

**Date of Meeting:** 10<sup>th</sup> December 2012  
**Report of:** Director of Finance & Business Services  
**Subject/Title:** Council Tax Base 2013/14  
Council Tax Support  
**Portfolio Holder:** Cllr Raynes

## 1.0 Report Summary

- 1.1 The Government are proposing to replace the Council Tax Benefit Scheme in 2013. Each Council must develop its own scheme and Cheshire East plan to continue supporting local residents through investment of an estimated £15.5m in the local scheme in 2013/2014.
- 1.2 Spending on the local scheme in 2013/2014 is estimated to be c.10% less than estimated spending in 2012/2013 in line with the overall need to reduce public expenditure as part of the national deficit reduction programme.
- 1.3 Pensioners who claim Council Tax Benefit will not be affected by these changes as their entitlements are protected and will continue under similar arrangements from April 2013.
- 1.4 The new scheme must be approved by full Council by 31st January 2013.

## 2.0 Decision Requested

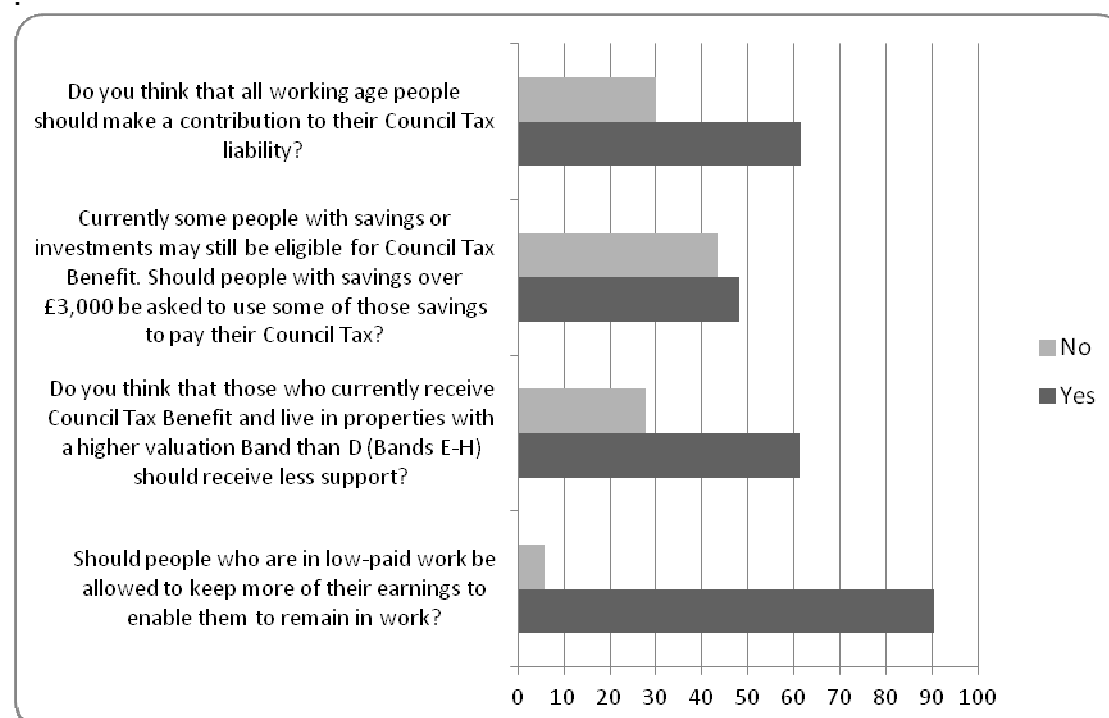
- 2.1 The Cabinet are asked to agree the following amendments to its preferred scheme, in response to the feedback from the public consultation:
  - To increase the capital limit to £6,000
  - To consider an upper capital limit of £10,000 and introduce a tariff income of £10 for every £1k, still endorsing the principle that those with assets should pay more without the disincentive of making provision for emergencies
  - Set a maximum period of 13 weeks for backdating rather than the current 26 weeks
  - Agree to further amendments in line with feedback on the additional options described in Para 3.3 below – **Figure 2** Feedback on the additional options
  - To retain the current 'Local Scheme' where all war widows, war widowers and war disablement pensions and war pensions for surviving civil partners are full disregarded rather than the statutory £10 per week

