

**LOCAL COUNCIL TAX SUPPORT SCHEME 2016/17**

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.
- 1.2 The report proposes no change to the existing scheme.
- 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 Council Tax Support Scheme for 2016/17.**
- 2.2 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. During 2014/15 £12,272.68 in additional support towards Council Tax has been awarded. Through this scheme officers also identified other financial support that could be offered, to the value of £31,294.22.

- 3.3 Officers have monitored the impact of the changes on collection rates and payments during the year, as well as any increase in recovery action. In 2014/15 we collected 96.32% of the total Council Tax due to be paid for the year. This compares with 97.65% in 2013/14.
- 3.4 Data collected from Housing Services has been matched with Council Tax Support data and this shows that of the Council tenants affected by changes to Council Tax Support there has been a small (6%) increase in the number of rent accounts in arrears (some 823 households compared with 777 at the same time in 2014). Housing Officers have reported that it is not possible to make a clear link between the changes to Council Tax Support and rent arrears.
- 3.5 It is proposed that there are no changes to the level of support provided by the Council, and as previously agreed the various allowances be updated in line with the Secretary of State's annual announcement. This will ensure that the scheme is affordable given the year on year reduction of funding for local support schemes.

**Legal Implications**

- 3.6 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 and adopt a Council Tax Support Scheme specifying the reductions which are to apply to the amounts of council tax payable within their districts
- 3.7 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)
- 3.8 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.
- 3.9 The Authority must adopt its scheme, and make any revisions, no later than 31 January in the financial year preceding the one when it will take effect, so that it will be necessary for the Council's 2016/17 scheme to be in place by 31<sup>st</sup> January 2016.
- 3.10 Paragraph 3 to 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, including prescribed consultation requirements. As the recommendation is that no revisions to the current scheme should be made for the financial year 2016/2017 (to which this report applies), the requirement to consult does not

# REDDITCH BOROUGH COUNCIL

## EXECUTIVE COMMITTEE

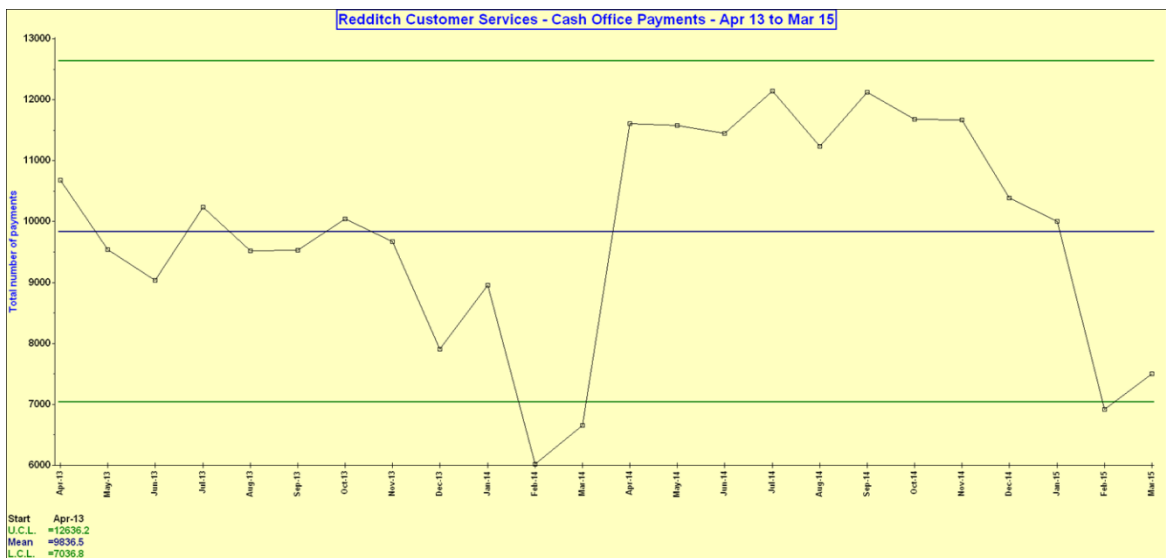
9<sup>th</sup> June 2015

have to be met. However, officers will publicise the fact that the current scheme is to continue, subject to up-lift in rates as set by the Department of Work and Pensions, as referred to at 3.11 below.

