

Scrutiny Panel

8 November 2016

Item
14

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

The Panel is invited to review and comment on recommendations in respect of the Local Council Tax Support Scheme for 2017/18

1. Action required

- 1.1 The panel is invited to review and comment on the proposed Local Council Tax Support scheme commencing 2017/18.

Such review and comment will be considered ahead of the Cabinet meeting of 30 November 2016 and Full Council meeting of 8 December 2016 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 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.

3. Background information

- 3.1 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.
- 3.2 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.

3.3 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.

4. Proposals

4.1 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.

4.2 Reducing the period for which a person can be absent from Great Britain and still receive Local Council Tax Support from 1 April 2017

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.

5. Alternative Options

5.1 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 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.

5.2 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.

5.3 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.

5.4 The alternative options did not receive support through consultation.

5.5 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.

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.

Background Papers

- 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