

North Tyneside Council Report to Cabinet Date: 16 January 2013

ITEM 5

Title: Local Council Tax
Support Scheme

Portfolio(s): Finance
Housing

Cabinet Member(s): Cllr Judith Wallace
Cllr Paul Mason

Report from Directorate:

Finance and Resources

Report Author:

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Wards affected:

All.

PART 1

1.1 Purpose:

The purpose of the report is to consider the options available for providing a Local Council Tax Support Scheme and agree a scheme that will replace Council Tax Benefit from 1 April 2013, for referral to Council for consideration at its meeting on 24 January 2013.

1.2 Recommendation(s):

It is recommended that Cabinet:

(a) consider the options for a Council Tax Support Scheme set out at paragraph 1.6; and
(b) agree a scheme for referral to Council at its meeting on 24 January 2013, for consideration and adoption as the Local Council Tax Support Scheme for North Tyneside with effect from 1 April 2013.

1.3 Forward plan:

This report appears on the Forward Plan for the period 12 December 2012 to 31 March 2013.

1.4 Council plan and policy framework

This report does not directly relate to priorities identified in the Council Plan 2012-15 or the Sustainable Community Strategy 2010-2013.

1.5 Information:

- 1.5.1 Cabinet first received a report on 13th August 2012 outlining the changes to Council Tax Benefit, which is being abolished from April 2013 under the Welfare Reform Act 2012, and being replaced with the introduction of a Local Council Tax Support Scheme (also referred to as Council Tax Reduction Scheme under the Local Government Finance Act 2012, which amends the Local Government Finance Act 1992). Such a Scheme is based on a discount on liability for Council Tax, rather than as a benefit. Entitlement to this discount is still means tested against the claimant's and partner's income.
- 1.5.2 Currently around 23,500 claimants rely on Council Tax Benefit to help them meet their Council Tax liability. The caseload of claimants in receipt of Council Tax Benefit show that around 50% of claimants (around 11,616 claimants) are of working age. Just over 8,000 of the working age claimants are on an income related benefit and as such do not pay any Council Tax. Of those claimants that are not on an income related benefit, just over 2,000 are employed.
- 1.5.3 As part of the Provisional Local Government Finance settlement the funding allocation notified to the Authority at the end of December was £14,152,350 for the financial year 2013/14. Should the Authority wish to adopt a scheme that meets the criteria of the Transitional Grant (explained below), a further £386,000 would be available for the first year of the Scheme.
- 1.5.4 At its meeting on 13 August 2012, Cabinet was provided with a number of options to consider and was requested to agree a proposed Council Tax Support Scheme on which to undertake consultation, as required under the (then) prospective legislation. Cabinet agreed the scheme referred to in this report as Option 1 (at paragraph 1.6). Consultation on the proposed scheme to replace the Council Tax Benefit Scheme from April 2013 took place for a period of 8 weeks from 24 August 2012 to 18 October 2012. Details of how the consultation exercise took place and outcomes are provided at Appendix 2.
- 1.5.5 Appendix 1 contains a summary of the beneficial elements for specific claimants of a Local Council Tax Support Scheme which will be retained under all of the three scheme options presented in paragraph 1.6 of the report.
- 1.5.6 A report was presented to Council on 29 November 2012 regarding the options in respect of a Council Tax Support Scheme. At its meeting on that date, Council determined that the matter be deferred.
- 1.5.7 As previously reported to both Cabinet and Council, funding to meet the costs of the scheme will be through an up front fixed grant allocation, rather than as in previous years being met through subsidy payments based on demand to cover the full cost of the Council Tax Benefit Scheme.
- 1.5.8 In previous years, the level of subsidy increased in line with the financial demand on the scheme. The scheme has seen the number of claimants in receipt of Council Tax Benefit increase over the years. However under the new arrangements, the fixed grant allocation will remain in place for 2013-14 regardless of any increase in demand on the scheme.
- 1.5.9 Details of the Principal Funding Grant of £14,152,350 to provide a Council Tax Support Scheme in North Tyneside were received on 19 December 2012 as part of the Provisional Local Government Finance Settlement for 2013-14. Additional funding of £139,635 for additional financial burdens associated with implementing the Council Tax Support Scheme has also been provided for 2013-14.

