

EXTRAORDINARY MEETING OF THE COUNCIL

8 JANUARY 2015

REPORT OF ASSISTANT DEPUTY LEADER OF THE COUNCIL, CABINET MEMBER FOR HOUSING, BENEFITS AND REVENUES

A.1 ADDENDUM REPORT ON LOCAL COUNCIL TAX SUPPORT SCHEME FOR 2015/2016

(Report prepared by Harry Bates)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To report to the Members the consultation responses on whether or not to include Child Maintenance income in this Council's Local Council Tax Support (LCTS) for 2015/2016 scheme assessments.

EXECUTIVE SUMMARY

On 25 November 2014 the Council agreed that the revised scheme, as set out in the report to Council became the Council's draft 2015/16 scheme (including the maximum LCTS award should be 80% for working age claimants) but subject to the exclusion of income from child maintenance payments when assessing claims for LCTS. It was also agreed that the necessary further statutory consultation be carried out on whether or not Child Maintenance should be disregarded from the LCTS assessments. The required funding for the additional level of support was to be met from the Austerity Reserve and the final LCTS Scheme was to be reported back to a meeting of the full Council.

As intended by Council a further consultation exercise was undertaken on whether or not its Council Tax Support Scheme for 2015/2016 should disregard child maintenance income in the assessment for entitlement to LCTS and if so, where this should be funded from. The outcome of the consultation responses is included within this Addendum Report and when making its decision on the final scheme, Members must have regard to the outcome.

The Council is required, by statute, to carry out a public consultation on all aspects of its proposed scheme. So far two consultations have taken place, the outcome of the first was considered at the meeting on 25 November 2014 therefore, it is only the response to the most recent consultation, which closed on Sunday 4th January 2015 that Members are required to consider at the Council meeting on 8 January 2015.

RECOMMENDATION

That this Council takes the information set out in this addendum report into account when it determines its final Local Council Tax Support Scheme for 2015/16.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

In developing a local scheme the Council must be mindful of its duties to vulnerable groups, and Council Tax payers.

FINANCE, OTHER RESOURCES AND RISK

The council tax rise required to fund the scheme is estimated to be 0.05% as referred to in the consultation document. That equates to £4,000 to Tendring District Council in monetary terms (the total being £35,000 to all precepting authorities).

Although the above reflects a charge against the Council Tax, there are still other adjustments that are required as part of calculating the overall Council Tax base for 2015/16 which would offset this amount. Therefore there would be no overall increase required in the level of Council Tax in 2015/16 to fund the disregard of Child Maintenance.

The outcome from the calculation of the Council Tax base for 2015/16, which will include the decision from the recommendation above, will be presented to Cabinet on 23 January 2015 as part of its wider budget considerations for 2015/16.

LEGAL CONSULTATION DUTIES

Local authorities are legally required to conscientiously take into account and have regard to the outcome of a consultation exercise when making decisions on the subject matter (this is set down in case law (*R v Brent LBC ex parte Gunning* (1985) and approved in *R v North & East Devon HA ex parte Coughlan* [2001])).

When a decision is made, local authorities should provide evidence that the results of any consultation have been taken into account and that the views of affected people have been considered. If the decision maker proposes to depart from the majority view of the consultation responses, detailed reasons for doing so should be recorded to provide justification for the final decision to demonstrate that the Council has taken all relevant factors into account.

Local Government Finance Act 1992, as amended, requires consultation to be undertaken in relation to Local Council Tax Support Schemes and recently the Supreme Court has held in a case concerned with LCTSS (*R v London Borough of Haringey* [2014]) that "*in a context with which the general public cannot be expected to be familiar, requires that the consultees should be provided not only with information about the draft scheme, but also with an outline of the realistic alternatives, and an indication of the main reasons for the authority's adoption of the draft scheme... the consultation documents are not required to be unduly complex or lengthy but must be clear and understandable.*"

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Crime and Disorder

No impact.

Equality and Diversity

The Council believes that disregarding Child Maintenance payments from the household income calculation applies equally to both sexes and is therefore gender neutral in terms of its application. This is referred to in the consultation exercise and in doing so the Council has considered its public sector equality duty under the Equality Act 2010.

Health Inequality

Not applicable

Area or Ward affected

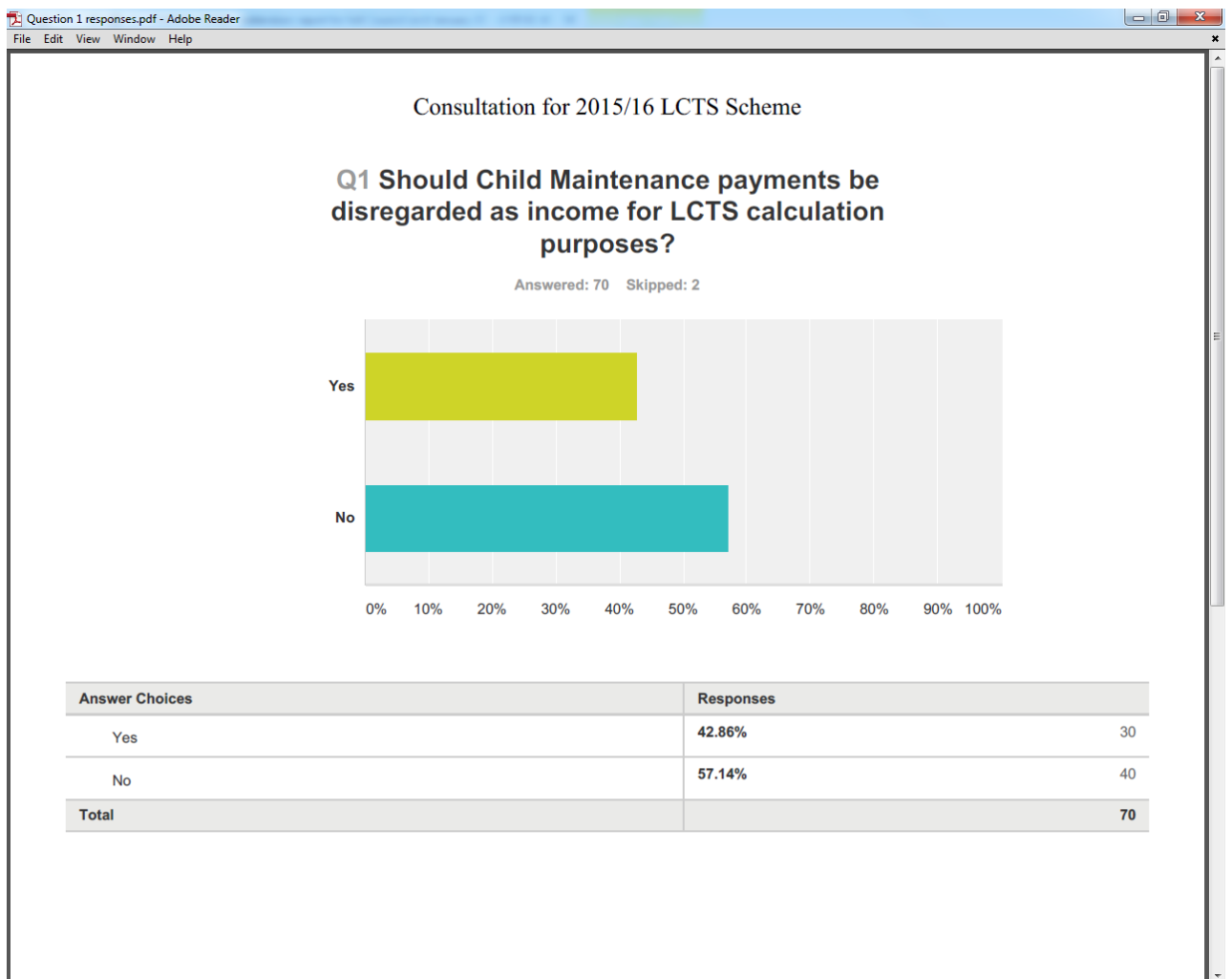
All in Tendring District Council's jurisdiction.