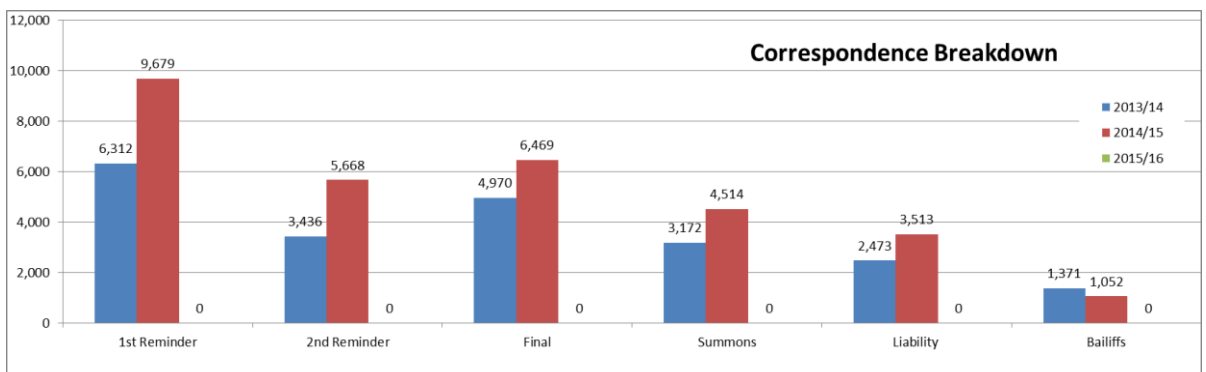
- 3.11 Instruction is received from the Department of Work and Pensions on an annual basis, of changes to benefits rates and personal allowances. These must be taken into account for housing benefit calculations and it is good practice to apply them to the Local Council Tax Support Scheme

### Service / Operational Implications

- 3.12 Our measures data shows us that we have seen a significant increase in people paying, suggesting that the majority of residents are paying the minimum 20% Council Tax liability. The following chart shows the pattern of payments handled by our cash offices each month over the last two financial years and clearly indicates the increase from April 2014.



- 3.13 It is to be expected that we would see an increase in recovery action during the year, and this has been borne out by our data. Here we can evidence that increase compared with 2013/14.



Whilst there has been a significant increase in reminders and other recovery actions this started to even out in the 3<sup>rd</sup> and 4<sup>th</sup> quarter.

You will see that there has been a reduction in bailiffs action – this is because we tried to establish other means of collecting Council Tax from those affected by the change to support. This was mainly in the form of deductions to benefits, in agreement with the people involved.

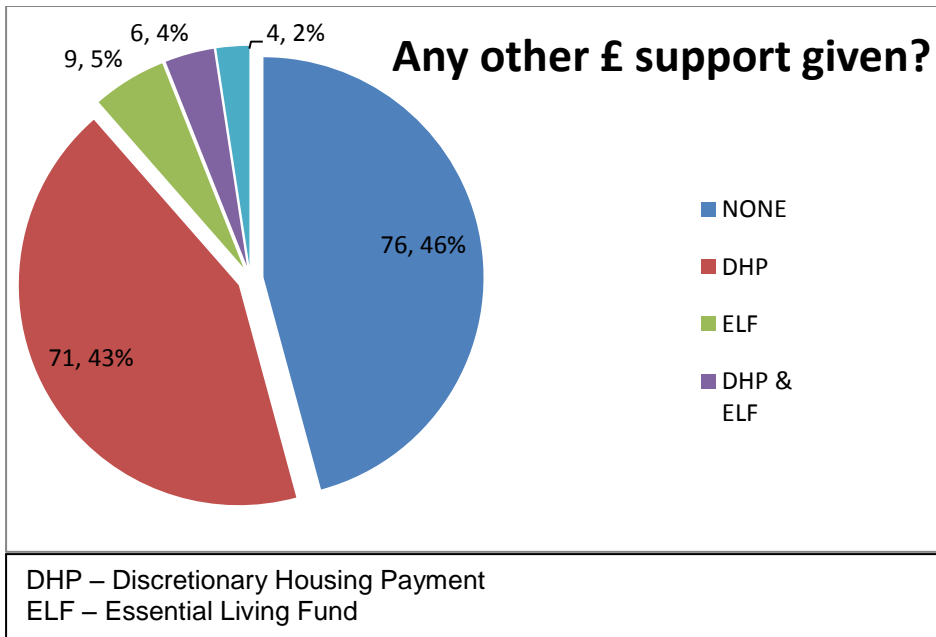
- 3.14 Despite the amount of recovery work and support provided there was a 15% increase in the number of accounts with outstanding arrears at the end of 2014/15, compared with 2013/14. This was partly due to the changes in the Legislation regarding Bailiff fees. These changes could result in large fees being added to debts of a small value. Procedures were amended to ensure that these cases did not progress to the enforcement stage without personal contact being made with customers. This has proven difficult to resource but other changes to working practices are aimed at creating the capacity to follow this through more effectively in future.

