

Scrutiny Panel

16 October 2018

Item
12

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.

2. Action Required

- 2.1 The panel is invited to review and comment on the proposed Local Council Tax Support scheme commencing 1 April 2019.
- 2.2 Such review and comment will be considered ahead of the Cabinet meeting of 21 November 2018 and Full Council meeting of 6 December 2018 where approval of the scheme will be requested.

3. Reason for Scrutiny

- 3.1 It is recommended that current working age entitlement is maintained for the fiscal year effective 1 April 2019. The only amendments from the current scheme being the prescribed regulations and mandated national legislative amendments.
- 3.2 It is also recommended that a review is carried out of banded income schemes, and other alternatives, due consideration is given to the impacts of Universal Credit on Local Council Tax Support and options are presented ahead of the fiscal year 2020/2021.

4. Background Information

- 4.1 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.
- 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 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.
- 4.4 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.
- 4.5 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.
- 4.6 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.
- 4.7 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.

5. Equality, Diversity and Human Rights implications

- 5.1 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.

6. Strategic Plan References

- 6.1 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'

- 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
- 6.3 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.

7. Consultation

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

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.
- 9.2 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 2019/2020 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.
- 9.3 As such the overall impact will be factored into the budget gap. However, any changes to the scheme which increase or reduce how much customers have to pay do 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

10. Health, Wellbeing and Community Safety Implications

10.1 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.

11. Health and Safety Implications

11.1 There are no health and safety implications.

12. Risk Management Implications

12.1 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.

12.2 The absence of an adopted Local Council Tax Support Scheme for 2019/2020 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

- Current Local Council Tax Support policy document.