support be noted;**
2. **That the 3 proposals in respect of the Local Council Tax Support scheme as set out within the report be approved; and**
3. **That the 3 proposals in respect to the existing Council Tax discounts and exemption schemes as set out within the report be approved; and**
4. **That authorisation be delegated to the Director of Resources to finalise the scheme for submission to the Department for Communities and Local Government.**

REASON

The decisions were supported by the following reason:

To allow the Council to set its own Local Council Tax support scheme.

The decision(s) will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.