

<b>Report of:</b>	<i>Strategic Director of Finance Governance &amp; Support – James Bromiley Executive Member for Finance &amp; Governance – Councillor Nicky Walker</i>
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<b>Submitted to:</b>	<i>Executive 18 December 2018</i>
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<b>Subject:</b>	<i>Local Council Tax Support 2019/2020</i>
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**Summary**

<b>Proposed decision(s)</b>
<i>That Executive approves the Council Tax Support (CTS) scheme for 2019/2020 and authorises the report to be considered at the full Council meeting of 16 January 2019.</i>

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?<sup>1</sup></b>
<i>Decision</i>	<i>Yes</i>	<i>No</i>	<i>No</i>

<b>Contribution to delivery of the 2018-22 Strategic Plan</b>		
<b>Business Imperatives</b>	<b>Physical Regeneration</b>	<b>Social Regeneration</b>
<i>The CTS scheme is important in ensuring residents who need support in paying their required Council Tax are billed for the correct amount based on their financial circumstances.</i>	<i>The CTS scheme will enable residents to pay their required Council Tax instalments which, in turn, will mean that the Council has funding to allow physical regeneration.</i>	<i>Delivering and meeting the Council’s social regeneration agenda is at the core of the CTS scheme, and is a key aspect of the content of the scheme, providing financial support to those most in need.</i>

<b>Ward(s) affected</b>
<i>All wards are affected by the proposals put forward in the CTS scheme.</i>

## **What is the purpose of this report?**

1. This report seeks approval for the CTS scheme for 2019/2020.

## **Why does this report require a Member decision?**

2. The Local Government Finance Act Section 67 (2012 Act) inserted into LGFA 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Reduction Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Reduction scheme by no later than 11 March each year. Any scheme cannot be made by officers, with the above legislation confirming that authorisation of the full scheme is subject to member approval.

## **Report Background**

3. From 1 April 2013, the Government replaced the national Council Tax Benefit scheme with a new CTS scheme to be designed and administered by Local Authorities. The Government passed this responsibility to Councils 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 remained unaltered (apart from some minor legislative changes) until 2018/2019 when the scheme was amended to bring regulations in line with the current Housing Benefit scheme, whilst also increasing the amount of support provided to 85% for working age residents. This therefore meant residents claiming CTS had a minimum of 15% of their Council Tax to pay as opposed to the previous 20% charge. For a Band A property, this meant additional support of £62.27 per year was provided by the Council if there were two or more adults resident in a property, and £46.70 per year if one adult was resident.
4. As part of the revisions for the current financial year, the CTS scheme also granted full exemption from Council Tax for Care Leavers until they turn 22 years of age. A total of 38 Care Leavers have received this exemption during 2018/2019.
5. The current CTS scheme is working well with no challenges to the regulations. Central Government make some slight changes to the prescribed regulations in late December / early January each year which will be incorporated to the new scheme. Apart from these minor changes, it is not recommended to alter any other elements.

## **What decision(s) are being asked for?**

6. That Executive approves the Council Tax Support (CTS) scheme for 2019/2020 and authorises the report to be considered at the full Council meeting of 16 January 2019.

## **Why is this being recommended?**

7. The Council recognised the financial challenges faced by some residents due to the Government's welfare reforms when increasing the amount of support provided through the CTS scheme in 2018/2019. In addition, the Department for Work and Pensions have

rolled out the full Universal Credit service in Middlesbrough from 3 October 2018 which will mean a significant amount of working age residents will move onto this new benefit over the coming months. As Universal Credit merges six state benefits into one monthly payment and may cause initial budgeting issues, it is not recommended to change the Council Tax Support scheme.

8. As the only changes to the scheme are minor legislative changes set by Central Government, no stakeholder consultation has been carried out. Similarly, these proposals have not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel due to the scheme remaining the same.

### **Other potential decisions and why these have not been recommended**

9. The Council could reduce the amount of support awarded. However, as indicated earlier in this report, the Council recognised the financial challenges placed on residents through the Government's welfare reforms when amending the scheme for 2018/2019 therefore this is not considered a viable option.
10. In addition, the Council is not in a financial position to consider awarding additional support without affecting other Council services. If this were to be considered, a full consultation exercise would also need to be carried out which has not taken place during the current financial year.

### **Impact(s) of recommended decision(s)**

#### ***Legal***

11. There are no legal implications regarding this report.

#### ***Financial***

12. There are no additional costs to the Council under the proposals for the 2019/2020 CTS scheme.
13. Although the Council Tax collection figures are lower for those receiving CTS than the overall in-year collection figures, the Revenue Services section will continue to actively pursue the debt which is owed to the Council.
14. The option of absorbing more of the cost of the CTS scheme, or amending the percentage working age claimants have to pay remains an option for future years.
15. The impact of the full Universal Credit roll out will be closely monitored to confirm the effect this has on residents ability to pay their Council Tax and will be taken into account with any future proposals around the CTS scheme.

#### ***Policy Framework***

16. The CTS scheme does not change the Policy Framework.

#### ***Equality and Diversity***

17. There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law.

## **Risk**

18. The Council Tax Support scheme is a statutory requirement, agreed annually by full Council. By implementing a local scheme, this ensures that there is adequate governance in place to comply with all relevant legislation and ensures the Council does not breach governance requirements or fail to deliver organisational priorities (08-054). In addition, by reviewing the scheme annually, the Council continues to effectively review and amend the scheme to comply with legislative changes (08-055).

## **Actions to be taken to implement the decision(s)**

19. The CTS scheme will be updated in line with the Government's prescribed regulations. Subject to Council giving approval for this scheme, the scheme for 2019/2020 will be published on the Council's website by 31 March 2019.

## **Appendices**

20. No appendices attached to this report.

## **Background papers**

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

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