

Report to the Cabinet

Report reference: C-030-2018/19
Date of meeting: 7 February 2019



Portfolio: Customer Services
Subject: Local Council Tax Support Scheme 2019/20
Responsible Officer: Rob Pavey (01992 564211).
Democratic Services: Adrian Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That the Cabinet note the responses to the consultation on the scheme for 2019/20;**
- (2) That the scheme for 2018/19 continues unchanged for 2019/20.**

Executive Summary:

The Local Council Tax Support Scheme (LCTS) replaced Council Tax Benefit in 2013. Each local authority must review its scheme annually. The Government brought in regulations to ensure that pensioners continue to receive the same level of assistance as they would have done if the Council Tax Benefit scheme was still in place. The Council can therefore only make amendments to the scheme for people of working age. The Council has approved the general principle that the Local Council Tax Support scheme should be cost neutral. In legislative terms the scheme needs to be approved by 11th March each year so for 2019/20 approval needs to be made at Full Council on 21st February 2019.

A consultation exercise was undertaken between 30th October 2018 and 21st December 2018 based on there being no changes to the 2018/19 scheme for 2019/20. Whilst there was no legal duty to consult, as no changes were proposed, Members decided in its Cabinet meeting to undertake a shortened and focused consultation exercise. The exercise has completed and Members need to decide whether to proceed with no changes for the 2019/120 scheme or whether any amendments should be made.

Reasons for Proposed Decision:

Full Council needs to approve the 2019/20 Local Council Support Scheme on 21st February 2019

Other Options for Action:

To make amendments to the Local Council Tax Support scheme for 2019/20

Report:

1. In 2013/14 the Government funded Local Council Tax Support (LCTS) with a specific

grant, but after that initial year, the grant has been rolled into the Council's overall funding position made up of Revenue Support Grant and Retained Business Rates. The specific allocation for LCTS funding is not separately identifiable and it is for each local authority to decide on the value of the funding of the LCTS scheme.

2. The Pan Essex LCTS project group continues to look at how schemes can be changed to simplify the administration of the scheme particularly in the light of legislative changes and expenditure requirements. As outlined in the report to Cabinet members in July there were no legislative changes that required any changes to the scheme and it was agreed to consult based on the 2018/19 scheme continuing for 2019/20. The main principles of the scheme are:

- 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. A grace period of 12 months applies to new businesses.
- 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.

The full scheme for 2019/20 is laid out as a background paper.

3. Currently, the total expenditure on LCTS is £6,033,775, which is made up of £3,440,172 for elderly recipients and £2,593,603 for working age recipients. This is £33,000 up on last year's expenditure with a decrease of £23,277 for elderly recipients and an increase of £56,000 for working age claimants. The total number of recipients off LCTS is 6,231 comprising 3,174 elderly recipients and 3,057 working age. This compares with a total number of claimants at 31st March 2018 of 6,438. There has been a reduction therefore of around 200 claimants. This may look contradictory in terms of an increase in expenditure on the scheme but the average increase in Council Tax of 4.6% in 2018/19 needs to be factored in. However, the overall expenditure on the scheme will continue to be monitored over the year as the principle is that it is self-funding. This will form part of the review for the 2020/21 scheme.

Consultation

4. Consultation is formally required when there are proposed changes to the scheme. Although no changes were proposed it was agreed by Cabinet that we would undertake a shortened consultation exercise through the Council's website. The theme of the consultation was whether people agreed with the scheme or what changes should be made. The consultation exercise ran between 30th October 2018 and 21st December 2018.

5. The consultation exercise resulted in 26 respondents who attempted the survey of which 14 completed it. This compares with 96 respondents last year of which 73 completed the survey. However, as the scheme for 2019/20 proposed no changes this is perhaps not surprising. The full results are laid out in Appendix 2. Of the 14 respondents who expressed an opinion on whether the LCTS scheme should continue unchanged for 2019/20, 7 felt that it should remain unchanged, 6 felt that the scheme should be changed and one did not know. Of the 6 respondents who felt the scheme should be changed, only 3 felt it should be more generous. It is worth noting that although only 26 respondents attempted the survey there were 211 respondents who actually viewed it on the Council's website. Of these only 6 felt that the scheme should be changed for 2019/20. This could therefore be seen as an endorsement of the proposal that the scheme remains unchanged for 2019/20.

5. Conclusion

Although the response to the consultation was disappointing it is argued that it shows no great desire for the scheme to be changed for 2019/20. The results of the consultation show that 211 people viewed it but that only 26 went on to attempt it. Further, only 6 people expressed an opinion that the scheme should be changed. The conclusion is that the proposal to keep the scheme unchanged for 2019/20 is sound and should be recommended to Council for approval.

Resource Implications:

LCTS scheme for 2019/20:

From 2014/15 the funding has been rolled into the Council's overall funding position made up of Revenue Support Grant and locally retained business rates. The actual amount of funding for LCTS is therefore not identifiable within the settlement figures, although the overall package continues to be reduced. The LCTS scheme needs to be designed to ensure, as far as possible, stability and sustainability in the Council's finances. LCTS is not a benefit and it is treated as a discount within the Council Tax calculations. This means that the Council's taxbase will reduce (as will the taxbase for all other preceptors) but the funding from the Government will cover a large proportion of the lost Council Tax income.

Exceptional Hardship Fund:

For the last five years there has been a small hardship fund to assist households which have been experiencing exceptional hardship. It is anticipated that the current year's budget for this fund will be adequate. The County, Fire and Police are all contributing towards this fund and they have agreed that they will continue with those contributions for 2019/20

Legal and Governance Implications:

There is a legal requirement to make a LCTS scheme under the Local Government Finance Act 2012.

Safer, Cleaner and Greener Implications:

Consultation has been undertaken with ECC, the Police and Fire authorities and the public. The results are detailed in this report.

Consultation Undertaken:

Consultation has been undertaken with ECC, the Police and Fire authorities and the public.

The results are detailed in this report.

Background Papers:

Council report 21st December 2017

Cabinet report 6th September 2018

Council Tax Reduction Scheme Policy

Risk Management:

There are a number of financial risks associated with the LCTS scheme. Monitoring against the taxbase and collection is continuing but no major problems have been identified to date. As in previous years, LCTS expenditure has shown an underspend with regard to anticipated expenditure which has been due to the caseload continuing to reduce. Council tax collection rates remain stable.

The Government grant in 2019/20 is not clearly identifiable and there is a possibility that demand and eligibility for financial support under the LCTS scheme for 2019/20 may be greater than in 2018/19, particularly if economic conditions worsen. The cost of additional discounts would be borne in proportion by the major precepting authorities (ECC, Police, Fire, EFDC). Conversely if demand falls (e.g. if economic conditions improve), the additional saving would be realised by the same authorities.

Any increase in the Council Tax by County, Police, Fire, District or parishes, will result in the cost of the LCTS scheme increasing