- 1.5.10 In addition the relevant regulations (The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012) were laid before Parliament on 22 November 2012 and came into force on 27 November 2012. These regulations, prescribe how local schemes should operate and in particular provide that Pensionable Age claimants must not be worse off because of this reduction in funding.
- 1.5.11 Under the new legislation, should the Authority fail to agree a Scheme by 31 January 2013, then a Default Scheme will be imposed and will take effect from April 2013. A further set of new regulations (The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012) came into force on 18 December 2012 governing such default schemes. Further regulations amending both the Prescribed Requirements and Default Scheme came into force on 10th January 2013, amending the Non-dependant charges and other financial elements. The default scheme would be based upon the current Council Tax Benefit Scheme and those residents in receipt of Council Tax Benefit would see no change to the way their Council Tax Support is calculated. If the default scheme comes into operation the Council cannot make adaptations to it. Funding for a default scheme would still be reduced as described in paragraph 1.5.9 above.
- 1.5.12 At the end of October 2012, after consultation had ended on Cabinet's proposed scheme (Option 1), the Department for Communities and Local Government announced that in addition to the Principal Funding Grant, they would also provide a Transitional Grant for the first year of operation of the scheme. However, the Transitional Grant would only be payable if the scheme adopted by the Authority met certain criteria (detailed in paragraph 1.5.13 below). Application for the grant could be made after 31st January 2013.
- 1.5.13 The Transitional Grant allocation for North Tyneside would be £0.386m. The conditions of entitlement to this grant stipulated by the Department for Communities and Local Government are:
- a) those who would be entitled to 100% support under current Council Tax Benefit arrangements pay between zero and no more than 8.5% of their net Council Tax liability;
 - b) the *taper does not increase above 25%; and
 - c) there is no sharp reduction in support for those entering work. The taper should continue to operate as under current Council Tax Benefit Regulations – that is, to be applied to the excess income and in relation to the claimant's maximum eligible Council Tax reduction. Where an authority has decided to adopt a scheme in which the maximum eligible reduction is lower than 100% of the liability, this maximum eligible reduction will therefore be at this level.

Although not part of the conditions for additional funding, the Government does not expect authorities to impose large additional increases in non-dependant deductions.

*Note: The taper is the amount by which Council Tax Support is reduced when income rises above the applicable amount. The applicable amount is the level of income under which a claimant would receive maximum Council Tax Benefit entitlement.

- 1.5.14 In addition to the Principal Funding Grant and the Transitional Grant, the Authority could also choose to make use of funding generated from the Technical Reforms to Council Tax discounts and exemptions to help fund a local scheme. A full report on the options available on discounts and exemptions is included as a further agenda item for consideration by Cabinet on 16 January 2013.

1.5.15 The report to Council on 29th November 2012 requested that Council consider the three potential Council Tax Support Schemes, or alternatively defer the decision on the matter and authorise the Strategic Director of Finance and Resources, in consultation with the Elected Mayor, Group and Deputy Group Leaders (or their respective nominees), to identify and formulate an alternative scheme for referral to Cabinet. Full details of the decision options available to the Authority are set out in the report to Council dated 29 November 2012 which is included as a background document to this report. At its meeting Council determined that the matter be deferred to the next Council meeting. In the interim period, in light of the option now available to the Authority associated with the Transitional Grant, it is appropriate to provide an opportunity for Cabinet to reconsider the options available prior to presenting a proposal to Council.

