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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 6 AUGUST 2012**

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### **EX.093/12    LOCALISATION SUPPORT FOR COUNCIL TAX** (Key Decision – KD.021/12)

**Portfolio**      Communities and Housing

**Relevant Overview and Scrutiny Panel**      Community; and Resources  
**Subject Matter**

The Communities and Housing Portfolio Holder presented report CD.39/12 concerning Localised Support for Council Tax (LSCT). The report set out draft proposals for consultation for a local scheme through which the City Council would administer support for Council Tax. The principle of the policy (statement of intent) would be included as part of the formal consultation process.

The Communities and Housing Portfolio Holder outlined the background to submission of the report, informing Members that under the Welfare Reform Act Council Tax Benefit would be abolished and replaced by Localised Support for Council Tax as from 1 April 2013. She further explained the Government's reasons for making those changes, adding that local Councils had been asked to develop their own LSCT schemes.

The Communities and Housing Portfolio Holder did not consider recent Government guidance to be particularly clear, and expressed concern that low paid working claimants may still be disproportionately affected.

Details of the Council's Council Tax Benefit caseload; the considerations which required to be taken into account; and the timetable for introducing LSCT were provided.

In the short term and due to the challenging timescale, most Councils were likely to develop a LSCT scheme that either:

- (Option 1) sought to replicate the existing reductions in Council Tax liability through means of a discount and the precepting authorities (including the Council) funding the additional cost from other funding streams; or
- (Option 2) passed the cost (approximately 10 to 12.5%) of the reduced grant directly onto claimants by eroding the existing reductions for working age claimants; or
- (Option 3) sat somewhere between the above two options.

The intention in the longer term was that LSCT would turn into a simple Council Tax discount, based on percentages reflecting categories or bands of circumstances, and

dropping the means testing element from the working age scheme. That was unlikely in the next two years so the above options had been explored more fully within the report. Also set out were details of the funding implications; technical reforms to Council Tax; and the key risks.

The Communities and Housing Portfolio Holder added that the draft scheme was identical to the current Council Tax Benefit Scheme, but would function as a legal discount rather than a benefit.

She advised that the figures quoted within the report were based on current Council Tax Benefit expenditure, indicative funding proposals (subject to consultation) and discount trends over the financial year 2011/12.

The Communities and Housing Portfolio Holder cautioned that LSCT would have a high political profile, was likely to be controversial and subject to legal challenge. Full Council approval to adoption of the Local Scheme would be required prior to the extremely tight 31 January 2013 deadline (otherwise the Government would impose a 'default scheme' which, whilst similar to the existing scheme, may include other financial disincentives and create reputational risk through inability or unwillingness to deliver a local scheme).

Consideration would need to be given to the financial implications of the local scheme based on entitlement determined during the first year 2013/14 and the position would need to be reviewed for future years.

The Finance, Governance and Resources Portfolio Holder emphasised that in Carlisle 45% of those in receipt of Council Tax Benefit were elderly and therefore protected under the nationally prescribed part of the Scheme. The remaining 55% would therefore be directly affected by the design of LSCT.

He highlighted the potential impact upon low income households; the extremely challenging timescales involved; the considerable resource implications and the fact that there were only approximately 500 second homes in Carlisle.

In summary, the Finance, Governance and Resources Portfolio Holder stressed the Executive's commitment to minimising the impact upon the poorest people in Carlisle.

The Director of Governance drew attention to the legal comments provided within the report. Given that the matter would have financial implications for the authority, he suggested that Members may wish to include the localisation of Council Tax Support Scheme within the definition of documents included under the umbrella of 'Budget' in the Council's Budget and Policy Framework (Article 4 of the Constitution). That would mean that the setting of the Scheme would be reserved to Council.

The Communities and Housing Portfolio Holder moved the recommendations as written, together with the above additional recommendation, which was duly seconded by the Finance, Governance and Resources Portfolio Holder.

**Summary of options rejected**    other options, as detailed in report  
CD.39/12

**DECISION**

That the Executive:

1.    Agreed the principle of not reducing the current level of reductions given to existing Council Tax Benefit recipients when changing from a Benefit to a Discount.
2.    Agreed that Carlisle City Council's LSCT Scheme would be identical to the current Department for Work and Pensions Council Tax Benefit Scheme but written as a S13A policy document, under The Local Government Finance Act 1992 (as amended), to ensure it becomes a legal discount rather than a Benefit.
3.    Agreed the principles of funding the scheme, in part or full, through the application of Council Tax Technical Reforms and other funding streams.
4.    Was aware that the full LSCT S13A policy and the decisions regarding implementation of Council Tax Technical Reforms and other funding streams would need to be approved by Council on 8 January 2013.
5.    Approved the principle of a draft policy (statement of intent), to include consultees, as part of the formal consultation process.
6.    Agreed that consideration be given to the financial implications of the local scheme during the first operational year and the position reviewed for subsequent years.
7.    Agreed that the Localisation of Council Tax Support Scheme be included within the definition of documents included under the umbrella of 'Budget' in the Council's Budget and Policy Framework (Article 4 of the Constitution).

**Reasons for Decision**

The need to provide Local Support for Council Tax is a requirement of the Local Government Finance Bill. The recommendations are for a local support scheme which will ensure that those most in need continue to receive assistance from April 2013