## 3.0 Reasons for Recommendations

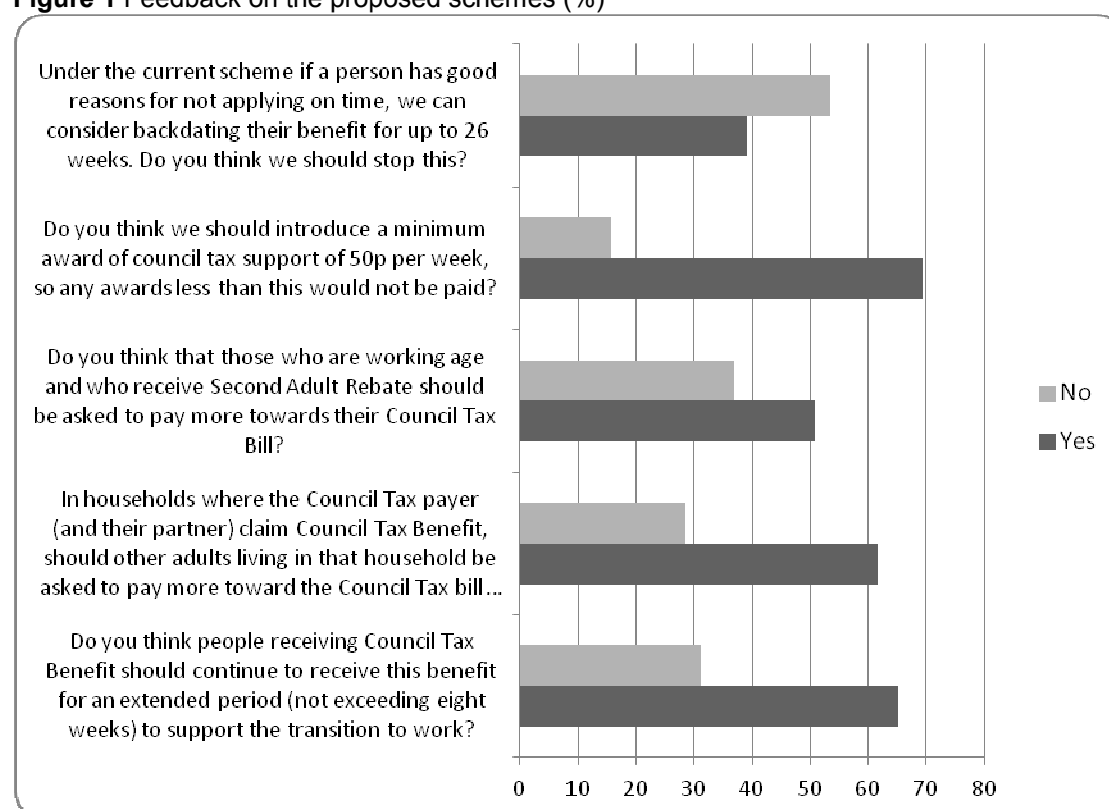
3.1 The recommendations have been made further to the responses received to the public consultation, which ended on 21st October 2012.

3.2 See **Appendix A1** for a full copy of the full responses.

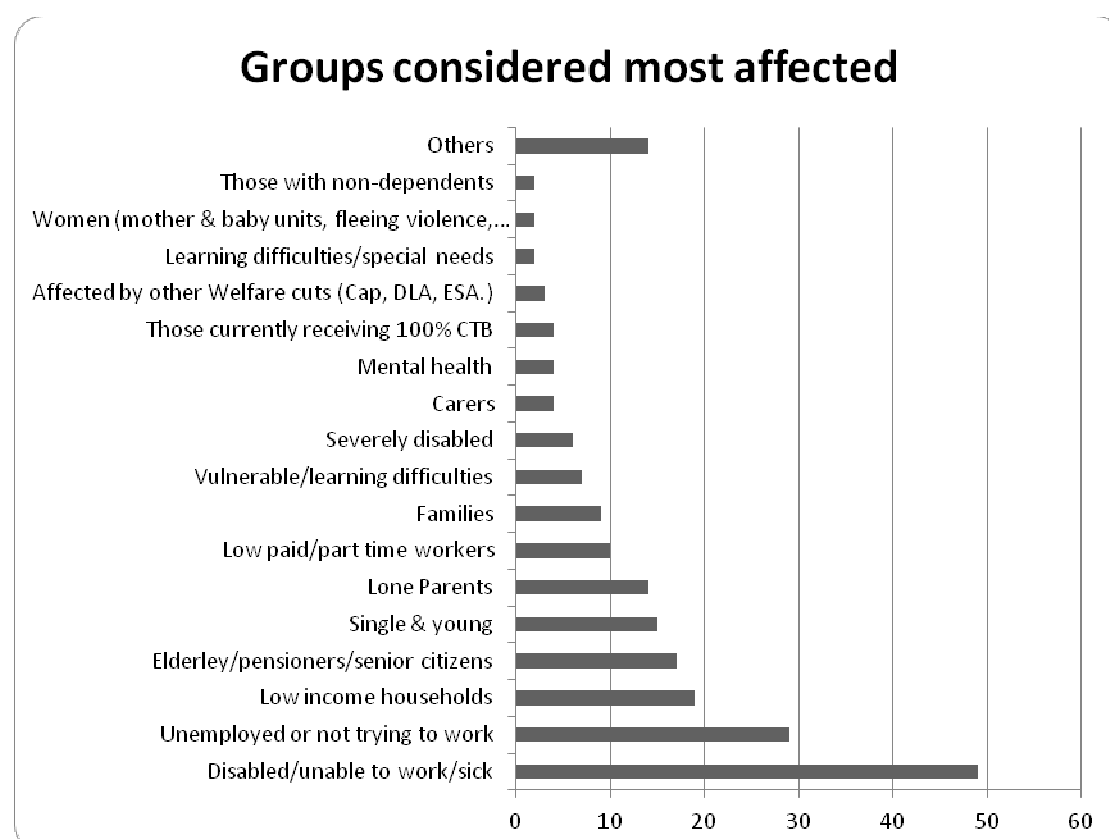
3.3 The following summarise the responses.