1.6 Decision options:

1.6.1 The following decision options are available for consideration by Cabinet:

1.6.2 Option 1 (recommended)

Cabinet may propose the following scheme for agreement by Council:

- a) All those working age claimants in receipt of Council Tax Benefit will receive Council Tax Support based on **80%** liability rather than the current 100%; approximately 11,700 claimants would be affected by this. See Table 1 for reductions to entitlements.
- b) There would be no Second Adult Rebate. Approximately 140 people claim this. Generally the Council Tax payer has sufficient income to pay their Council Tax themselves. If they do not, they can apply for Council Tax Support in their own right.
- c) Non-dependant deductions will increase by 20% for working age claimants. Approximately 350 claimants are affected by this (see Table 2). Non-dependant deductions were scheduled to increase in April 2013 under the national Council Tax Benefit Scheme, and have increased under amended regulations for pensionable age claimants under prescribed requirements and also under the default scheme.

This is the option agreed by Cabinet in August 2012 upon which consultation was undertaken and upon which the current 2013/14 budget proposals are based.

Table 1 - Weekly reductions to Council Tax Support for claimants under Option 1

Band	Weekly 20% reduction for claimants <u>not in receipt of</u> Single Person Discount	% of claimants	Weekly 20% reduction for claimants <u>in receipt of</u> Single Person Discount	% of claimants
A	£3.80	26%	£2.85	62%
B	£4.43	3%	£3.32	4%
C	£5.06	2%	£3.80	2%
D	£5.70	*	£4.27	*
E	£6.96	*	£5.22	*
F	£8.24	*	£6.17	*

*The % of claimants in bands D, E and F amount collectively to 1%.

Table 2 – Weekly non-dependant charges under Option 1

Current Non dependant Charge	Proposed 20% Non dependant charge	Weekly increase	% of people effected by increase
£3.30	£3.96	£0.66	52%
£6.55	£7.86	£1.31	21%
£8.25	£9.90	£1.65	3%
£9.90	£11.88	£1.98	21%

3% of claimants will pay more than £1.98 per week as they have more than 1 non dependant charge.

Funding Implications:

- a) The Authority would not meet the conditions for the additional Transitional Grant;
- b) As the loss in funding will be passed on to those in receipt of Council Tax Support, the Authority would only be required to provide a small amount of funding; (see Table 3);
- c) There would be an increase in costs associated with the collection of Council Tax (see Table 4 for a breakdown of costs, with further detail at Appendix 3);
- d) It is likely that there would be a reduction in the collection rate. The default rate is estimated to be in the region of 27%; (see Table 5 for a breakdown and Appendix 3 for a full analysis of this estimate);
- e) The anticipated reduced collection rate in respect of those in receipt of Council Tax Support will impact on the Council's overall collection rate for Council Tax;
- f) This is the option upon which current 2013/14 budget proposals are based.

Table 3 – Scheme costs associated with Option 1

	Option 1 scheme (recommended) - based on 80% Council Tax eligible for support
Estimated Total Cost of Scheme after 20% is applied	£15,869,279
Deduct cost applicable to Fire and Police Authorities	£1,676,163
Cost of Scheme to North Tyneside Council	£14,193,116
North Tyneside Council Funding	£14,152,350
Shortfall in Funding	£40,766
Transitional Grant	£0
Estimated Final Shortfall in funding	*£40,766

*In addition to £40,766, it is acknowledged that there will be an amount not collected from those required to pay an increased amount of Council Tax, and additional costs associated with the collection of this. Significant analysis has taken place of the estimated costs and these are shown at Appendix 3 with an overview of the costs associated with increased collection costs provided at Table 4 and estimated collection rate at Table 5.

