

Scrutiny Panel

11th November 2014

Item
13

Report of	Customer Solutions	Author	Samantha Preston 01206 282707
Title	Local Council Tax Support 2015/16		
Wards affected	All Wards		

The Panel is invited to review and comment on recommendations in respect of the Local Council Tax Support Scheme for 2015/16

1. Action required

- 1.1 The panel is invited to review and comment on recommendations in respect of Local Council Tax Support scheme, for year three, commencing 2015/16. Such review and comment will be considered ahead of the Cabinet meeting of 26th November 2014 and Full Council meeting of 11th December 2014 where approval of the scheme will be requested.

2. Reason for scrutiny

- 2.1 Colchester Borough Council implemented a Local Council Tax Support scheme from 1st April 2013.
- 2.2 Legislation requires that following public consultation, amendments to the scheme for 2015/16 need to be agreed by Full Council before 31st January 2015.
- 2.3 It is recommended to bring the scheme in line with national legislative amendments and to propose the following changes:
 - Disregard in full child maintenance income for the purpose of income assessment
 - Set a minimum level of entitlement to £1.00
 - Increase non dependant deductions from £10 to £11
- 2.4 All other fundamental features of the scheme, other than those described under 2.3, are proposed to remain unaltered.

3. Background information

- 3.1 The Welfare Reform Act 2012 provided for the ending of Council Tax Benefit. Provisions for the localisation of Council Tax Support were included in the Local Government Finance Act 2012.
- 3.2 Since 1st April 2013 Local Authorities have been responsible for administering their own Council Tax Reduction Schemes. As such Colchester Borough Council implemented a Local Council Tax Support scheme from 1st April 2013.

- 3.3 Local Council Tax Support currently helps 11,255 residents reduce their Council Tax bill - 4,842 of state pension credit age and 6,413 of working age. The value of Local Council Tax Support granted currently is around £8.7 million for 2014/15.
- 3.4 All working age recipients of Local Council Tax Support have to pay a minimum contribution of 20% towards their Council Tax bill. National regulations still require local schemes to 'protect' those residents of state pension credit age from any reduction to their level of support as a result of the localisation of the scheme.
- 3.5 A summary of the 2014/15 current scheme key points are outlined below:

• Back to Work Bonus – additional 4 weeks support for those who find work
• Award based on 80% of Council Tax liability
• £6000 capital /savings limit
• Second adult rebate claims ended on 1 April 13
• Flat rate £10 non-dependent deduction
• Include child maintenance as income (child & spousal)
• Include Child Benefit as income
• £25 flat rate earnings disregard

4. Proposals

- 4.1 Disregard in full child maintenance income for the purpose of income assessment

In 2013 the single parent charity Gingerbread wrote to Colchester Borough Council's Chief Executive, Leaders of political groups, and a local MP, requesting we reconsider our decision to include Child Maintenance as an income within our Local Council Tax Support calculation. We received representations from Gingerbread after the 2014/15 consultation had been set however we committed to consult on such a disregard for the 2015/16 scheme.

Furthermore the Department for Communities and Local Government issued a guidance document to Local Authorities dated February 2014. This document addressed the public sector Equality Duty and within which provided context in respect of Child Maintenance disregards.

Modelling indicates that a full Child Maintenance disregard would incur additional scheme provision of £19,232.09

4.2 Set a minimum level of entitlement to £1.00

Housing Benefit currently has a minimum level of entitlement to avoid disproportionate costs of administration. Including a minimum entitlement level to Local Council Tax Support would replicate similar advantages.

Modelling indicates that a minimum level of entitlement to £1.00 would reduce scheme provision by £1,836.27

4.3 Increase non dependant deductions from £10 to £11

Flat rate non dependant levels have remained stable for 13/14 and 14/15. Keeping such a level again for a third year would erode the importance of all adults within the household contributing to the overall Council Tax charge.

Modelling indicates that an increase of non dependant deductions from £10 to £11 would reduce scheme provision by £11,429.51

5. Alternative Options

5.1 To alter the scheme for 2015/16 by increasing the minimum Council Tax contribution from 20% to 30% for working age claimants.

