

Report of	Assistant Director - Customer	Author	Jason Granger ☎ 508824
Title	Local Council Tax Support 2019 - 2020		
Wards affected	All Wards		

1. Executive Summary

- 1.1 Colchester Borough Council's Local Council Tax Support scheme provides a reduction in Council Tax Liability for eligible residents.
- 1.2 Each year the scheme is reviewed and proposals are formulated to potentially update the scheme or to maintain the scheme in its existing form.
- 1.3 This report provides details of the proposal for the scheme, effective from 1 April 2019.
- 1.4 The only amendments from the current scheme are prescribed regulations and changes arising from national legislative amendments. In a changing Welfare Benefit landscape, such stability of entitlement for Local Council Tax Support will provide consistency to residents.

2. Recommended Decision

- 2.1 That the Local Council Tax Support Scheme for 2019-2020 be agreed and referred to Full Council for adoption.

3. Reason for Recommended Decision

- 3.1 Legislation requires that the scheme, effective from 1 April 2019, is agreed by March 2019.
- 3.2 The only amendments from the current scheme being the prescribed regulations and mandated national legislative amendments. It is recommended that current working age entitlement is maintained for the fiscal year effective from 1 April 2019.

4. Alternative Options

- 4.1 Changes could be made to the scheme. However stability to the scheme is being recommended due to the introduction of Universal Credit from 4 July 2018. This will provide residents with some consistency within the context of a fundamental change to other forms of benefit and support.
- 4.2 Stability of scheme entitlement will also allow for a review of banded income schemes, and other alternatives ahead of the fiscal year 2020/21.

5. Background Information

- 5.1 Local Council Tax Support currently helps 10,000 residents reduce their Council Tax bill. The value of Local Council Tax Support being granted in 2018/19 is estimated to be £8.4 million.
- 5.2 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.
- 5.3 Universal Credit full service was introduced to Colchester from 4 July 2018. As Universal Credit expands working age claims for Housing Benefit will begin to fall. However the administration of Local Council Tax Support will still rest with Colchester Borough Council and the level of Local Council Tax Support claims will not necessarily reduce.
- 5.4 In line with take-up of Universal Credit and the fall in Housing Benefit claims it is expected the Department for Work and Pensions grants covering in part the administrative cost of awarding Housing Benefit will also decrease. Therefore eroding a cost share principle and effectively increasing cost of administration within Local Council Tax Support. The grants provided to administer Local Council Tax Support will be more exposed and provide greater incentive for efficiencies to be driven in process.
- 5.5 Local Council Tax Support entitlement, for those of working age, is fundamentally consistent across all Local Authorities. Most schemes currently follow a means test principle based broadly on Housing Benefit legislation.

However greater focus is now being placed on developing alternatives which calculate entitlement based on broad income bands/grids. Such schemes can allow for greater alignment with the Universal Credit model and mitigate administration costs. In 2018/19 a small number of Local Authorities moved to an 'income banded' system. It is expected that this will increase in from 2019 and beyond as full service Universal Credit is fully rolled out.

- 5.6 Moving to a banded scheme ready for 2019/2020 would be a fundamental change. Our late transition to Universal Credit would align to a more measured approach and provides time for an in depth review of options, learning from other sites and our own review of the impacts of Universal Credit over the next fiscal year.
- 5.7 Universal Credit is also a significant shift in the welfare benefit landscape that provides a completely new model of entitlement to those claiming working age benefits. A fundamental change to entitlement within the Local Council Tax Support Scheme could further impact residents already managing a significant transition in financial support.

6. Equality, Diversity and Human Rights implications

- 6.1 No changes are being proposed to the current scheme other than prescribed/mandated national legislative amendments. Therefore the Equality Impact Assessment has not been revised.

7. Strategic Plan References

7.1 The Council's Strategic Plan sets out four themes one of which being:

'Wellbeing - Making Colchester an even better place to live and supporting those who need most help'.