Table 4 – Increased collection costs associated with Option 1 (and 2 – see section 1.6.3 below)

Estimated additional costs of collection	£
Payment cards (for claimants who currently do not make Council Tax Payments Approx 8000)	£8,580.33
Weekly Additional Payment Transaction costs (weekly transactions introduced to assist budgeting)	£123,636.48
Reminder Notification costs	£4,330.00
Summons Notification costs	£10,639.44
Liability Order Notification costs	£1,368.08
Transaction costs for those summons	£189.64
Enforcement Correspondence costs	£2443.00
Total additional costs	£151,186.97

Table 5 – Estimated collection rate of default payments associated with Option 1

Estimated collection rate of default payments	£
Council Tax to collect	£1,950,853
27% default rate of £1,950,853	£526,730
Payment arrangement or deductions to benefit	£211,032
Shortfall in collection for year 2013/14	£315,698

1.6.3 Option 2

Cabinet may propose the following scheme for agreement by Council:

- a) All those working age claimants in receipt of Council Tax Benefit will receive Council Tax Support based on **91.5%** liability rather than the current 100%; approximately 11,700 claimants would be affected by this. See Table 6 for reductions to entitlements.
- b) There would be no Second Adult Rebate. Approximately 140 people claim this. Generally the Council Tax payer has sufficient income to pay their Council Tax themselves. If they do not, they can apply for Council Tax Support in their own right.
- c) Non-dependant deductions will increase by 20% for working age claimants. Approximately 350 claimants are affected by this (see Table 2). Non-dependant deductions were scheduled to increase in April 2013 under the national Council Tax Benefit Scheme, and have increased under amended regulations for pensionable age claimants under prescribed requirements and also under the default scheme.

Table 6 - Weekly reductions to Council Tax Support for claimants under Option 2

Band	Weekly 8.5% reduction for claimants <u>not in receipt</u> of Single Person Discount	% of claimants	Weekly 8.5% reduction for claimants <u>in receipt</u> of Single Person Discount	% of claimants
A	£1.61	26%	£1.21	62%
B	£1.88	3%	£1.41	4%
C	£2.15	2%	£1.61	2%
D	£2.42	*	£1.82	*
E	£2.96	*	£2.22	*
F	£3.50	*	£2.62	*

*The % of claimants in bands D, E and F amount collectively to 1%.

Funding implications:

- a) The Authority would meet the conditions for the additional Transitional Grant;
- b) Additional funding from other sources would be necessary to meet the gap in Government funding (see Table 7);
- c) There would be an increase in costs associated with the collection of Council Tax (see Table 4 for a breakdown in costs, with more detail at Appendix 3);
- d) It is likely that there would be a reduction in the collection rate. This is estimated to be in the region of 27%; (see Table 8 for a breakdown and Appendix 3 for a full analysis of this estimate);
- e) The anticipated reduced collection rate in respect of those in receipt of Council Tax Support will impact on the Council's overall collection rate for Council Tax.

Table 7 – Scheme costs associated with Option 2

	Option 2 scheme - based on 91.5% Council Tax eligible for support
Estimated Cost of Scheme after 8.5% is applied	£16,964,987
Deduct cost applicable to Fire and Police Authorities	£1,791,896
Estimated Cost of Scheme to North Tyneside Council	£15,173,091
North Tyneside Council Funding	£14,152,350
Estimated Shortfall in Funding	£1,020,741
Less Transitional Grant	£386,000
Estimated Net Shortfall in funding	£634,741

*In addition to £634,741 it is acknowledged that there will be an amount not collected from those required to pay an increased amount of Council Tax, and additional costs associated with the collection of this. Significant analysis has taken place of the estimated costs and these are shown at Appendix 3 with an overview of the costs associated with increased collection costs provided at Table 4 and estimated collection rate at Table 8.

Table 8 – Estimated collection rate of default payments associated with Option 2

Estimated collection rate of default payments	£
Council Tax to collect	£855,145
27% default rate of £855,145	£230,889
Payment arrangement or deductions to benefit would potentially fulfil the charge in-year (in 80% of cases)	£184,711
Shortfall in collection for year 2013/14 (the remaining 20%)	£46,178

1.6.4 Option 3

Cabinet may decide not to propose either Option 1 or Option 2 to Council, note that Council will be requested to consider both options and that, should Council not agree a Council Tax Support Scheme by 31 January 2013, by operation of law a “default scheme” would take effect.

