

Report to the Cabinet

Report reference: C-011-2018-19
Date of meeting: 6 September 2018



Portfolio: Finance
Subject: Local Council Tax Support scheme 2019/20
Responsible Officer: Janet Twinn (01992 564215).
Democratic Services Officer: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That Members agree that a public consultation exercise on the Local Council Tax Support Scheme for 2019/20 is undertaken between the end of September and the end of November 2018.**
- (2) That consultation is undertaken on the proposal that no changes need to be made to the scheme for 2019/20.**

Executive Summary:

On 21 December 2017, Council adopted the Local Council Tax Support scheme for 2018/19. Consideration now has to be given to the scheme for the financial year 2019/20 which will require approval by full Council in February 2019.

Public consultation is undertaken on amendments to the Council's scheme each year before the revised scheme for the next financial year is adopted by Council. In view of the timescales, it will be necessary for the consultation to be undertaken between the end of September and the end of November 2018 in order to ensure that the Authority will have consulted correctly and that Council can adopt the scheme at the February meeting.

Reasons for Proposed Decision:

In previous years every Local Authority was required to approve a Local Council Tax Support scheme by 31 January. However, the Ministry of Housing Communities and Local Government have brought in changes for the 2019/20 schemes and the Local Council Tax Support scheme for the following financial year now needs to be approved by 11 March each year. The 2019/20 scheme for Local Council Tax Support will therefore need to be agreed by full Council on 21 February 2019.

In view of the timescales, consultation needs to be undertaken between September and November 2018. If consultation is commenced later, it will not be possible to complete the consultation and make any amendments to the scheme in time for a further report to Cabinet on 7 February 2019.

Other Options for Action:

(1) As it is not intended to make any changes to the current Local Council Tax Support scheme, advice has established that the Council is not required to undertake public consultation. Cabinet could therefore decide not to carry out a consultation exercise for the 2019/20 Local Council Tax Support Scheme. Several other Essex Authorities are not intending to make changes to their schemes for 2019/20 and will not be carrying out any public consultation.

(2) The Cabinet could propose changes to the Scheme.

Report:

Local Council Tax Support schemes

1. Local Council Tax Support (LCTS) replaced Council Tax Benefit with effect from 1 April 2013. People of pension age continue to be protected from adverse changes as required by the Government, although the Government can introduce legislation to change the scheme for people of pension age. Every Local Authority must then amend their scheme to reflect the legislative changes. For people of working age, the Council has adopted a scheme which has the following key elements which are different to the scheme for people of pension age:

- The calculation of support is based on 75% of the Council Tax bill, rather than 100%.
- The calculation of support is based on a maximum of a band D property. This means that anyone of working age that lives in a property with a Council Tax Band of E, F, G, or H, has their support calculated as if their property was a band D.
- Inclusion of child maintenance in the calculation with a disregard of £15 per week (per family). This is income that is received into a household that may not be available to other households that pay the same amount of Council Tax.
- The capital limit is £6,000, so those with capital exceeding £6,000 are required to make full payment of their Council Tax liability.
- A Minimum Income Floor for claimants who are self-employed (from April 2016). Where the declared income from self-employment is less than the National Living Wage, income is assessed using the National Living Wage instead. This is in line with other welfare reforms.
- Claimants receiving Universal Credit receive LCTS for a fixed six month period before any income changes that occur during that period are taken into account.
- The Exceptional Hardship Scheme for LCTS is intended to support people whose individual circumstances mean that their Council Tax liability is causing them exceptional hardship.

2. The scheme was designed to take into account the ability to pay and the collectability of the resultant Council Tax liability. Across Essex, annual collection rates have been higher than originally anticipated, which is due partly to the caseload decreasing as the economy recovers, but also due to the proactive work that Officers have undertaken with people affected by the Local Council Tax Support scheme. Council Tax Officers have been proactively contacting people and have set up special arrangements to help people who do not receive their income on a monthly basis. The scheme design has been successful to date.

Consultation for 2019/20

3. In previous years, the Council has always made some changes to the scheme, many of which have become necessary due to changes in legislation, either for Housing Benefit or

for Local Council Tax Support for people of pension age. However, this year there are no legislative changes that would require the Council to consult before it could implement a change. There are also no other changes that are required for 2019/20 to either reduce expenditure or to simplify the administration of the scheme.

4. The consultation will be quite short and respondents will be asked if they agree that no changes should be made to the current scheme. If a respondent thinks that changes should be made, they will be asked to give details of the change that they think is required. A question about the funding for the scheme will also be included.

5. If it becomes necessary to make further cuts to the expenditure on Local Council Tax Support, the maximum Support payable for people of working age could be reduced from 75% to a percentage that would achieve the required savings. However, although collection rates have been better than expected, if the scheme is changed and people have to pay more, there will become a point at which collection rates will significantly reduce as the liability becomes too much and people stop paying altogether. Consultation will be required on this particular aspect of the scheme, together with options for alternative funding arrangements, rather than making savings through the scheme itself.

5. The Essex Authorities have continued the joint work that they have carried out to implement their schemes for the last six years. Meetings take place on a monthly basis and ECC regularly attend these meetings. Although the Police and Fire Authorities are invited, they rarely attend because ECC act as their representative and they are sent minutes of those meetings. In this way, the requirement to consult with major precepting Authorities is met.

6. It is proposed to carry out public consultation for the 2019/20 scheme between September and November 2018. Essex County Council has previously hosted the on-line consultation for the Essex Authorities and it is hoped that they will also agree to host the on-line consultation for 2019/20. For anyone who does not have access to the internet, the ability to respond in paper format will be made available.

Resource Implications:

The cost of consultation on the Local Council Tax Support scheme for 2019/20 will be met from existing budgets.

Legal and Governance Implications:

There are no specific implications

Safer, Cleaner and Greener Implications:

There are no specific implications.

Consultation Undertaken:

Consultation has been undertaken with ECC and the Fire and Police Authorities through the regular meetings with the Essex Benefit Managers.

Background Papers:

None

Risk Management:

Risk register

A risk register was produced as part of the process for devising the Local Council Tax Support scheme. It has not been necessary to make any amendments.

Caseload growth risk

If more people become eligible to claim LCTS e.g. because of economic downturn, then the cost of the scheme will increase. However the caseload has been reducing as the economy has improved.

Collection risk

If there is a reduction in the maximum percentage of Council Tax liability that is eligible for Local Council Tax Support, the impact of the scheme is that low income working age households have to pay a proportion of their Council Tax liability. Inevitably there will be bad debts but the collection rate has been higher than anticipated. However, there will be a point where people are asked to pay more Council Tax, therefore making the liability too high for them, that they will not make any payments at all.

Funding reduction risk

The Local Government Finance Settlement will reduce again in 2019/20. This could lead to either making changes to the LCTS scheme to reduce expenditure or to make savings elsewhere, either from Council budgets, increasing the Council Tax or using Council reserves.

Precept increase risk

LCTS costs will increase if any of the precepting Authorities increase their Council Tax.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as an Appendix to the report.