BACKGROUND

LOCAL COUNCIL TAX SUPPORT SCHEME FOR TENDRING

The LCTS scheme was agreed by the full Council on 24 November 2014.

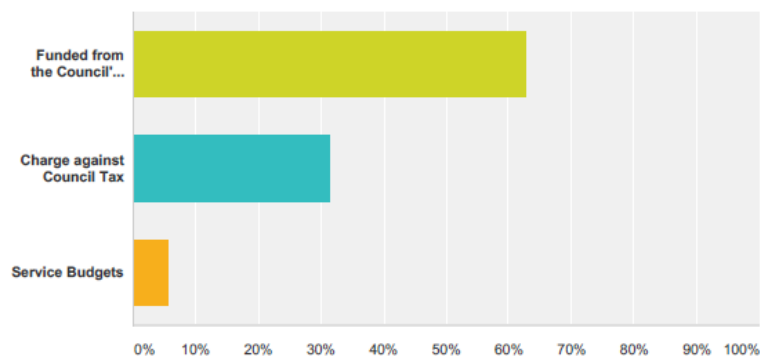
The results of the consultation are as follows



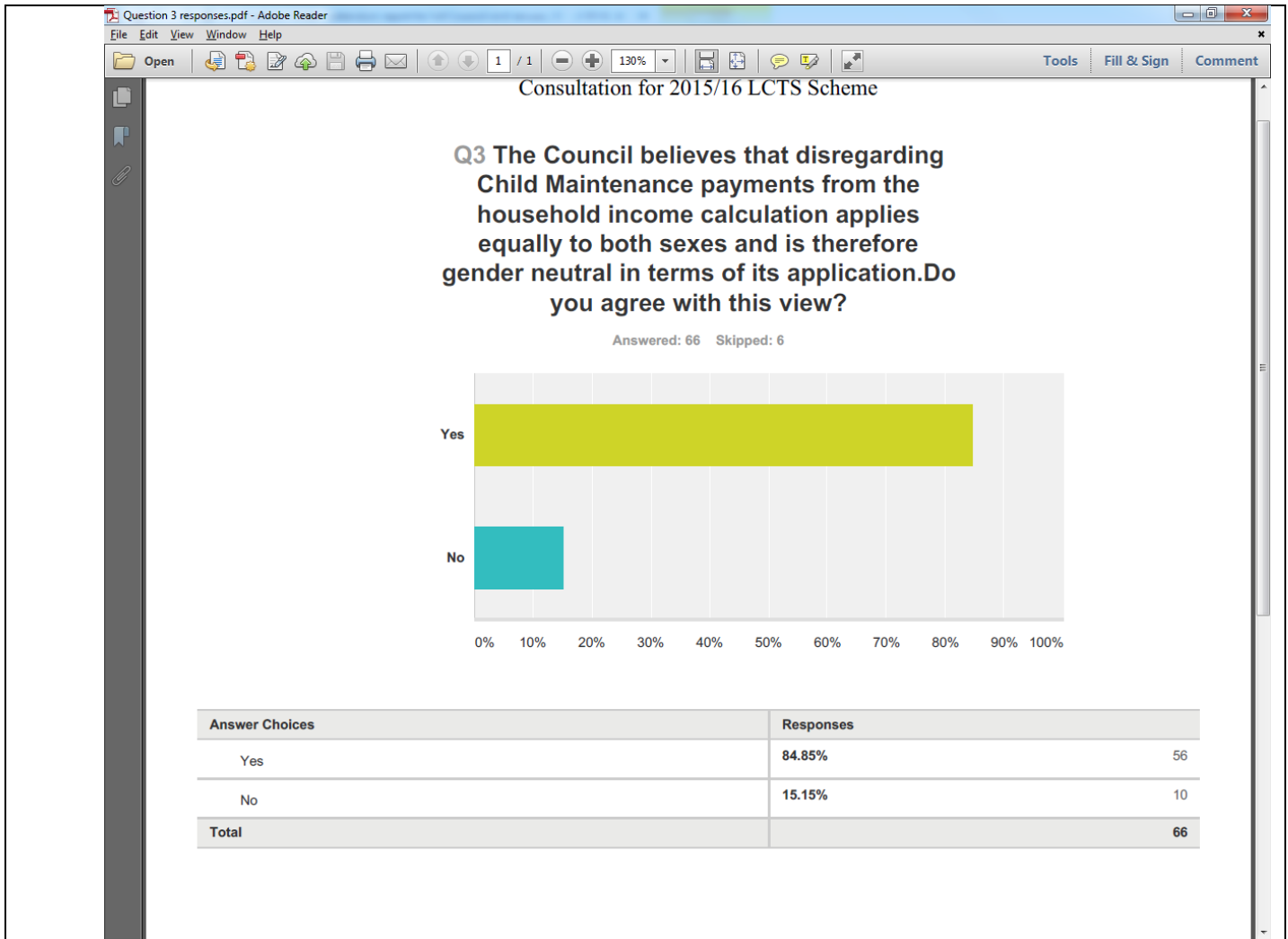
Consultation for 2015/16 LCTS Scheme

Q2 If "yes" to question 1: where should this be funded from? The Council has proposed that it is funded from reserves, but there are three choices:-a) Service budgetsb) Charge against Council Tax (This equates to an increase of approx 0.05% per annum in the average district Council Tax bill)c) Funded from the Council's reserves.

