

<b>Report of</b>	<b>Head of Customer Services</b>	<b>Author</b>	<b>Sean Plummer Strategic Finance Manager / Jason Granger Customer Interventions Manager 508824</b>
<b>Title</b>	<b>Local Council Tax Support 2017/18</b>		
<b>Wards affected</b>	<b>All Wards</b>		

**This report concerns proposals for the Local Council Tax Support Scheme for 2017/18**

**1. Decision required**

- 1.1 To agree and recommend to Full Council the proposals in respect of Local Council Tax Support scheme commencing 01 April 2017.

**2. Reasons for Decision**

- 2.1 Colchester Borough Council implemented a Local Council Tax Support scheme from 1 April 2013.
- 2.2 Legislation requires that following public consultation, amendments to the scheme for 2017/18 need to be agreed by Full Council before 31 January 2017.
- 2.3 It is recommended to bring the scheme in line with national legislative amendments and to propose the following changes:
- Amend backdating to one calendar month
  - Reducing the period for which a person can be absent from Great Britain and still receive Local Council Tax Support from 1 April 2017.
- 2.4 All other fundamental features of the scheme, other than those described under 2.3, are proposed to remain unaltered.

**Alternative Options**

- 3.1 Removal of the family premium for new working age Local Council Tax Support awards from 1 April 2017.

Consultation proposals included an option to remove the family premium for new working age Local Council Tax Support awards from 1 April 2017.

Applicants to Local Council Tax Support have a maximum amount of weekly income they can receive before their income starts to affect their level of entitlement. This figure is called the applicable amount.

Where one member of a family is a child or young person a Family Premium can be awarded adding £17.45 to the applicant's weekly applicable amount. The Government has removed the family premium for new claims for Housing Benefit from May 2016. This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance. Modelling indicates this would reduce total scheme provision by £137,380.

The removal of the family premium would reduce the applicable amount for new applicants with dependent children yet will provide consistency with the Housing Benefit scheme.

3.2 The option of removing the family premium for new working age Local Council Tax Support awards from 1 April 2017 received support in consultation. However this would not be recommended, taking into account the following considerations:

- Maintaining the current assessment basis for families would provide further stability for this resident basis in terms of wider welfare adjustments
- The removal of the family premium would have a disproportionate effect on families on a low income.

3.3 Respondents were also asked to provide wider comment on alternative options for scheme funding including increasing the level of Council Tax, accrue savings from reducing other Council Services or using Council's reserves.

3.4 The alternative options did not receive support through consultation.

3.5 If Colchester Borough Council keeps the current scheme, it will be administratively more complex as it will not align with Housing Benefit which is also administered by the Colchester Borough Council and this will have a cost implication.

#### **4. Background information**

4.1 Local Council Tax Support currently helps 10,100 residents reduce their Council Tax bill – 4,300 of state pension age and 5,800 working age residents.

The value of Local Council Tax Support granted in 2015/16 was £8.05 million. For 2016/17 it is estimated to be £8.10 million.

4.2 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.

4.3 A summary of the 2016/17 key scheme 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
- Flat rate £12 non-dependent deduction
- Disregard of child maintenance as income
- Include Child Benefit as income
- £25 flat rate earnings disregard
- £1.00 per week minimum level of entitlement.

## **5. Proposals**

### **5.1 Amend backdating to one calendar month**

It is proposed to amend backdating to one month. This is a minor correction to our policy which currently states 28 days. This has negligible financial impact but aligns the scheme to other Welfare Benefit frameworks. Amending backdating has no adverse impact in relation to entitlement.

### **5.2 Reducing the period for which a person can be absent from Great Britain and still receive Local Council Tax Support from 1 April 2017 to four weeks**

Within the current scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting their claim. This replicated the rule within Housing Benefit.

It is proposed that the Local Council Tax Support scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations such as mariners and the armed forces or where you have to go abroad due to the death of a close relative.

