

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

LOCAL COUNCIL TAX SUPPORT SCHEME 2019/20

Relevant Portfolio Holder	Cllr Tom Baker-Price
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 The Local Council Tax Reduction Scheme (LCTRS) must be reviewed annually and any revisions or replacement of the scheme must be agreed by 11th March 2019
- 1.2 The report proposes minor changes to the scheme to provide for increased levels of support for care leavers under the age of 25 and to update figures within the scheme in line with national welfare benefits

2. RECOMMENDATIONS

The Executive Committee is asked to RECOMMEND that:

The Local Council Tax Support scheme is revised to provide:

- 1) Care Leavers under 21 years of age are treated as a protected group and provided 100% Local Council Tax Reduction (LCTR)**
- 2) Care leavers aged 21 years or over and under 25 years of age are treated as a protected group and provided up to 100% LCT**
- 3) The scheme is updated in line with national welfare benefits**
- 4) Council Tax Hardship Scheme is amended to enable transitional support to be provided to care leavers under 25 whose income results in significant withdrawal of support**

3. KEY ISSUES

- 3.1 The LCTR replaced Council Tax Benefit with effect from 1 April 2013.
- 3.2 Under the Government's Council Tax Reduction provisions, the scheme for Pension Age applicants is determined by Central Government and the scheme for working age applicants is determined by the Council. Pensioners broadly receive the same level of support that was previously available under the Council Tax Benefit scheme.

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- 3.3 The current scheme for working age applicants is a means tested one, but has been amended since 2013 both to require a minimum payment from working age applicants of 20% and to update the scheme in line with changes to Housing Benefit that have occurred since its introduction.
- 3.4 The scheme has also been amended each year for general changes in applicable amounts and for non-dependant deductions.
- 3.5 Council has previously agreed a minimum council tax contribution from working age claimants as 20%.
- 3.6 At 11th September Executive Committed resolved to undertake consultation on replacing the current scheme with a banded discount scheme. This would provide for a reduction in the administration of the scheme and limit the number of changes to assessments for customers migrating to universal credit.
- 3.7 Consultation also sought views on the introduction of additional support for young people leaving local authority care. The changes for care leavers were proposed in order to recognise the role Local Authorities have for the wellbeing of Children in Care and Care Leavers, and to provide a mechanism where by support for Care Leavers with a liability for Council Tax can be reduced in order to provide support to people who do not have the same family support networks as other young people.
- 3.8 Following the consultation it is not considered to be an appropriate time to move to an income banded scheme for LCTR.
- 3.9 The change to an income banded scheme was proposed so that the local scheme provided a better fit with Universal Credit and reduced administration. Local Authorities have considered a range of options to meet this challenge. The options applied by other authorities include income banded schemes determined in line with existing regulations but allowing a stepped reduction in support, banded discount schemes with multiple household categories and income bands, and simplified discount determined as part of the decision in relation to ordinary Council Tax discounts.
- 3.10 Whichever solution is adopted requires investment in the Council's Council Tax and Benefit software. At this time it is appropriate to review the impact of the adoption of schemes by other Local Authorities so that all option can be considered and undertake a review of LCTR as a whole before committing resources to an option that may not provide an appropriate solution for Redditch.
- 3.11 The adoption of support for care leavers is to be implemented in accordance with the recommendation of the Short Sharp Review Task Group.

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4.0 Financial Implications

- 4.1 The majority of claimants will have no change to the level of support that they receive the costs of LCTR will remain in line with the existing scheme. There will be a small loss to the collection fund from the adoption of an increase in support for care leavers and this is projected to be approximately £15,000 per annum, increasing in-line with the annual change in the level of Council Tax.

5.0 Legal Implications

- 5.1 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new discount scheme. 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
- 5.2 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)
- 5.3 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.
- 5.4 The Authority must adopt its scheme, and make any revisions, no later than 11th March in the financial year preceding the one when it will take effect.
- 5.5 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.
- 5.6 In addition, where there are changes to the scheme, the authority is obliged under paragraph 5(4) of Schedule 1A if any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.

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6.0 Customer/Equalities and Diversity Implications

- 6.1 The current CTSS scheme contains provision for taxpayers to make an application for additional discount where they experience exceptional hardship. The hardship policy will continue to apply. Where any group of person is likely to experience hardship, this will be addressed as part of the overall scheme design. The Hardship Policy will continue to be an integral part of the scheme for the foreseeable future.
- 6.2 Care leavers attaining the age of 21 may, subject to their income, see a rapid withdrawal of Council Tax support. To mitigate the potential for a steep cliff edge at 21 years of age the Council Tax Hardship policy will be amended to enable transitional support to be provided to the small number of care leavers who may face steep withdrawal rates.

7.0. RISK MANAGEMENT

- 7.1 Any changes to council tax support can have financial implications for the Council and the major preceptors as well as for our residents and therefore financial modelling has been carried out to understand the implications of the proposals. These are projected to be minimal.
- 7.2 Officers ensure that support on managing finances and advice on other potential benefits is made available to anyone experiencing financial hardship.
- 7.3 Council Tax collection rates may reduce as the impact of Universal Credit and the administration grows, measures will be adopted to monitor the collection of Council Tax for UC claimants and these will be used to inform any future replacement for the LCTR scheme

8. APPENDICES

Appendix 1 – Equality Impact Assessment
Appendix 2 – LCTR Regulations

9. BACKGROUND PAPERS

Held in Customer Access and Financial support

AUTHOR OF REPORT

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