Answered: 35 Skipped: 37



Answer Choices	Responses
Funded from the Council's reserves	62.86% 22
Charge against Council Tax	31.43% 11
Service Budgets	5.71% 2
Total	35



The full survey response data is shown in Appendix A with the respondents' free format comments recorded on the survey.

There is also a response from the charity, Gingerbread, shown in Appendix B.

BACKGROUND PAPERS

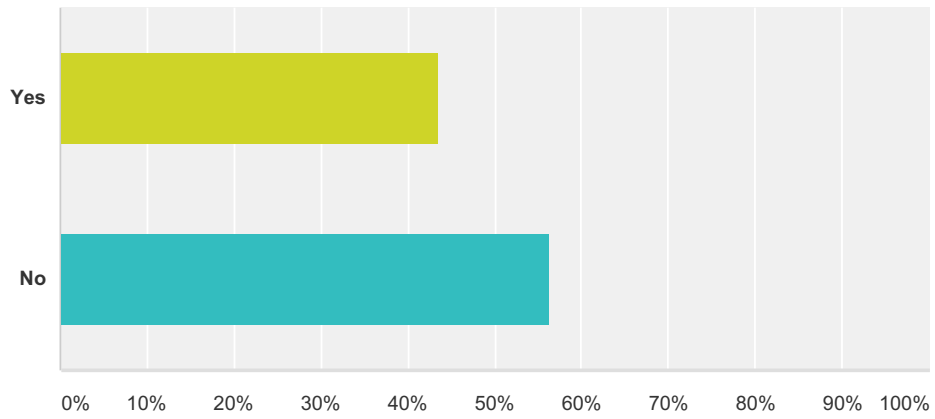
None

APPENDICES

- **Appendix A** - Full survey results
- **Appendix B** - Response from the Gingerbread charity

Q1 Should Child Maintenance payments be disregarded as income for LCTS calculation purposes?

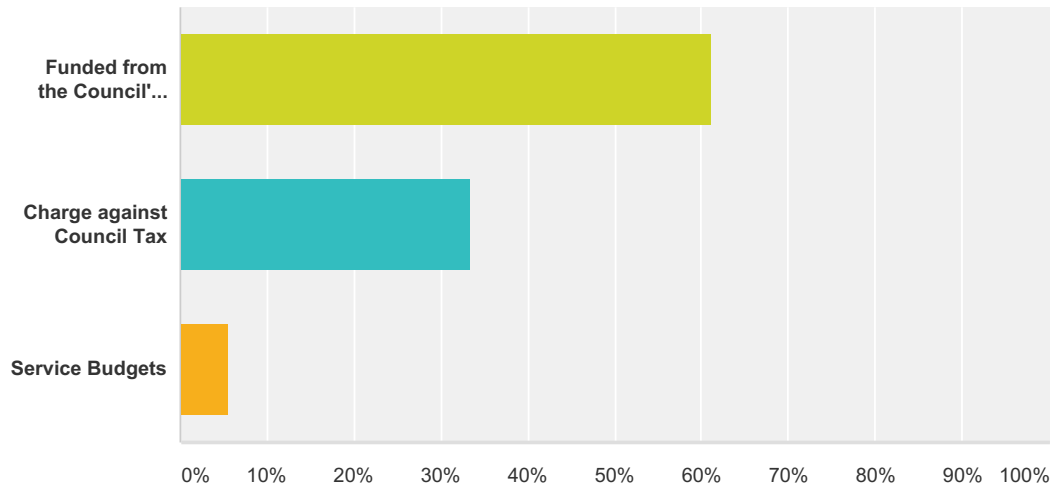
Answered: 71 Skipped: 2



Answer Choices	Responses	
Yes	43.66%	31
No	56.34%	40
Total		71

Q2 If "yes" to question 1: where should this be funded from? The Council has proposed that it is funded from reserves, but there are three choices:-a) Service budgetsb) Charge against Council Tax (This equates to an increase of approx 0.05% per annum in the average district Council Tax bill)c) Funded from the Council's reserves.

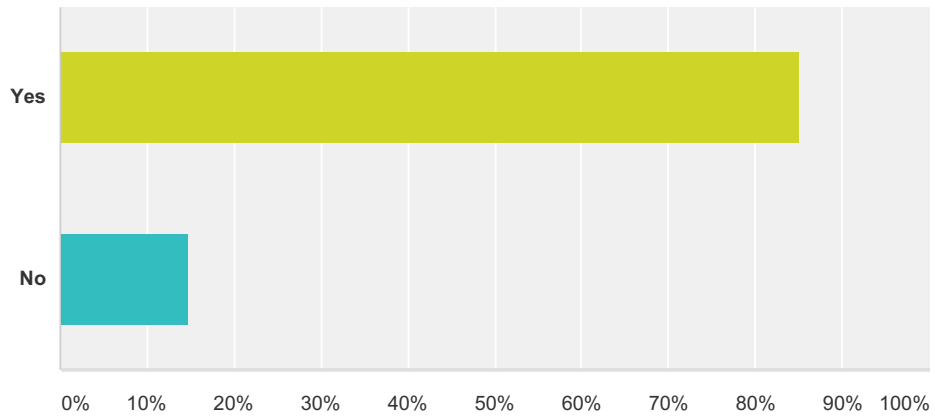
Answered: 36 Skipped: 37



Answer Choices	Responses
Funded from the Council's reserves	61.11% 22
Charge against Council Tax	33.33% 12
Service Budgets	5.56% 2
Total	36

Q3 The Council believes that disregarding Child Maintenance payments from the household income calculation applies equally to both sexes and is therefore gender neutral in terms of its application. Do you agree with this view?