The limitation of temporary absence rules will require residents to reapply for Local Council Tax Support upon their return, yet provide consistency with the Housing Benefit scheme.

## **6. Strategic Plan references**

### **6.1 The Council's Strategic Plan sets out several priorities including a commitment to ensure Colchester is a welcoming and safe place for residents, visitors and businesses with a friendly feel that embraces tolerance and diversity.**

### **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 a proactive intervention programme which provides a range of services including flexible payment plans, debt and back to work advice as well as administration an Exceptional Hardship fund. This work 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 scheme a 6 week consultation was held from 22 August to 3 October 2016.**

### **7.2 Historically response rates to consultation have been low. Ahead of, and during this year's consultation considerable efforts were made to generate responses. A robust communications plan was formed and included the following:**

- Design of consultation media, fixing the brand and providing consistency of message
- Bespoke web page promoting consultation
- Colchester Borough Council landing page advert running throughout consultation

- Press release
- Social media campaign - Colchester Borough Council and Colchester Borough Homes
- Enews articles and Members Information Bulletin
- Poster and screen promotion - internally and externally
- Phone prompts on call centre telephony channels
- Consultation advert on all Council Tax notifications issued during consultation period. In excess of 8,000 notifications were issued carrying this message at no additional cost
- Key message for Customer Services officers to encourage response.

7.3 Outcomes of the public consultation are set out in Appendix A. The majority of respondents agreed with the terms presented.

## 8. Publicity considerations

8.1 Local Council Tax Support is publicised via a website and we continue to provide information within our annual Council Tax bills and other mailings.

## 9. Financial implications

9.1 The Government funding for Local Council Tax Support was originally provided as a specific grant.

The funding is no longer separately identified in Local Authority settlements yet forms part of the Revenue Support Grant and baseline retained business rates, together known as the Settlement Funding Allocation.

The Settlement Funding Allocation has reduced each year and therefore it could be assumed that the funding for Local Council Tax Support has also reduced.

The table below shows how the cost of Local Council Tax Support compares to the assumed Government grant.

Grant	Settlement Funding Allocation Reduction	Colchester Borough Council Assumed Grant (£'000)	Local Council Tax Support Costs (£'000)	Colchester Borough Council Share (£'000)	Difference (£'000)
2013/14		1,321	9,085	1,081	240
2014/15	13%	1,149	8,497	1,011	138
2015/16	15%	977	8,047	958	19
2016/17	17%	811	8,113	933	-122
2017/18	17%	673	8,121	934	-261

9.2 The cost of the scheme is influenced by both caseload and the Council Tax rate set. The cost in 2016/17 has therefore increased due to the 3.4% Council Tax rise and further increases are likely in 2017/18.

This table shows that in 2016/17 there is an estimated net cost of the scheme for Colchester Borough Council. Looking ahead to 2017/18 and beyond, the Settlement Funding Allocation will reduce further and Council Tax rises are likely and therefore this could lead to a net cost of the Local Council Tax Support scheme in later years. However, the actual position will depend on caseload numbers.

The 2017/18 Council budget already assumes the above reduction in Government funding and therefore the impact of this has already been factored in to the budget gap. It should be remembered that the cost of LCTS and funding is shared with the major preceptors (County, Fire and Police) and as such the overall net cost of the scheme will vary depending on how funding has reduced for different authorities.

Whilst we have seen a reduction in the caseload (approximately 1500 since the introduction of LCTS) volatility in the economic outlook could create future pressure on caseloads and subsequently the cost of the scheme. Furthermore fundamental changes to the current criteria could potentially affect the collection fund position. These factors have been taken into consideration when providing options for consultation.

Local Council Tax Support scheme proposals attempt to balance the ongoing pressures of Local Authority settlement for both billing authorities and preceptors whilst acknowledging potential for escalating scheme costs due economic volatility. These factors are placed in contrast for the need to support and protect those on a low income. Furthermore, the Council needs to consider the risks to collection rates from changes in the scheme.