One of the five priorities under the Wellbeing theme is to:

'Target support to the most disadvantaged residents and communities'.

7.2 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.

7.3 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.

8. Consultation

8.1 It is recommended that the current scheme is maintained therefore a consultation is not required.

9. Publicity Considerations

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

10. Financial implications

10.1 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.

10.2 The Settlement Funding Allocation has reduced each year and therefore in effect the funding for Local Council Tax Support has also reduced. The cost of the scheme is influenced by both caseload and the Council Tax rate set. The cost of the scheme has therefore increased in recent years with further increases anticipated in 2019/2020. The 2019/20 Council budget forecast will assume:

- The assumed 3% reduction in Government funding
- The cost of the existing Local Council Tax Support caseload (less anticipated caseload reductions)
- Council Tax income based on the existing caseload and anticipated increase in Council Tax.

10.3 As such the overall impact will be factored into the budget gap.

However, any changes to the scheme, which increases or reduces, how much customers have to pay does have a budgetary impact as will any change in caseload.

It should though be noted that the cost of Local Council Tax Support and its funding is shared with the major preceptors.

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

Grant	Settlement Funding Allocation Reduction	Total LCTS Costs (£'000)	CBC LCTS Costs (£'000)	CBC Assumed Grant (£'000)	Estimated Cost of Scheme (£'000)
2013/14	N/A	9,085	1,081	1,321	-24
2014/15	13%	8,497	1,011	1,149	-138
2015/16	15%	8,047	958	977	-19
2016/17	17%	8,113	933	811	122
2017/18	17%	8,121	934	673	261
2018/19 (estimate)	11%	8,458	935	599	336
2019/20 (estimate)	3%	8,511	936	579	357

11. Health, Wellbeing and Community Safety Implications

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

12. Health and Safety Implications

- 12.1 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 especially in consideration of the introduction of Universal Credit from 4 July 2018.
- 13.2 The absence of an adopted Local Council Tax Support Scheme for 2019/20 by 11 March 2019 could lead to introduction of a prescribed default scheme which broadly represents the former Council Tax Benefit scheme with an additional funding requirement.

Background Papers

- [Draft Local Council Tax Support policy document.](#)

Extract from the minutes of the Scrutiny Panel meeting on 16 October 2018

184. Local Council Tax Support 2019-2020

Councillor King, Portfolio Holder for Resources, and Jason Granger, Customer Solutions Manager introduced the Local Council Tax Support 2019-2020. The report requests that the Panel review and comment on proposed Local Council Tax Support scheme commencing 1 April 2019. Comments from the Scrutiny Panel will be considered ahead of the Cabinet meeting on 21 November 2018 and Full Council on 6 December 2018 where approval of the scheme will be requested. Councillor King provided the Panel with a summary of the report and the Local Council Tax support scheme. Councillor King stated that the proposal is for the scheme to be unchanged from 2018-19 and that the scheme provides help to 10,000 people, 40% of which are of pensionable age and 60% of working age.

Jason Granger, informed the Committee that the reason that the Local Council Tax Support scheme is unchanged is due to the current fluid landscape of the welfare system. In particular the launch of Universal Credit, on 4 July 2018, will require a transition period for many residents due to the significant change involved. Jason Granger explained that the keeping the Local Council Tax scheme unchanged allows for time to assess how best to administer and distribute Local Council Tax support. This will also allow Officers to look at the impact locally and nationally and design an appropriate scheme.

Members of the Panel welcomed the report and thanked Officers for their work. A question was asked whether the potential change in local government funding through Business Rate Retention could alter the scheme going forward. Jason Granger confirmed that further information would be required from the government to establish how the full business rate retention model would work. This supports the cautious approach and the unchanged nature of the Local Council Tax support scheme.

RESOLVED that;

- a. The SCRUTINY PANEL agree with the recommendations as set out in the Local Council Tax Support 2019-2020 report.