Answered: 67 Skipped: 6



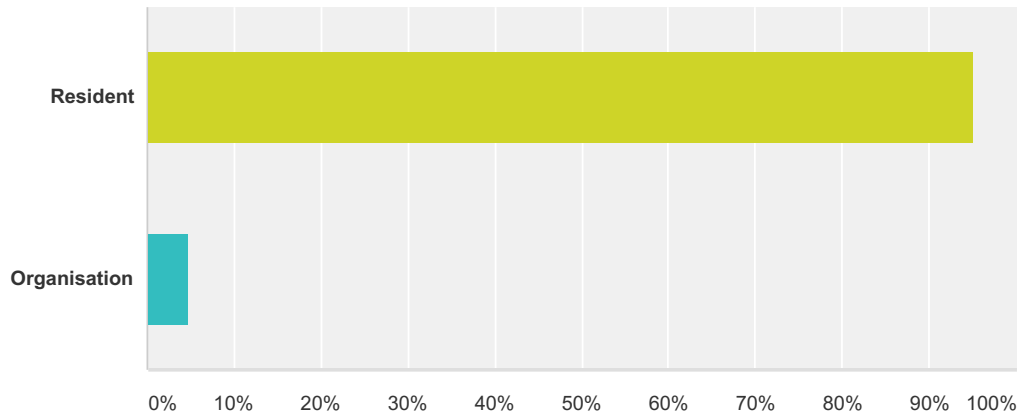
Answer Choices	Responses
Yes	85.07% 57
No	14.93% 10
Total	67

**Q4 Have you got any general comments
that you wish to make about these changes
or on the current additional LCTS?**

Answered: 30 Skipped: 43

Q5 Are you responding as a resident or on behalf of an organisation?

Answered: 62 Skipped: 11



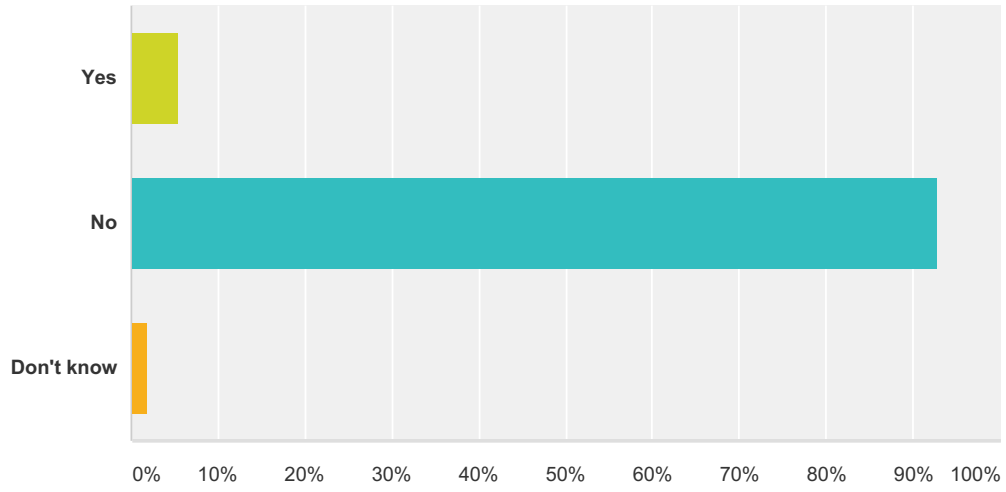
Answer Choices	Responses	
Resident	95.16%	59
Organisation	4.84%	3
Total		62

Q6 What is your postcode?

Answered: 51 Skipped: 22

Q7 Do you or your partner receive LCTS?

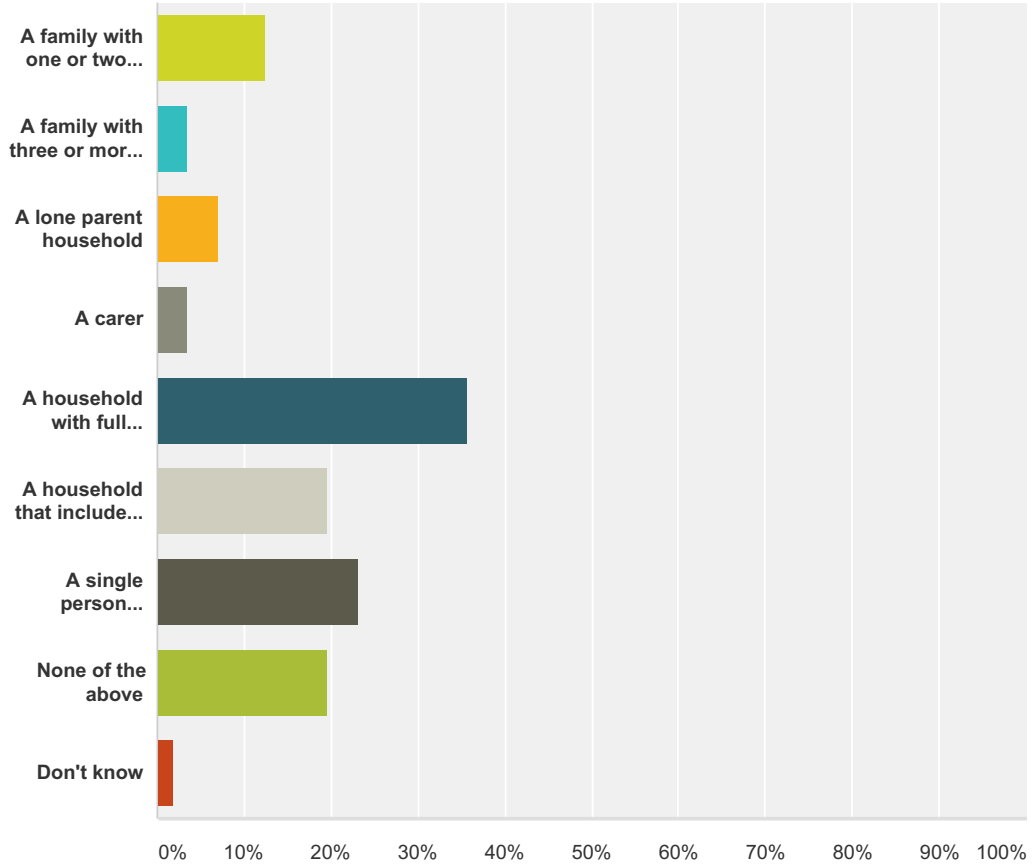
Answered: 56 Skipped: 17



Answer Choices	Responses	
Yes	5.36%	3
No	92.86%	52
Don't know	1.79%	1
Total		56

Q8 Please tick the description below that best describes your household (tick all that apply)