## **10. Equality, Diversity and Human Rights implications**

- 10.1 An updated Equality Impact assessment (EQIA) was carried out and published on 18 August 2016. It is available on the Colchester Borough Councils Website or by clicking [here](#)

## **11. Community Safety implications**

- 11.1 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.
- 13.2 The absence of an adopted Local Council Tax Support Scheme for 2017/18 by 31 January 2017 would lead to introduction of a prescribed default scheme which broadly represents the former Council Tax Benefit scheme with an additional funding requirement of circa £1.2 million.
- 13.3 Help and assistance is available to any resident affected by the proposed changes by the Customer Support Team. This team is currently supporting residents affected by the Governments Welfare Reform Agenda. This dedicated team are ready to provide a wide range of advice in relation to Welfare Benefits, money management and back to work support.
- Draft Local Council Tax Support 2017/18 policy document – access by clicking [here](#)
  - Appendix A – Local Council Tax Support Public Consultation – overview, analysis and free text comments

### **Local Council Tax Support Consultation**

#### **Introduction**

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 seek public opinion on the scheme a 6 week consultation took place between 22<sup>nd</sup> August and 3<sup>rd</sup> October 2016.

There were a total of 164 respondents. However this did not relate to 164 fully completed questionnaires as they were a high level of respondents that did not fully complete the questionnaire, this was through abandoning the completion of the questionnaire at different points.

#### **Overview**

The questionnaire was divided into the following sections:

- Background to the Consultation

Within this section supporting information was provided to explain the broad principles of the Consultation.

- Paying for the Scheme

Within this section the views were sought on whether the current scheme should continue.

- Proposed changes to the scheme

Within this section views were sought on specific changes proposed.

- Alternative methods

Within this section views were sought on alternative options to fund the current scheme in contrast to the proposed changes with free text sections allowing wider comment to be provided.

- About you

Equality and Diversity responses.

## Responses

Rounding has been applied to results. Free type comments reported verbatim.

**I have read the section 'Background to the Consultation' at the start of this Questionnaire.**

		Response Total	Response Percent
Yes		61	100
No		0	0

## Paying for the scheme

**Should Colchester Borough Council keep the current Local Council Tax Support Scheme? (Should it continue to provide the same level of support as it does at the moment?)**

		Response Total	Response Percent
Yes		29	62
No		12	26
Don't know		6	12

**Please use the space below to make any comments you have in regards to maintaining the Local Council Tax Support Scheme:**

- With the exception of the £12 non means tested regardless of savings element for non dependent. This should reflect the non dependents income - either up or down
- no comment
- If the council allocated money to the essential work needed in the borough then there would surely be enough funds to cover costs.
- I have serious concerns about the level of poverty fostered on to the most vulnerable with the benefit cap as well a change in this could mean children not eating
- there should be some provision for those on a low income
- Why change a system that is already in place for something that won't save money
- People of working age on benefits cannot afford to pay as we are given the minimum to live on which is then made less by various payments such as this and bedroom tax putting us in poverty. DLA and PIP are Not incomes but grants to allow us to live as others.
- Should be supporting vulnerable people and those on low incomes

## Proposed changes to the scheme

**Option 1 – Removing the family premium for all new working age applicants**  
The removal of the family premium from 1st April 2017 for new claims will bring the Local Council Tax Support Scheme in line with Housing Benefit. The family premium is part of how we assess the 'needs' (Applicable Amounts) of any applicant, which is compared with their income. The family premium

(currently £17.45 per week) is normally given when an applicant has at least One dependant child living with them. This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

**The benefit of doing this:**

- It brings the working age Local Council Tax Support Scheme in line with Housing Benefit changes and provides efficiency in administration.
- The change has already been introduced for pension age applicants by Central Government.