Under the default scheme:

- a) All those currently in receipt of Council Tax Benefit would see no change to the way their Council Tax Support is calculated.
- b) The Authority would qualify for the Transitional Grant, as a fully funded scheme would meet the Transitional Grant conditions.
- c) Additional funding from other sources would be necessary to meet the gap in Government funding (see Table 9 below).
- d) There would be no additional costs incurred for collection.
- e) There would be no additional impacts on collection rates.

Table 9 - Costs associated with Option 3

	Default - Council Tax eligible for support 100%
Estimated Cost of Scheme	£17,820,132
Deduct cost applicable to Fire and Police Authority	£1,882,218
Estimated Cost of Scheme to North Tyneside Council	£15,937,914
North Tyneside Council Funding	£14,152,350
Estimated Shortfall in Funding	£1,785,564
Less Transitional Grant	£386,000
Estimated Net Shortfall in funding	£1,399,564

1.7 Reasons for recommended option:

Option 1 is the recommended option for the following reasons:

- It represents the lowest financial impact to the Authority;
- It is the scheme proposed by Cabinet on 13 August 2012 and duly consulted upon;
- Consultation on this scheme shows that a majority of those consulted are in favour of each of the changes:
 - a. **53.6%** either strongly agreed or agreed that 'All working age claimants should have Council Tax Support based on 80% of their current tax liability instead of 100%', with only 30.7% either strongly disagreeing or disagreeing and 15.7% neither agreeing or disagreeing.
 - b. **45.5%** either strongly agreed or agreed that 'The contribution that non-dependants currently pay should also increase by 20%', with only **28%** either strongly disagreeing or disagreeing and **26.5%** neither agreeing or disagreeing.
 - c. **83.5%** either strongly agreed or agreed that 'The Council's scheme should be based on the income of the person/s who is / are liable to pay it', with only **10%** either strongly disagreeing or disagreeing and **6.5%** neither agreeing or disagreeing.
 - d. **69.6%** either strongly agreed or agreed that the Council's scheme should operate within the reduced grant, so other services are not affected, with only **10.6%** either strongly disagreeing or disagreeing and **19.8%** neither agreeing or disagreeing.

1.8 Appendices:

- Appendix 1 – Beneficial Elements of Council Tax Support Scheme for Specific Claimants
- Appendix 2 – Consultation outcomes
- Appendix 3 – Council Tax, impact on collection

- Appendix 4 – Equality Impact Assessment – signed off by Strategic Director Finance and Resources, Fiona Rooney

1.9 Contact officers:

- Andrew Scott – Senior Client Manager Revenues, Benefits and Customer Services, tel. (0191) 643 7150
- Geoff Huzzard – Financial Development Officer Financial Strategy and Planning tel. (0191) 6435716
- Tracy Vasey – Client Manager Benefits and Customer Services, tel. (0191) 643 7228

1.10 Background information:

1. [Cabinet Report, Localised Council Tax Support, 13 August 2012](#)
2. [Cabinet Report Minutes, 13 August 2012](#)
3. [Council Report, Local Council Tax Support, 29 November 2012](#)
4. [Welfare Reform Act 2012](#)
5. [Local Government Finance Act 2012](#)
6. [Communities and Local Government – Localising Support for Council Tax – Transitional Grant Scheme, October 2012](#)
7. [The Council Tax Reduction Schemes \(Prescribed Requirements\) \(England\) Regulations 2012](#)
8. [The Council Tax Reduction Schemes \(Default Scheme\) \(England\) Regulations 2012](#)
9. [Consultation comments](#)
10. [Draft Council Tax Support Scheme for North Tyneside \(Option1\) upon which consultation was undertaken](#)
11. [The Council Tax Reduction Schemes \(Prescribed Requirements and Default Scheme\) \(England\) \(Amendment\) Regulations 2012](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Government has released proposed funding allocations for the Council Tax Support Scheme in the Provisional Local Government Settlement, and as such the funding implications of all of the proposals contained in this report are based on those allocations.