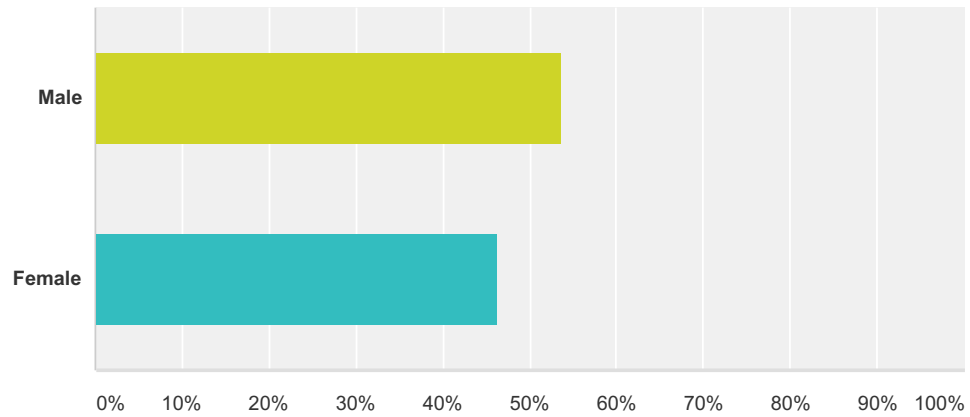
Answered: 56 Skipped: 17



Answer Choices	Responses
A family with one or two dependent children	12.50% 7
A family with three or more children	3.57% 2
A lone parent household	7.14% 4
A carer	3.57% 2
A household with full and/or part time workers	35.71% 20
A household that includes someone who is disabled	19.64% 11
A single person household or couple without children	23.21% 13
None of the above	19.64% 11
Don't know	1.79% 1
Total Respondents: 56	

Q9 Are You

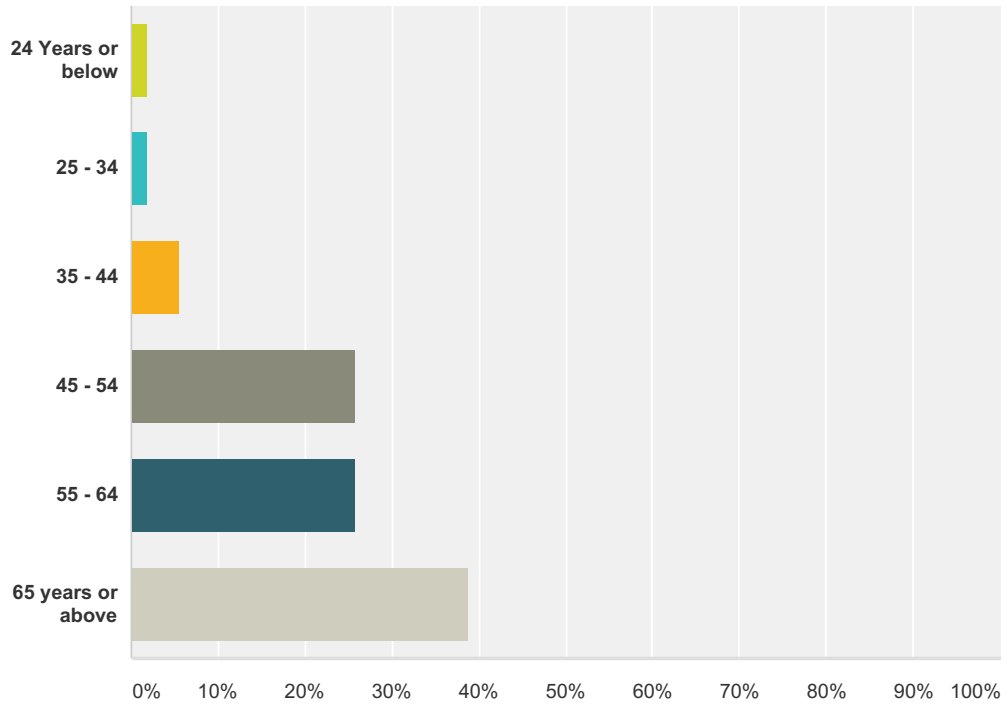
Answered: 54 Skipped: 19



Answer Choices	Responses	
Male	53.70%	29
Female	46.30%	25
Total		54

Q10 What is your age?

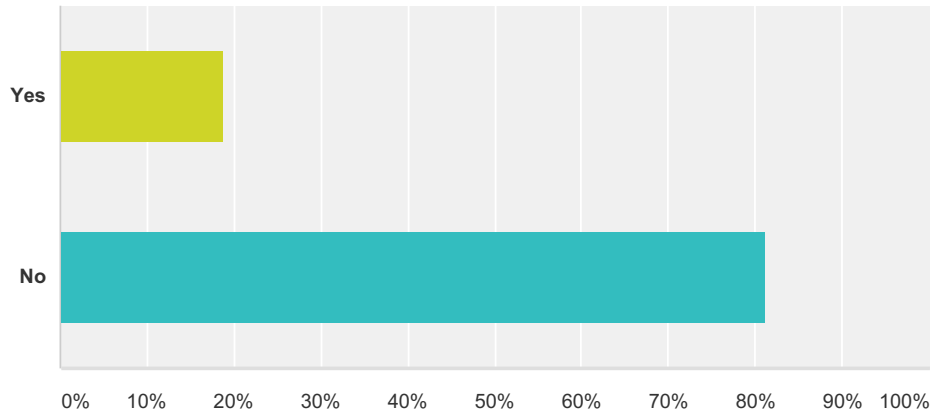
Answered: 54 Skipped: 19



Answer Choices	Responses	
24 Years or below	1.85%	1
25 - 34	1.85%	1
35 - 44	5.56%	3
45 - 54	25.93%	14
55 - 64	25.93%	14
65 years or above	38.89%	21
Total		54