**The drawbacks of doing this:**

- New working age applicants may see a reduction in the amount of support they receive.
- Some households with children may pay more

**Do you agree with the option 1?**

		Response Total	Response Percent
Yes		29	72
No		7	18
Don't know		4	10

**If you disagree what alternative would you propose?**

- Entire scheme should be means tested.
- The affected parties would be those who are trying to meet their obligations by working. Those who don't work would benefit and make it easier for them to not consider getting a job. Many of those who do not work are capable of working and should be utilised in local community projects so that the borough does not need to fund minor projects such as litter picking and tidying of community areas. That way they are affectively earning their benefits thus saving the council money.
- I would propose continuing with this and find another way
- To avoid a 2 tier system, every claimant should be on the same as everybody else. Either keep the system we have now or if a new system is needed, then a completely new system that saves the council money and pass the savings on, where the money should be.
- People on benefits should not pay as it places us in poverty
- Continue with the family element as it is being removed for other benefits

**Option 2 - Amending Backdating to 1 month**

Currently claims for Local Council Tax Support from working age applicants can be backdated for 28 days where an applicant shows they could not claim at an earlier date. Central Government has reduced backdating for Housing Benefit claims to 1 month. It is proposed that the Council's Local Council Tax Support Scheme should be in line with the changes to Housing Benefit.

**The benefit of this:**

- It brings the working age Local Council Tax Support Scheme in line with Housing Benefit and provides efficiency in administration
- The change will provide a small increase to the maximum period of backdating

The drawback of this:

- There are no drawbacks

Do you agree with the option 2?

		Response Total	Response Percent
Yes		35	88
No		1	2
Don't know		4	10

If you disagree what alternative would you propose?

- This could be implemented provided it is looked into by then council benefits dept and listening to everyone on the tax benefit and drawn out so everybody is happy knowing money will be saved and passed on.
- People on benefits can not afford to lose money from the minimum they receive

**Proposed changes to the scheme**

**Option 3 - Reducing the period for which a person can be absent from Great Britain and still receive Local Council Tax Support to 4 weeks**

Within the current scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting their Local Council Tax Support. This replicated the rule within Housing Benefit. Housing Benefit has now been changed by the Central Government so that if a person is absent from Great Britain for a period of more than 4 weeks their benefit will cease.

It is proposed that Colchester Borough Council's Local Council Tax Support Scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations such as Mariners and the Armed Forces or where an applicant has to go abroad due to the death of a close relative.

The benefit of doing this:

- It brings the working age Local Council Tax Support Scheme in line with Housing Benefit and provides efficiency in administration

The drawback of this:

- If a person is absent from Great Britain for a period which is likely to exceed 4 weeks, their Local Council Tax Support will cease from when they leave Great Britain. They will need to re-apply on return

Do you agree with the option 3?

		Response Total	Response Percent
Yes		33	83
No		3	7
Don't know		4	10

## If you disagree what alternative would you propose?

- This doesn't make sense! Is it temporarily absent abroad? If so then I agree! If it is temporarily absent as in gone into hospital for 13 weeks then I don't
- Good idea in principle, it needs a full debate between the benefit dept and claimants and amendments must be implemented so nobody loses out.
- If someone is out of Great Britain for reasons other than those exceptions mentioned above they should not receive benefit for this period.

## Alternative methods

### Alternatives to reducing the amount of help provided by the Local Council Tax Support Scheme

If Colchester Borough Council keeps the current scheme, it will be administratively more complex (as it will not align with Housing Benefit which is also administered by the Colchester Borough Council) and it will cost taxpayers more.

If this happens we will need to find savings from other services to help meet the increase in costs.

The proposals set out in this consultation could deliver savings. The alternatives are set out in the background information.

Do you think we should choose any of the following alternative options rather than the proposed changes to the Local Council Tax Support Scheme?

Please select one answer for each source of funding

	Yes	No	Don't know	Response Total
Increase the level of Council Tax	10.26% (4)	64.1% (25)	25.64% (10)	39
Reduce the funding available for other Council Services	10.26% (4)	69.23% (27)	20.51% (8)	39
Use the Council's savings	17.95% (7)	56.41% (22)	25.64% (10)	39

If the Council were to choose these other options to make savings, what would be your order of preference?

