

**LOCAL COUNCIL TAX SUPPORT SCHEME 2017/18**

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

**1. SUMMARY OF PROPOSALS**

- 1.1 In April 2013 council tax benefit, the means of helping people on low incomes pay their council tax, was replaced by a new local council tax support scheme (CTSS).
- 1.2 Local councils are required to design their own CTSS and must carry out consultation on the options being considered for inclusion in the scheme.
- 1.3 This report sets out a broad range of options for consultation in order to inform the development of a draft scheme for 2017/18.

**2. RECOMMENDATIONS**

**Executive is asked to RESOLVE that:**

- 2.1 **The options as set out in Appendix 1 be put to public consultation in order to inform potential changes to the Council's Council Tax Support Scheme for 2017/18 and/or later years.**
- 2.2 **The Head of Customer Access and Financial Support be authorised to consult on the options, set out in Appendix 1.**
- 2.3 **The Head of Customer Access and Financial report back to the Executive on the outcome of that consultation and any proposals for changes to the scheme, for further consideration and resolution by the Executive, to consult on a draft scheme.**
- 2.4 **Further to the outcome of the Executive's decision on the draft regulations, the Head of Customer Access and Financial Support be authorised to carry out the statutory consultation required on the draft scheme.**
- 2.5 **The final Scheme be presented to the Executive to make recommendations to Council to allow for the necessary regulations to be published by 31<sup>st</sup> January 2017.**

**3. KEY ISSUES**

**Financial Implications**

- 3.1 As Members are aware, changes were made to the Council's CTSS with affect from April 2014, which resulted in support being capped at 80% of Council Tax liability for all working age claimants.
- 3.2 The Council also agreed to implement a Hardship Fund, 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 31<sup>st</sup> January 2016, £13,066 of this fund has been awarded during 2015/16.
- 3.3 Changes to the support scheme in April 2014 offset an estimated funding gap in 2014/15 of £91k for Redditch Borough Council.
- 3.4 It is no longer possible to know how much funding is received towards the CTSS via the RSG, and we know that from 2019/20 there will be no government funding for this scheme. The total cost of the CTSS in Redditch Borough is in the region of £6.5m.
- 3.5 The Borough Council will continue to carry the full costs of the administration of the Council Tax support scheme. The incentives for Redditch Borough Council are therefore to lower the administration costs of the scheme.
- 3.6 The proposals being considered for consultation are not intended to reduce the overall cost of support provided to residents but to reduce the administrative burden where ever possible, and bring the scheme in line with national changes to welfare support.
- 3.7 As previously agreed the various allowances that are taken into account when assessing support will be uprated in line with the Secretary of State's annual announcement. This will ensure that the assessment of income in relation to claims remain in line with other benefits.
- 3.8 The cost of consultation will be contained within existing budgets.

**Legal Implications**

- 3.9 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
- 3.10 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)

- 3.11 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.
- 3.12 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 2017/18 scheme to be in place by 31<sup>st</sup> January 2017.
- 3.13 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.
- 3.14 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**

- 3.15 Each local authority is required to carry out a consultation exercise on their draft scheme.
- 3.16 There are two stages of consultation. The first sets out the possible options for change that could be included in the draft scheme. The feedback informs the decision making in respect of the draft scheme, which is then presented to the Executive.
- 3.17 The second phase of consultation is on the draft scheme, as agreed by the Executive. Any feedback from this is used to inform any changes to the draft scheme before a final scheme is presented to the Executive, and then the Council before the end of November.
- 3.18 Neither the draft, nor the final, scheme can include any changes that have not been previously consulted upon. For this reason it is advised that a broad range of possible changes be included in the initial consultation. No decisions need to be made at this stage as to what may or may not be included in the draft scheme.
- 3.19 The proposals for consultation are set out at Appendix 1.
- 3.20 The timetable for the process of agreeing any changes to the 2017/18 scheme is attached at Appendix 2.

- 3.21 The method of consultation is set out in Appendix 3. This is in accordance with guidance and legal precedent.
- 3.22 To achieve an appropriately designed CTS local authorities must consider how it will work alongside Universal Credit, which will ultimately replace all means-tested benefits and tax credits for those of working age.
- 3.23 It is preferable to ensure that the CTS aligns as much as possible with UC to make it easier for claimants in the future.
- 3.24 At present two thirds of LCTS claimants are passported from other benefits; this means that they avoid local means testing and consequently administration costs are lower. As people move to Universal Credit the administration costs for local authorities will increase. This is because claims for CTS must be made separately to national benefits once a claimant is on UC.
- 3.25 The implementation of Risk Based Verification later this year will help to reduce and simplify the administration process in respect of claims for support. This will be beneficial for both the authority and for claimants as it reduces the need for evidence in low risk claims.

**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 The local CTSS only affects those of working age. People who have reached the age for state pension credit are assessed under a national scheme which maintains 100% support.
- 3.28 The Hardship Fund provides an opportunity to ensure that vulnerable people, who have been financially disadvantaged by the changes to the CTSS, can be provided with transitional support.

**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**

Appendix 1 - Proposals for consultation

Appendix 2 – Consultation timetable

Appendix 3 – Consultation Methodology

**6. BACKGROUND PAPERS**

Held in Revenues Service

**AUTHOR OF REPORT**

Name: Amanda Singleton, Head of Customer Access and Financial Support

email: [a.singleton@bromsgroveandredditch.gov.uk](mailto:a.singleton@bromsgroveandredditch.gov.uk)

Tel.: 01527 881241