Q11 Do you have any long-standing illness, disability or infirmity? (long-standing means anything that has troubled you over a period of time or that is likely to affect you over a period of time)

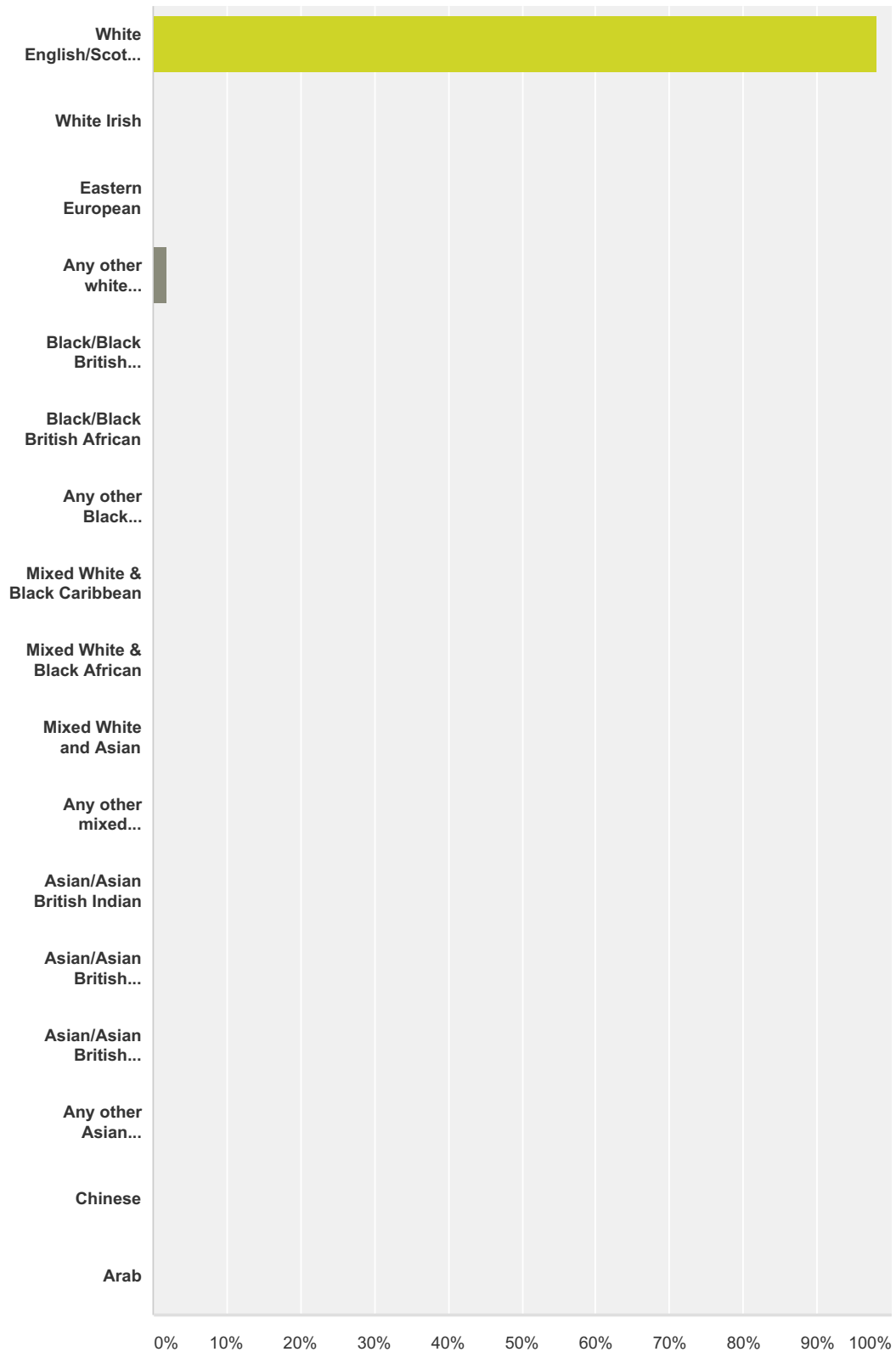
Answered: 53 Skipped: 20



Answer Choices	Responses	
Yes	18.87%	10
No	81.13%	43
Total		53

Q12 To which of these groups do you consider you belong?