Please rank in order of preference by selecting a number from 1 – 3 in the boxes below, where 1 is the option that you would most prefer and 3 is the least.

	1	2	3	Response Total
Increase the level of Council Tax	20.51% (8)	7.69% (3)	71.80% (28)	39
Reduce the funding available for other Council Services	20.51% (8)	28.21 (11)	51.28% (20)	39
Use the Council's savings	28.21% (11)	38.46% (15)	33.33% (13)	39

Please use the space below to make any other comments on the scheme

- Please see my comments previously

- I think the reliance on food banks is a disgrace and the loss of council tax benefit was shocking and understand that the councils have to make up the shortfall which is also wrong. Some families simply cant have any more outgoings without going hungry- its 2016 its disgraceful.
- I think Cllr Paul Smith and his coalition colleagues are doing a great job under trying circumstances, with good support from Adrian Pritchard and other CBC officers. This public consultation is a good example of their commitment to democracy and open government
- consider the million pound council tax and the high earner tax, so the higher the cost of the home, the more you pay and the more you earn over £60,000, the more you pay.

**Please use the space below if you would like Colchester Borough Council to consider any other options**

- Include prison as absent from home
- I think those who are capable of work should be asked to work in the community to receive their benefits. It would give them a sense of earning their money and pride in themselves.
- What might help to a point is VAT on things, see what can be saved there also, cutting back on perks for council employees/managers

**If you have any further comments regarding the Local Council Tax Support Scheme, please use the space below**

- Local council tax support should be assessed by the amount of money going into a household regardless of whether that money is worked for or by benefits. If the amount of benefit is higher than a working persons income then it should be taken into account and not automatically given just because the person is already receiving other benefits by not working. A working person should not be treated differently to a benefit reliant person, when that person is struggling to pay their own bills by working but a benefit reliant person does not get means tested on their benefits. It makes no sense.
- They should have 100% reduction for people on DLA/PIP
- People on benefits should not have to pay from the minimum we are given. DLA & PIP are not incomes and should not be included in calculations. Pushing disabled and sick in to poverty should not happen.

**Equality and Diversity Questions**

**Are you, or someone in your household, claiming Local Council Tax Support?**

		Response Total	Response Percent
Yes		4	12
No		27	82
Don't know		2	6

**Are you**

		Response Total	Response Percent
Male		12	36
Female		17	52

Prefer not to say		4	12
Other, please specify		0	0

## Age

		Response Total	Response Percent
18-24		2	6
25-34		5	15
35-44		7	21
45-54		7	21
55-64		4	12
65-74		4	12
75-84		1	3
85+		0	0
Prefer not to say		3	10

## Do you consider yourself to have a physical impairment?

		Response Total	Response Percent
Yes		3	10
No		24	80
Not sure		1	3
Prefer not to say		2	7

## Do you consider yourself to have a sensory impairment?

		Response Total	Response Percent
Yes		2	7
No		25	86
Not sure		0	0
Prefer not to say		2	7

## Do you consider yourself to have a learning difficulty or disability?

		Response Total	Response Percent
Yes		2	7
No		23	85
Not sure		1	4
Prefer not to say		1	4

## Do you consider yourself to have any mental health needs?

		Response Total	Response Percent
Yes		4	12
No		24	76
Not sure		0	0
Prefer not to say		4	12

## Ethnicity

		Response Total	Response Percent
White British		24	75
White Irish		1	3
White Other		2	6
Gypsy / Roma		0	0
Traveller of Irish Heritage		0	0
Black or Black British African		0	0

Black or Black British Caribbean		0	0
Mixed White/Black African		0	0
Mixed White/Black Caribbean		0	0
Black Other		0	0
Asian or Asian British Pakistani		0	0
Asian or Asian British Indian		0	0
Asian or Asian British Other		0	0
Mixed White/Asian		0	0
Asian Other		0	0
Chinese		0	0
Mixed Other		0	0
Not Known		0	0
Prefer not to say		5	16
Other, please specify		0	0

**END**