5.2 The alternative option of increasing the minimum contribution would not be recommended, taking account of the following considerations:

- There is no requirement to reduce further the level of Local Council Tax Support spend at this stage
- Public consultation for 2015/16 scheme design strongly opposes such a reduction of support
- By maintaining the current scheme this allows for a period of further stability for residents
- Further, fundamental reductions in working age support would lead to disproportionate burdens being placed on this resident base
- Council Tax collection for 2013/14 was 97.3% against a target of 97.5%
This compares to 'pre Local Council Tax Support' collection of 97.9% for 12/13
Further stability in respect of the minimum contribution rates would allow for further trends to be identified in the impact of Local Council Tax Support on the overall collection fund

6. Strategic Plan references

6.1 The Council's Strategic Plan sets out several priorities including an efficient benefits service and supporting more vulnerable groups.

6.2 Precepting authorities contributed additional funding to assist with the collection of Council Tax, recognising the additional number of residents we had to collect from and the potential difficulties we would experience collecting from residents who have either not previously paid Council Tax or who are paying an increased amount.

This additional money has helped fund the creation of the Customer Support Team, who work proactively providing a range of services including flexible payment plans, debt and back to work advice as well as administering the Exceptional Hardship fund. The work of this team helps to protect the interests of our more vulnerable residents whilst focusing on the maintenance of collection.

7. Consultation

- 7.1 The Local Government Finance Act 2012 sets out that Billing Authorities have to hold a public consultation on any potential changes to their existing Local Council Tax Support scheme. To comply with this and to understand the impact on residents of the existing scheme a 6 week consultation took place between 18th August and 29th September 2014.
- 7.2 To promote the consultation all working age residents in receipt of Local Council Tax Support received a letter inviting their views. Key organisations were also invited to respond including major precepting authorities. A draft policy document for 2015/16 was also published for open review.
- 7.3 Furthermore publicity by way of Press Releases and information highlighted on both Colchester Borough Council's and Essex County Council's website invited wider response.
- 7.4 Outcomes of the public consultation are set out in Appendix A and Appendix B.
- 7.5 197 responses were received. The Panel is invited to review the analysis report of the consultation by the Customer Research Team. The majority of respondents agreed with the proposed changes as outlined in the questions. However most were not in favour of the alternative option for all working age residents in receipt of Local Council Tax Support to pay a higher contribution than the current 20%

8. Publicity considerations

- 8.1 A co-ordinated communications approach was adopted by Essex authorities for the implementation of Local Council Tax Support. We continue to provide information on our website and will publicise information with our annual Council Tax bills.

9. Financial implications

- 9.1 The proposals set out within this report are intended to deliver a scheme for 15/16 which is in line broadly with the cost neutral ethos.

10. Equality, Diversity and Human Rights implications

- 10.1 An updated Equality Impact assessment (EQIA) was carried out and published on 4th August 2014. It is available on the Colchester Borough Councils Website or by clicking [here](#)
- 10.2 Discretionary funds are available for residents who are experiencing exceptional difficulty in meeting additional costs arising from the Welfare Reforms. These include Discretionary Housing Payments to help with Housing costs as well as a small Exceptional Hardship Fund to assist Local Council Tax Support recipients. This support is identified and provided by the Customer Support Team.

11. Community Safety implications

The proposals contain provision for dealing with welfare concerns of residents, particularly vulnerable people. It is intended to limit hardship to avoid giving rise to crime and disorder.

12. Health and Safety implications

There are no health and safety implications.

13. Risk Management implications

- 13.1 Fundamental changes to the current criteria could potentially affect the collection fund position. Keeping the scheme broadly the same for 2015/16 will allow for further impact analysis on the collection fund.

Background Papers

Draft Local Council Tax Support 2015/16 policy document - included in agenda

Appendix A – Local Council Tax Support Public Consultation – introduction and overview, analysis and free text comments

Appendix B – Sample Questionnaire with results in situ