**3.15 HARDSHIP SCHEME**

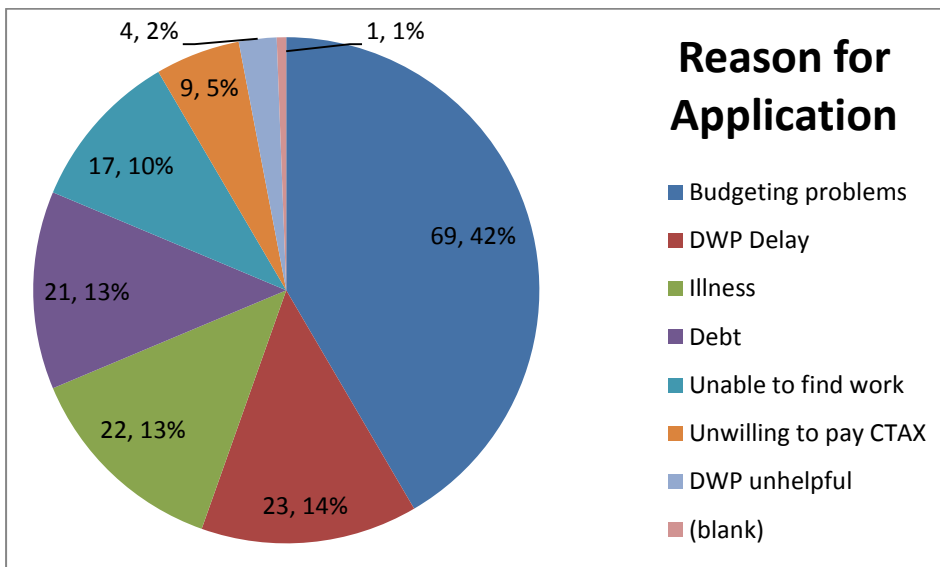
Officers have worked with a total of 211 customers through the Hardship Scheme. Of these 66 direct applications were made. The other 145 customers were approached because officers identified that some support may be appropriate. Of these 30% were dealt with by Officers in the Locality teams.

51% of customers who have access the Hardship scheme are single persons, and 59% were on Employment Support Allowance.

- 3.16 27% of applications were not awarded Council Tax Support hardship funding but officers identified other financial support that could be provided. The following chart shows the nature of monetary support provided. In those cases where monetary support was not appropriate, customers were given budgeting advice and support.



3.17 As this chart shows budgeting problems were the major reason for applications. In these case financial management advise was provided. Where complex debt management problem existed customers were referred to specialist debt advisory services.



**Customer / Equalities and Diversity Implications**

3.18 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.

**4. RISK MANAGEMENT**

- 4.1 Any changes to council tax support whilst increasing council tax income to the Council and our major preceptors has financial implications for our residents and therefore officers ensure that support on managing finances and advice on other potential benefits is made available.

**5. APPENDICES**

**6. BACKGROUND PAPERS**

Held in Revenues Service

**AUTHOR OF REPORT**

Name: Amanda de Warr, Head of Customer Access and Financial Support  
email: a.dewarr@bromsgroveandredditch.gov.uk  
Tel.: 01527 881241