An associated implication in relation to the Council Tax Support scheme is in relation to the impact on the Council Taxbase. As the Council Tax Support scheme replaces benefit subsidy with a discount under the new scheme, then this will result in a reduction in the Council's Council Tax Base. The consequential loss of income this causes is expected to be offset by the receipt of the replacement Council Tax Support grant funding. The full implications on the Council Taxbase have been considered in preparing this report. The implications for the tax base will be reported to Cabinet on 28 January 2013 as part of setting the North Tyneside Council Taxbase for 2013/14.

As shown with each option the Council Tax Support scheme will impact on the Collection Fund. The exact implications for the Collection fund aren't known yet, for the reasons

stated previously in relation to estimated figures, and also as the behaviour of the claimants now expected to pay cannot be analysed until the scheme is in place. That said, estimates in relation to non-collection for those individuals now having to pay has been provided earlier in this document. The impact of the Council Tax Support scheme on the Collection Fund will be continuously monitored.

With regard to specific options Table 10 below is a summary of all impacts that are set out in Tables 3,4,5,7,8 and 9.:

- As mentioned there are estimated additional costs in setting up and administering the new scheme. The Council received initial funding of around £80,000 in April 2012 towards establishing a local scheme, included in the Provisional Settlement a new burdens grant of £139,635 will be received by the Authority to fund additional costs. However there is a small difference between the estimated additional costs in options 1 and 2 and the available funding of £11,500k

Table 10 Summary of Estimated Financial Impact of each option.

	Option 1	Option 2	Option 3
Estimated shortfall on grant funding	40,766	1,020,741	1,785,564
Transitional Grant		(386,000)	(386,000)
Estimated Increased Collection costs	151,186	151,186	
New burdens grant	(139,635)	(139,635)	(139,635)
Loss of subsidy on overpayments	153,228	153,228	153,228
Estimated impact on collection rates	315,698	46,178	0
Net Impact	491,243	845,698	1,413,157

2.2 Legal

The Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) (“the Act”) requires the Authority to have an agreed Council Tax Reduction Scheme (referred to in this report as a Local Council Tax Support Scheme) in place by 31 January 2013. The Scheme is required to take effect in relation to the financial year beginning 1 April 2013, and is subject to annual review.

The responsibility for determining the Council Tax Support Scheme, and for reviewing it on an annual basis, rests with the full Council. Where at annual review the Council wishes to propose a different scheme, further consultation would be required. Any amendment or any revised scheme is required to be agreed by 31 January in the financial year preceding the year the revision is to take effect. If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the Authority thinks fit.

If the Authority fails to adopt a scheme by 31 January 2013, the Council will be required, in accordance with the provisions of the Act, to operate a Default Council Tax Support Scheme. This is described in more detail at paragraph 1.6.4 of the report.

The Act requires that prior to making a scheme, local authorities must undertake consultation with major precepting authorities and other persons likely to have an interest in the scheme. The consultation described in the report was undertaken prior to the Government announcement at the end of October 2012 that a Transitional Grant would be available for the first year of the scheme if certain criteria were met. Such grants are now in place for local authorities with schemes that meet the qualifying criteria. Due to the timing of that announcement it was not possible to incorporate the proposed percentage of 91.5% in respect of reduced liability to Council Tax, as set out in the Option 2 scheme, into the 8 week consultation. However, the principle which underpins both the Option 1 and Option 2 schemes (that working age claimants should have a reduced eligibility for Council Tax support and therefore either to introduce a contribution (for those on an income related benefit) or to increase the contribution payable towards Council Tax) was consulted upon and therefore the Authority can be satisfied that statutory consultation has taken place. Further information on the consultation undertaken is set out in paragraph 2.3 and Appendix 2 of the report.

