

**LOCAL COUNCIL TAX SUPPORT SCHEME 2015/16**

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

**1. SUMMARY OF PROPOSALS**

- 1.1 Government changes to the benefits scheme in relation to Council Tax required the Council to introduce an annual Council Tax Support Scheme. This scheme must be reviewed annually and statutory consultation carried out on the draft scheme if it includes any changes from the previous year's scheme.
- 1.2 The report presents no change to the existing scheme, other than small amendments required due to changes in other benefits and personal allowances.
- 1.3 The report also sets out some data relating to take up of the Hardship Fund and other measures showing the impact of the scheme on collection rates and recovery action.

**2. RECOMMENDATIONS**

**The Executive Committee is asked to RESOLVE that**

- 2.1 No changes be made to the draft Council Tax Support Scheme for 2015/16, with the exception of 'uprating' some of the figures to take account of other national changes in benefits and allowances .**
- 2.2 Consultation on the proposal in 2.1 be carried out in accordance with legislation, before a final decision on the scheme is recommended to Council later in the year.**
- 2.3 The contents of the report in relation to take up of the hardship Fund and other measures data be NOTED.**

**3. KEY ISSUES**

**Financial Implications**

- 3.1 As Members are aware, changes were made to the Council's Local Council Tax Support Scheme with effect from April 2014, which resulted in support being capped at 80% of Council Tax liability so that all working age claimants would pay a minimum of 20% towards their Council Tax Liability.

- 3.2 Council also agreed to implement a Hardship Policy, in order to support the most vulnerable and provide transitional support where exception hardship as a result of the changes could be evidenced. As at September 2014 £3.5k of this fund has been committed.
- 3.3 Changes to the support scheme in April 2014 offset an estimated funding gap in 2014/15 of £65k for Redditch Borough Council.
- 3.5 It was anticipated that any reduction in council tax support could result in increasing the administrative costs associated with recovery. For the first 6 months of the financial year additional work was absorbed within existing resources. However, we aim to work more proactively with customers to avoid getting to later stages of recovery and therefore have identified budget to cover an additional post of on a short term basis to help in this aim.
- 3.6 Cost associated with revising the Council's scheme, and the additional recovery work are funded from a New Burdens Grant, the balance of which currently stands at £40k.
- 3.7 Officers have monitored the impact of the changes on collection rates and also on Housing rent arrears. Appendix 1 sets out the collection rates to date in 2014/15 compared with the previous two years. This shows there has been very little impact in the collection rate.
- 3.8 Data collected from Housing has been matched with Council Tax and benefits data and this shows that of the Council tenants affected by changes to Council Tax Support (some 685 households) around 52% have a decreasing amount of rent arrears and 48% have increasing rent arrears. Housing Officers have reported that it is not possible at the moment to connect changes to Council Tax Support and rent arrears.
- 3.9 Officers have been able to identify the households who have increasing rent arrears and outstanding council tax and contact is being made to establish whether any additional or transitional support can be provided.
- 3.10 It is proposed that there are no changes to the level of support provided by the Council, but that the various allowances be updated in line with the Secretary of State's annual announcement. This will ensure that the scheme remains in line with other benefits.

**Legal Implications**

- 3.11 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new scheme of Council Tax support called "Council Tax Support Schemes". Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s10 Local Government Act 2012), each local authority was required to make a

Council Tax Support Scheme specifying the reductions which are to apply to the amounts of council tax payable.

- 3.12 Statutory Instrument 2012/2885, "The Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012" ensured that certain requirements prescribed by the Government were included in each Scheme (subsequently amended by S.I. 2012/3085)
- 3.13 As the billing authority the Council is required by the Local Government Finance Act 2012 to consider whether to revise its scheme or to replace it with another scheme, for each financial year.
- 3.14 Schedule 1A into The Local Government Finance Act 1992 set out the preparation that must be undertaken prior to the adoption or revision of a scheme.

Paragraph 3 of Schedule 1A provides that before making a scheme [or before revising a scheme] the authority must (in the following order):

- a) consult any major precepting authority which has power to issue a precept to it;
  - b) publish a draft scheme in such manner as it thinks fit; and
  - c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 3.15 The Authority must make any revisions to the Scheme no later than 31 January in the financial year preceeding the one when it will take effect, so that it will be necessary for the Council's 2015/16 scheme to be in place by 31<sup>st</sup> January 2014.
- 3.16 Instruction is received from the Department of Work and Pensions on an annual basis, of changes to benefits rates and personal allowances. These must be taken into account for housing benefit calculations and it is good practice to applied to the Local Council Tax Support Scheme

**Service / Operational Implications**

- 3.17 Collection rates and recovery processes have been closely monitored to help understand the impact of the changes made in April 2014.
- 3.18 As previously mentioned collection rates have not been significantly negatively impacted as the table attached at Appendix 1 indicates.
- 3.19 There has been an increase in recovery action as evidenced in Appendix 2. More than twice as many residents are in recovery action as for the same period last year. With around 4,500 more households billed for Council Tax in 2014/15

compared with the previous year this suggest that around 38% did not pay in April.

There were a higher number of cases that reached final reminder or summons stage. However, the data suggest that this is starting to level out and arrangements are in place, and being upheld with many householders.

- 3.20 Evidence from neighbouring authorities, who reduced support in 2013/14, shows that as customers got used to the changes and into the habit of paying recovery action dropped back. It is important to note that there has been an increase in recovery action in authorities where no reduction in support was put in place.
- 3.21 With the expectation that it will be another 6 months before recovery action reduces, an additional short term role has been established to support the recovery officers.
- 3.22 There has been a substantial increase in payments received through our cash offices, as the majority of residents are paying their council tax.
- 3.23 A very small number of customers contacted us directly to apply for hardship funding, but during the course of the year to date officers have identified other customers who are in financial hardship. Financial Support Officers have worked directly with individuals to identify how best to meet the customer's needs. In order to fully understand the needs two officers were tasked with meeting each applicant for hardship funding, preferably in their own homes. These officers discussed the applicant's financial situation as well as wider issues and worked with the customer to identify appropriate solutions.
- 3.24 To date officers have worked directly with nearly 50 customers. In some cases hardship funding was provided but officers also established other appropriate support such as discretionary housing payments, financial management advice, training, improvements to properties to improve fuel poverty, and provision of suitable equipment to support families.
- 3.25 This team is work closely with the Locality teams.

**Customer / Equalities and Diversity Implications**

- 3.26 The 'uprating' of the benefits rates and personal allowances to be taken into account, in line with the Secretary of States announcement on those that must be taken into account for other benefits, will potentially result in small changes to the amounts of support provided. These will vary according to circumstances.
- 3.27 It is proposed that statutory consultation be held from 30<sup>th</sup> October until 14<sup>th</sup> November 2014 and consist of:

- Press releases, to inform the public and other interested organisations that the draft scheme is available for comment;
- Social media alerts;
- Direct correspondence with preceptors.

**4. RISK MANAGEMENT**

- 4.1 Any changes to council tax support whilst increasing council tax income to the Council and our major preceptors will potentially have wide implications for our residents and therefore officers will ensure that support on managing finances and advice on other potential benefits is made available. In addition the income recovery team will continue to measure the arrears position to ensure that members are aware of the impact on income collected.

**5. APPENDICES**

Appendix 1 - Collection rates

Appendix 2 – Recovery Action data

**6. BACKGROUND PAPERS**

Held in Revenues Service

**AUTHOR OF REPORT**

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