Answered: 54 Skipped: 19

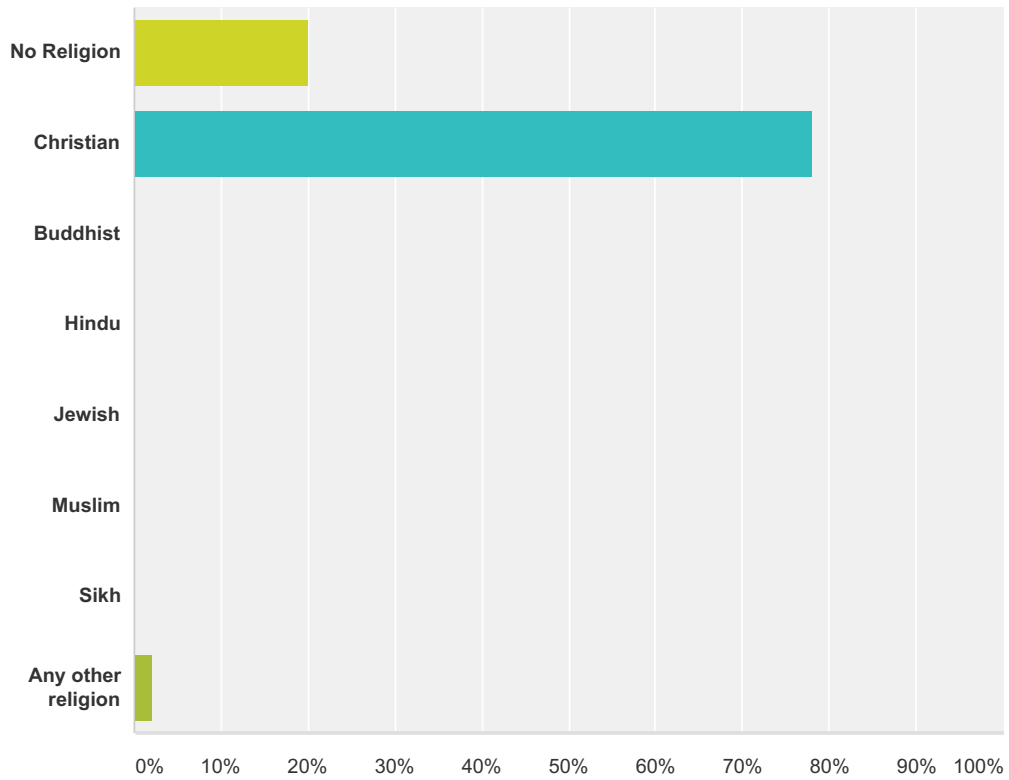


Consultation for 2015/16 LCTS Scheme

Answer Choices	Responses	
White English/Scottish/Welsh	98.15%	53
White Irish	0.00%	0
Eastern European	0.00%	0
Any other white background	1.85%	1
Black/Black British Caribbean	0.00%	0
Black/Black British African	0.00%	0
Any other Black background	0.00%	0
Mixed White & Black Caribbean	0.00%	0
Mixed White & Black African	0.00%	0
Mixed White and Asian	0.00%	0
Any other mixed background	0.00%	0
Asian/Asian British Indian	0.00%	0
Asian/Asian British Pakistani	0.00%	0
Asian/Asian British Bangladeshi	0.00%	0
Any other Asian Background	0.00%	0
Chinese	0.00%	0
Arab	0.00%	0
Total		54

Q13 What is your religion?

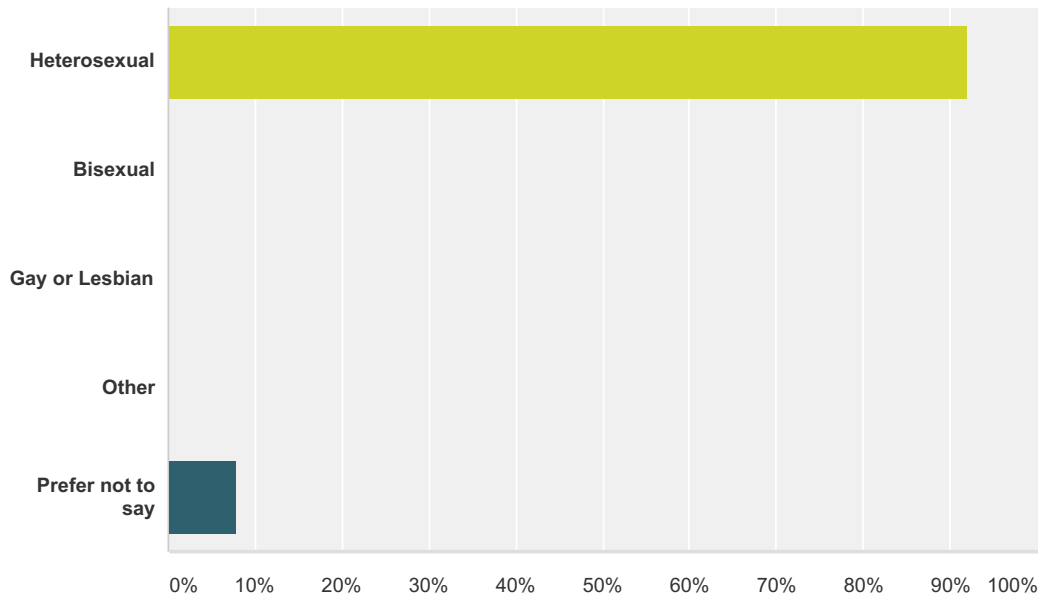
Answered: 50 Skipped: 23



Answer Choices	Responses
No Religion	20.00% 10
Christian	78.00% 39
Buddhist	0.00% 0
Hindu	0.00% 0
Jewish	0.00% 0
Muslim	0.00% 0
Sikh	0.00% 0
Any other religion	2.00% 1
Total	50

Q14 Do you consider yourself to be?

Answered: 51 Skipped: 22



Answer Choices	Responses	
Heterosexual	92.16%	47
Bisexual	0.00%	0
Gay or Lesbian	0.00%	0
Other	0.00%	0
Prefer not to say	7.84%	4
Total		51

o make about these changes or on the current additional LCTS?

Respondents	Response D	Response Text
1	01/04/2015	None
2	01/04/2015	No
3	01/03/2015	Do not confuse Child Maintenance with Child Benefit. They are two different things.
4	01/03/2015	Take the required funding out of the reserve funds and give yourselves a paycut !!
5	01/02/2015	As some one paying two council tax payments £225 a month and living in a private road paying a single person rate for the property I am living in. And 100Percent in the other . I consider child maintenance is income so should be calculated. As the nice lady from the highways said your roads private not our responsibility trying to work out what I get for the £225 a month. please do not get me wrong there are people who deserve help you scraped the six month grace on second property you scraped the single allowance on a second property. Tried renting the second property that was an education(disaster) due to the system. so now up for sale. the challenge has gone through people who are not paying the bills are making decisions for people who are. I would consider it unfair to raise the council tax by 5percent to fund the child maintenance not being considered income
6	01/02/2015	No
7	01/02/2015	People should live in the size of property they can afford, not expect handouts
8	01/02/2015	Council tax is part of the living expenses of everyone and therefore if child benefit is for a child's living expenses, this should be included in council tax assessments. If the child benefit recipient does not pay it, the money has to come from someone else - i.e. other tax payers - i.e. me!
9	01/02/2015	No
10	01/01/2015	Child Maintenance is a unreasonable inclusion as reliability of delivery to the child/mother/father can not be 100% proven in all cases.
11	12/31/2014	None
12	12/31/2014	I think that the 5% decrease on LCTS and any proposal to include Child Maintenance payments in the household income calculation for LCTS is unfair to people on the lowest incomes. We have no problem with an increase in our Council Tax to cover the cost.
13	12/31/2014	Frequently poor people do not get their maintenance paid and this fact is not be taken into account for council tax purposes at the moment
14	12/31/2014	Child maintance is an additional income and as such should be included when deciding lcts
15	12/30/2014	None
16	12/30/2014	I am surprised by the Council's view on this. Child maintenance should not be included in the calculations and that it should be funded from council reserves.
17	12/30/2014	Maintaince should be included as thus is additional income per household
18	12/30/2014	Preferred the scheme the way it was; it was fairer this equates to all residents needing to pay towards other residents child maintenance
19	12/30/2014	We are in austerity measures and there is a budget sum in council coffers for relief of those persons in the said situation - The child allowance is specific in its purpose and should remain so.
20	12/30/2014	Income is income and calculated in all other taxable income so it should be included in deciding LCTS . There are pensioners who do not qualify for LCTS because they have a company pension, who will be subsidising working age LCTs claimants in receipt of maintenance payments that will be tax free income, If it good to included pensioners income from all sources it's good enough for all..
21	12/25/2014	ALL INCOME should be counted as with other categories of the population.
22	12/11/2014	80% discount on this tax is average for the County.
23	12/09/2014	I dont see how taking £5 a week payment in to account would make much of a difference to the council where as the same £5 could help a child much more
24	12/08/2014	.
25	12/08/2014	A person who is just past the income amount does not have this benefit, therefore everyone should be treated the same.
26	12/06/2014	None
27	12/05/2014	Only that we are in effect giving in excess of £750 to some one in a band a home, as that is the difference between the tax due and the amount paid.
28	12/05/2014	No
29	12/05/2014	By disregarding Child Maintenance for the scheme, it will put parents where the father/mother does not contribute to the cost of the child at a disadvantage financially compared to thos parents who do receive child maintenance
30	12/05/2014	no