The Regulations prescribing how the Default Scheme and certain aspects of the Local Council Tax Support Scheme should operate are now in force and any scheme must be implemented in accordance with the requirements of those Regulations.

2.3 Consultation/community engagement

2.3.1 Internal consultation

Consultation upon the proposals set out in this report has taken place with the Senior Leadership Team, the Cabinet Member for Finance, the Elected Mayor and the Cabinet. Information on the proposed changes (Option 1) was also provided to Overview and Scrutiny Committee on 3 September 2012 and Members briefings were held in 2012.

2.3.2 External consultation

Consultation upon the Option 1 Scheme was carried out for an 8 week period which started on 24th August 2012. The exercise included a number of opportunities for people to get involved in the consultation. This included advice drop-in sessions, attendance at Area Forums, landlord forums and other events, as well as an on-line questionnaire and paper questionnaires available at Customer Service Centres, libraries, and Sure Start Centres. Both Widening Horizons and the News Guardian were used to raise awareness of the changes and a number of current claimants were contacted by post and provided with a paper questionnaire. Responses from the consultation have now been collected and are referred to in paragraph 1.7 and Appendix 2.

Due to the timing of the Government's announcement regarding the introduction of the Transitional Grant at the end of October 2012, it was not possible to incorporate the proposed percentage in respect of a reduced liability level of 91.5%, as set out in the Option 2 Scheme, in the Council's 8 week consultation. However, the principle underpinning the Option 1 Scheme consultation, that working age claimants should have a reduced eligibility for support and thereby either introduce a contribution (for those on income related benefit) or increase the contribution payable towards Council Tax, remains relevant to the Option 2 Scheme. The following consultation responses are applicable to both Option 1 and Option 2.

- **83.5%** either strongly agreed or agreed that 'The Council's scheme should be based on the income of the person/s who is / are liable to pay it', with only **10%** either strongly disagreeing or disagreeing and **6.5%** neither agreeing or disagreeing.
- **69.6%** either strongly agreed or agreed that the Council's scheme should operate within the reduced grant, so other services are not affected, with only **10.6%** either strongly disagreeing or disagreeing and **19.8%** neither agreeing or disagreeing.

Option 3 at paragraph 1.6 of the report consists of the default scheme which will be triggered by law should the Council not agree an alternative Scheme by 31 January 2013 and as such has not been subject to consultation.

Consultation with Precept Authorities on the recommended scheme took place with the Chief Finance Officer for the Fire Authority, and the Chief Finance Officer for the Police Authority. Comments provided (set out in Appendix 2, pages 3/4) were predominantly related to potential collection and ensuring little or no impact on their funding as preceptors.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

- 2.5.1 An equality impact assessment was carried out on the Option 1 scheme prior to consultation which has identified actions that will be put in place if the proposed scheme were to be adopted by full Council.
- 2.5.2 A further equality impact assessment has been carried out following the consultation, which includes impacts of other welfare reforms, following a request from Overview and Scrutiny Committee held on 3 September 2012. Other Welfare Reforms being introduced from April 2013 onwards will impact the same working age claimants. This is set out at Appendix 4.
- 2.5.3 Analysis shows that of the 11,700 working age claimants affected, there are around 8000 who do not pay any Council Tax because they are on an income related benefit. This income related benefit includes Income Support, Jobseekers Allowance (income based) and Employment and Support Allowance (income related). Of the remaining working age claimants, around 2000 are employed and around 1700 have other income and benefits.

2.6 Risk management

- 2.6.1 The provider of the current Council Tax Benefit System, Northgate, has agreed to support either of the schemes proposed in this report.
- 2.6.2 Comprehensive consultation carried out on the principles of the Option 1 and Option 2 schemes is likely to mitigate the risk of legal challenge should the Council wish to adopt either scheme.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Chief Executive
- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager Policy and Partnerships