**Figure 1** Feedback on the proposed schemes (%)



**Figure 2** Feedback on the additional options (%)



**Figure 3** Feedback on the groups considered most likely to be affected (count of responses)

- 3.4 Those who are disabled/unable to work are identified as the group most likely to be affected by the proposed scheme, by those responding.

### **Treatment of Disability under the scheme**

- 3.5 Concessions are already built into the scheme to support those who are disabled/unable to work.
- 3.6 This is broadly covered into two areas; increasing the allowances used in the assessment recognising the potential increased living expenses, and disregarding certain incomes associated with disabilities, such as Disability Living Allowance and Attendance Allowance.

### **Treatment of Capital**

- 3.7 Under the current Council Tax Benefit arrangements, if the claimant has capital of more than £16,000 they do not qualify. However, for those of working age with capital below this, it is treated as follows:
- First £6,000 is disregarded
  - £1 per week income is taken into account for every £250 or part, above this
- 3.8 Claimants who are in receipt of Income Support, Job Seekers Allowance income based and Employment and Support Allowance income related are automatically entitled to the maximum award and

do not have to provide information to the Council on their income and savings. Their capital is treated as outlined above, so they could have capital in excess of the capital limits suggested in the proposed scheme, which could not be identified.

- 3.9 Feedback from the consultation expressed concerns that by having a single cut off, this will cause a potential 'cliff edge' and encourage people not to have some savings for emergencies, or to retain and not to disclose cash.

#### **4.0 Wards Affected**

- 4.1 All Wards are affected.

#### **5.0 Local Ward Members**

- 5.1 None specifically – all wards affected

#### **6.0 Policy Implications including – Carbon Reduction, Health**

- 6.1 A detailed Equality Impact Assessment is being prepared and will be available for Council.

#### **7.0 Financial Implications**

- 7.1 The proposed scheme, including the recommended changes outlined in 2.1, delivers the required saving, including a small contingency to allow for small changes in caseload during the year.
- 7.2 Communities and Local Government (CLG) has recently made additional funding available for Councils to bid for, if the scheme the Council introduces meets set criteria<sup>i</sup>. This funding is only available for one year.
- 7.3 Neither of the options consulted upon meet the criteria, and to comply would result in a shortfall of funding of c.£870,000. In view of this is it recommended not to amend the scheme to meet the criteria.

#### **8.0 Legal Implications**

- 8.1 Section 13A of the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, places a duty on the Council to make a scheme specifying the reductions to council tax for those:
- persons considered to be in financial need P
  - persons in classes consisting of persons whom the authority considers to be, in general, in financial need P
- 8.2 The draft scheme is attached as **Appendix A2**. This does not reflect the recommendations within this report.

## **9.0 Risk Management**

- 9.1 If Council do not approve a scheme by 31<sup>st</sup> January 2013, the default scheme must be delivered, with the reduction in funding found from elsewhere within the Council's budget.
- 9.2 Should the approved scheme vary greatly from the scheme consulted on, or the consultation found to be ineffective legal challenge could be made.

## **10.0 Background and Options**

- 10.1 Cabinet previously agreed the following options for the consultation:

| <b>Scheme</b> | <b>Description</b>  | <b>Financial Impact</b>   |
|---------------|---|---|
| <b>1</b>      | Rewarding work & reducing support for claimants with assets (savings and investments) | Benefit awards to claimants in work will be largely unaffected. Savings will be made by cutting support from other claimants, particularly those with higher capital or living in high banded properties. |
| <b>2</b>      | Continue with a reduced existing scheme   | The maximum council tax support payable will be 80% rather than 100%  |

## **11.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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<sup>i</sup> [www.communities.gov.uk/publications/localgovernment/localtransitionalgrant](http://www.communities.gov.uk/publications/localgovernment/localtransitionalgrant)