

Report of	Head of Customer Services	Author	Jason Granger Customer Interventions Manager ☎ 508824
Title	Local Council Tax Support 2016/17		
Wards affected	All Wards		

This report concerns proposals for the Local Council Tax Support Scheme for 2016/17

1. Decision Required

- 1.1 To agree and recommend to Full Council the proposals in respect of Local Council Tax Support scheme commencing 2016/17.

2. Reasons for Decision

- 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 2016/17 need to be agreed by Full Council before 31st January 2016.
- 2.3 It is recommended to bring the scheme in line with national legislative amendments and to propose the following changes:
- Limit backdating of working age Local Council Tax Support applications to four weeks
 - Increase applicable non dependant deductions from £11 to £12
- 2.4 All other fundamental features of the scheme, other than those described under 2.3, are proposed to remain unaltered.

3. Alternative Options

- 3.1 The following proposal has been considered but will not be included in the proposed scheme:

Setting a Minimum Income level for Self Employed Persons for working age residents

Consultation proposals included an option to introduce a minimum earned income figure for those who are self-employed which is in line with the United Kingdom minimum wage for 16 hours worked. Modelling indicates this would reduce scheme provision by £148,278.

- 3.2 The alternative option of setting a minimum income floor has not been included, taking into account the following considerations:

Maintaining the current assessment basis of self-employed persons would provide further stability for this resident basis in terms of burgeoning businesses.

Fundamental changes in the treatment of self-employed persons would lead to a disproportionate burden being placed on this resident base.

4. Background information

- 4.1 Local Council Tax Support currently helps 11,000 residents reduce their Council Tax bill - 5,000 of state pension age and 6,000 working age residents. The value of Local Council Tax Support granted in 2014/15 was £8.4 million. For 2015/16 it is estimated to be £8.2 million.
- 4.2 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 current key scheme points are outlined below and are proposed to remain the same:
- 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
 - 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. Proposed changes for 2016/17 scheme (year 4)

There are two proposed changes to the scheme for 2016/17 as set out below:

- 5.1 Limit backdating of working age Local Council Tax Support applications to four weeks

Currently entitlement to Local Council Tax Support can be backdated to a maximum of three months based on the presence of 'good cause'

When such applications for backdating are received it is normal for an officer to investigate the facts to establish reasons for why the applicant could not have claimed earlier. Colchester Borough Councils Local Council Tax Support scheme is now established, widely publicised and readily accessible. The mechanism for backdating to three months can be viewed as disproportionate.

It is further recognised the Summer Budget of 2015 outlined an intention to limit backing in Housing Benefit to a maximum of four weeks. Limiting backdating requests in line with these proposed changes would create efficiency in process yet still provide a robust degree of protection. Modelling indicates limiting backdating of a working age Local Council Tax Support applications to four weeks would reduce scheme provision by £17,500.

5.2 Increase applicable non dependant deductions from £11 to £12

For 2015/16 non dependant deductions were increased to £11 per week from £10 per week in 13/14 and 14/15. Keeping such a level again would erode the importance of adults within the household contributing to the overall Council Tax charge.

There are protections in place where non dependant deductions do not apply based on the income profile or circumstance of the applicant, partner of the applicant or indeed the non-dependant. These will remain unaltered. Modelling indicates this would reduce scheme provision by £9,303.

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 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 17th August and 28th September 2015.

7.2 To promote the consultation various publicity channels were utilised including: websites, phone messaging, online account service prompts, promotion in front facing offices, poster and social media messaging. Key organisations were also invited to respond. A draft policy document for 2016/17 was also published for open review. Furthermore publicity by way of Press Releases invited response.

7.3 Outcomes of the public consultation are set out in Appendix A. The majority of respondents agreed with the terms presented in relation to non-dependant deductions, however the proposed changes to backdating did not receive agreement in the majority, yet individual comment supported such changes.

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.

- 9.2 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 of 12% (£'000)	Difference (£'000)
13/14		1,321	9,085	1,090	231
14/15	13%	1,149	8,497	1,020	130
15/16	15%	977	8,202	984	(7)

This table shows that the scheme for Colchester Borough Council is expected to be broadly cost neutral for 2015/16. However the Settlement Funding Allocation is expected to reduce further in 2016/17 and beyond and therefore this could lead to a cost of the Local Council Tax Support scheme in later years. The overall 2016/17 Council budget already assumes a reduction in our total funding and therefore the impact of this has already been assumed.

- 9.3 The wider context of Local Authorities fiscal environment, including assumed future reductions in grant funding was specifically raised in relation to Local Council Tax Support by the interim Chief Executive Officer of Essex County Council.

In July 2015 a letter was issued to all Local Authority Chief Executives, in Essex, detailing an indicative deficit of £8.8M between funding levels and the cost of Local Council Tax discounts by 2015/16 across Essex.

The representation included an acceptance that although it may not be viable to recoup all of the reduction in government funding for Local Council Tax Support directly onto the working age claimants, it was considered that where there was potential to achieve further savings, then these options must be fully explored.

It is accepted that billing authorities do share the responsibility of Local Council Tax Support with preceptors however the assumed deficits are greater in terms of Essex County Council Share.

- 9.4 Local Council Tax Support scheme proposals attempt to balance the ongoing pressures of Local Authority settlement for both billing authorities and preceptors, acknowledge potential scheme cost increases due to changes from the Welfare Reform agenda whilst recognising the need to support and protect those on a low income. Furthermore, the Council needs to consider the risks to collection rates of any changes in the scheme.

10. Equality, Diversity and Human Rights implications

- 10.1 An updated Equality Impact assessment (EQIA) was carried out and published. 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 2016/17 by 31st January 2016 would lead to introduction of a prescribed default scheme which broadly represents the former Council Tax Benefit scheme with an additional funding requirement of £1,248,587.

Background Papers

- Draft Local Council Tax Support 2016/17 policy document – provided within supporting reports
- Appendix A – Local Council Tax Support Public Consultation – introduction and overview, analysis and free text comments