

Scrutiny Panel

15 October 2019

Item
10

Report of	Assistant Director - Customer	Author	Kevin Bridge ☎ 508820
Title	Local Council Tax Support 2020 - 2021		
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 proposals effective from 1 April 2020.

2. Action Required

- 2.1 The panel is invited to review and comment on the proposed Local Council Tax Support scheme commencing 1 April 2020.
- 2.2 Such review and comment will be considered ahead of the Cabinet meeting of 20 November 2019 and Full Council meeting of 5 December 2019 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 financial year effective 1 April 2020 to maximise ongoing support for residents.
- 3.2 The only changes from the current scheme are the prescribed regulation changes, mandated national legislative uprating, and to disregard Windrush Compensation payments from any relevant calculation.
- 3.3 It is also recommended that continued consideration is given to progress of Universal Credit, its impact on Local Council Tax Support and banded income schemes, and other alternatives.

4 Background Information

- 4.1 Colchester Borough Council's Local Council Tax Support scheme provides a reduction in Council Tax Liability for eligible residents. Each year the scheme is reviewed ready for 1 April. Local Council Tax Support currently helps 9,000 residents reduce their Council Tax bill – 3,500 state pension age and 5,500 working age residents. The value of Local Council Tax Support being granted in 2019/20 is £8.5 million. 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.
- 4.2 Local Council Tax Support entitlement in Essex, for those of working age, still overwhelmingly follows means-tested principles, based broadly on Housing Benefit legislation. Only one of the 14 Essex Authorities has a minimum contribution lower than 20%.
- 4.3 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. In line with take-up of Universal Credit, and the fall in Housing Benefit claims, it is expected that the Department for Work and Pensions grants which partly cover the administrative cost of awarding Housing Benefit will also decrease, which will then increase the cost of administration within the Local Council Tax Support scheme.
- 4.4 However, the expected rate of conversion to Universal Credit has been slowed. The process of conversion referred to as Managed Migration, is now on a significantly longer timeline, with full migration tabled to be achieved between November 2020 and 2023. The national context sees few local authorities developing new schemes, such as banded schemes, due to the slowdown in this Managed Migration and because new software solutions are still underdeveloped.
- 4.5 Stability to the scheme is being recommended. This will provide residents with consistency within the context of an ongoing change to other forms of benefit. Stability of scheme entitlement will allow us to monitor the Universal Credit timeline and evolving models that may emerge.
- 4.6 The disregard of Windrush Compensation payments is in line with treatment of these payments throughout the wider Welfare Benefits system. This alteration allows us to exclude the payments when considering the relevant Income and Capital to be used in our calculation. It prepares us should a Resident, in receipt of these payments, claim Local Council Tax 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 and the minor change to disregard Windrush Compensation payments. The existing Equality Impact Assessment has therefore 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. 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 of an Exceptional Hardship fund.

7 Consultation

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

8 Publicity Considerations

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

9 Financial implications

- 9.1 There is no specific funding for the Local Council Tax Support scheme. The cost is shared between the preceptors.

The medium-term financial forecast assumes a rise in Council Tax by the major preceptors of 5% in 2020/21. Based on this assumption the total cost of Local Council Tax Support is estimated at £8.750 million in 2020/21. Colchester Borough Council's share is £0.950 million. This will not require additional budget provision. The cost of the scheme can also be affected, negatively or positively by changes to entitlement, which in turn will affect tax base income.

Scheme Cost

	Total Local Council Tax support costs (£'000)	Colchester Borough Council share (£'000)
2019/20 (estimate)	8,511	936
2020/21 (estimate)	8,750	950

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.
- 12.2 The absence of an adopted Local Council Tax Support Scheme for 2020/2021 by March 2020 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

- Local Council Tax Support policy document 2020 -2021