

66. Approval of a Council Tax Reduction Scheme

The Cabinet considered a report of the Director of Finance and Legal Services, which set out proposals for the replacement of Council Tax Benefit with a localised 'Council Tax Support' from April 2013.

Council Tax Benefit was a means tested benefit to help low income households with the cost of council tax payments. The benefit was administered by the Council under a national framework prescribed by the Department for Work and Pensions. The Council awarded £29.6m of Council Tax Benefit annual to more than 37,000 households in the City, with £26.6m related to the Council's share of council tax revenue and £3m to the West Midlands Police and Fire Authorities that were also funded through council tax.

From April 2013, Council Tax Benefit would be abolished and replaced with a localised Council Tax support. Every billing authority would have responsibility for designing its own scheme of support. In localising support, the Department for Communities and Local Government were cutting funding by 10 per cent. Based on expenditure for 2011/12, the Council would receive funding of £24m towards the Council's share of cost of awards, which currently totalled £2.6m per annum.

The Cabinet noted that the rules governing support for pensioners, who comprised approximately 40 per cent of the caseload in Coventry, would continue to be prescribed nationally so that people of pensionable age do not receive any reduction in entitlement under a local scheme. As a result, the 10 per cent reduction would equate to a 17 per cent reduction in Coventry when applied only to working age people.

It was further noted that, in October 2012, the Department for Communities and Local Government announced transitional funding for the first year of Council Tax Support Schemes. To receive the additional funding, worth approximately £650k to Coventry, local authorities must ensure that their schemes do not pass on more than an 8.5 per cent reduction in support for Council Tax payments.

Three broad options were considered for the Council Tax Support Scheme, which were detailed within the report and, in summary, were:-

1. To replicate the current Council Tax Benefit Scheme and find savings from other areas to fund the 10 per cent cut so that the local system provided the same level of support as the current national system.

2. To pass the 10 per cent cut on as a blanket reduction for all working age people.
3. To pass the reduction on based on household income levels.

It was considered that options 2 and 3 would place significant financial pressures on low income households, many of whom would be impacted adversely by other changes to the welfare system. It was therefore recommended that option 1 should be approved.

RESOLVED that, after due consideration of the options and proposals contained in the report and matters referred to at the meeting, the Cabinet recommend that Council:

- (1) Take into account the consultation responses, Equality Impact Assessment and other information in the report and approve the proposed Council Tax Support Scheme set out in Appendix 1.**
- (2) Delegate authority to the Director of Finance and Legal Services to make final detailed changes to the Scheme and to implement the scheme from 1st April 2013.**