**Tendring District Council's 2015/2016 Local Council Tax Support scheme
Submission to the council's public consultation from Gingerbread**

About Gingerbread

1. Gingerbread is the national charity working for and with single parent families. Child maintenance forms an important part of our information, advice and policy work. It has been a longstanding goal of the organisation to help achieve an effective child maintenance system in this country so that children growing up in separated households are less financially disadvantaged, and that both parents take responsibility for contributing to their children's day to day living costs.

Tendring's consultation on its local council tax support scheme for 2015/16

2. Gingerbread agrees with the decision taken by Tendring Council on 25th November 2014, in connection with its 2015/16 local council tax support scheme, to disregard child maintenance payments when calculating entitlement. In this submission to the consultation, we explain why we support the Council's decision.

Context

3. Whilst relationships between parents may end, their responsibilities towards the children of that relationship do not. Part of that continuing responsibility involves contributing to their children's upkeep. Even modest amounts of maintenance can make a real difference, enabling the parent with main care to pay bills and avoid debt. It can make all the difference - helping to pay, for example, for a new pair of shoes or a warm coat for winter.
4. Among parents, around 97% of those eligible to receive child maintenance parents are mothers, with the same proportion of those potentially liable to pay child maintenance being fathers¹. The decision whether or not to count receipt of child maintenance income for council tax support purposes obviously impacts most directly on the 'receiving parent' and hence disproportionately on women. This reflects current patterns of care among separated families. However, 'paying parents' are also affected – in that the value of the money they had intended to give towards their children's upkeep is reduced, as a result of higher council tax bills for the 'receiving' parent. Both parents thus have an interest in ensuring that parental contributions to support children are protected.
5. Currently only around half of children in eligible families actually receive child maintenance. The latest available figures show that – across the UK – for low income families receiving council tax benefit in 2012/13, the average (mean) amount of child

¹ DWP Equality Impact Assessment Welfare Reform Bill

maintenance received was £19 per week. The median amount was £10 per week². When amounts are this modest, every penny counts. One of the reasons child maintenance is ignored in means-tested benefits administered at national level is the wish by central government to encourage more separated parents to take responsibility and set up child maintenance arrangements, and to ensure that as much child maintenance as possible reaches children's households.

Child Poverty

6. Children in single parent households are almost twice as likely to be at risk of poverty compared to children in two parent households. Child maintenance is an important factor in lowering that risk. Among single parents on benefit, a fifth of families receiving it would be living in poverty without it³. Sadly poor families – those most likely to be claiming council tax support – are less likely to receive it, with only around a third of children in the poorest fifth of single parent households getting it⁴. Any measures which directly target this group may well lead to fewer poor children receiving it.
7. In the face of current government cuts to welfare benefits and tax credits, where single parents are among the groups hardest hit⁵, the financial contribution made by one parent to the other for their children is an important protective element. Gingerbread believes it is important to support and encourage separated parents to 'do the right thing' for their children in having maintenance arrangements in place. The risk is that – by levying higher council tax bills on parents receiving child maintenance – it discourages 'non-resident' parents from paying it, and 'parents with main care' from seeking it. This has a potentially damaging impact on child poverty levels.
8. The council's attention is drawn to the guidance issued in February 2014 by the Department for Communities and Local Government, which specifically encouraged councils to consider fully disregarding child maintenance in their local council tax support schemes, as part of meeting their duties under the Child Poverty Act 2010 to mitigate the effects of child poverty in their area. In setting its scheme for 2015/16, this is the first opportunity for Tendring to take this guidance into account.

A double 'tax' on child maintenance

9. In August 2014, central government started charging single parents 4% of any child maintenance collected via the new Child Maintenance Service (CMS). This means that, if Tendring stuck to its present policy of counting child maintenance payments within its council tax scheme, single parents using the CMS collection service would, in effect, face two deductions from the maintenance for their child: one 'take' by central government and another by the local council. Given the modest amounts most parents receive, where every penny counts, this is a harsh blow.

² Family Resources Survey 2012/13, DWP (2014)

³ Bryson C., Skipp A., et al, *Kids Aren't Free*, Gingerbread (2013)

⁴ Family Resources Survey 2012/13, DWP (2014)

⁵ De Agnostini P., Hills J., and Sutherland H, *Were we really all in it together?* The distributional effects of the UK Coalition government's tax-benefit policy changes, LSE Centre for Analysis of Social Exclusion, November 2014

The same income risks being counted twice

10. Where both separated parents are on a low income and claiming council tax support, the same income risks being counted twice: once as the income of the paying parent, and then again as the income of the receiving parent. This is unfair to both separated parents and their children.

Most councils do ignore child maintenance income

11. In voting to exclude child maintenance income in its 2015/16 council tax support scheme, Tendring would be joining the over 90% of English councils (plus all councils in Scotland and Wales) which currently ignore child maintenance income for council tax purposes. Whilst Gingerbread accepts that all councils have had to make difficult decisions due to reductions in central government funding, it is notable that the overwhelming majority of councils have chosen to protect the children of single parents by not taking child maintenance into account.
12. Gingerbread therefore hopes – for all the above reasons - that the council will confirm its November decision.

*Gingerbread
17/12/2014*