

<b>27 November 2013</b>		<b>ITEM: 11</b>
<b>Council</b>		
<b>Local Council Tax Support Scheme</b>		
<b>Report of:</b> Councillor Phil Smith, Cabinet Member for Central Services		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Accountable Head of Service:</b> Sean Clark, Head of Corporate Finance		
<b>Accountable Director:</b> Graham Farrant, Chief Executive		
<b>This report is Public</b>		
<b>Purpose of Report:</b> To update Members of the results from the public consultation exercise the Council undertook that closed on the 20 <sup>th</sup> October 2013 and to recommend the 2014/15 Local Council Tax Support Scheme. (LCTSS).		

## **EXECUTIVE SUMMARY**

Local Authorities are only 7 months into the new localised council tax support schemes that were implemented from April 2013. Thurrock Council implemented and agreed its current scheme through a public consultation exercise, held cross party Members working groups and submitted reports both to Cabinet and Council. The current approved scheme recognises and takes into account people who are working and allows for extra earnings disregarded as well as disregarding child maintenance and child benefit thus assisting those with children in households.

The public consultation closed on the 20<sup>th</sup> October 2013. It is recognised that the response has been poor. However the results give an indication that the respondents are supportive of how the scheme has been structured and how it's been delivered.

At their meeting on 13 November 2013, Cabinet recommended that the scheme for 2014/15 remains unchanged but that Corporate Overview and Scrutiny Committee consider the practical and equality issues around introducing a residency requirement to the scheme to inform discussions for 2015/16.

### **1. RECOMMENDATIONS:**

#### **1.1 That the 2014/15 LCTSS for Thurrock remains the same as it is for this current year thereby containing the following elements:-**

- **The first £25 per week of earned income will be disregarded when calculating levels of council tax support.**

- **The maximum capital limit is to be set at £6,000. This means anyone who has savings over 6,000 may not receive support with their Council Tax.**
- **Second adult rebate will no longer be awarded for working age claimants**
- **For working age claimants, the maximum support that will be allowed will be 75% of the full Council Tax bill for the Banding of the property.**
- **Child Benefit and Child Maintenance received will not be included as income in the calculation of Council Tax Support.**
- **There will be a 100% disregard of military compensation payments, including War Disablement Pensions, War Widow's Pension and Armed Forces Compensation Scheme payments.**

## **2. INTRODUCTION AND BACKGROUND:**

- 2.1 The design of each LCTSS must be finalised by 31 January at the very latest. Failure to provide a scheme by this date will trigger the implementation of a default scheme, imposed by the Government. The Government default scheme would require the Council to revert back to the level of support that would have been provided under the national Council Tax Benefit arrangements. Due to changes in the level of funding this would mean that the Council would have to find at least £1.3 million from elsewhere in its annual budget, currently collected from the amounts those of working age.
- 2.2 Local authorities will take on the risk that liabilities under LCTS exceed that which has been budgeted for at the start of the relevant financial year. Furthermore the risk is shared between billing and major precepting authorities with about 15% of the Council Tax Thurrock collects being paid over to the Essex County Fire and Rescue Service and Essex Police.
- 2.3 As the scheme impacts on the Council Tax base, a key component in estimating the resources available to the Council, it is deemed prudent to agree a scheme in November allowing Cabinet to agree a Council Tax base in December.

## **3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:**

- 3.1 Officers used the modelling tools provided by Northgate IT software providers who support the Council's financial systems to test a variety of possible schemes. The key variables were: definition of income, level of disregard for weekly earnings, level of savings at which households would not be eligible for support.
- 3.2 Based on the 2012/13 Council Tax Benefit expenditure of £11.3 million officers worked closely with both internal and external groups to devise the current scheme we have in place for 2013/14. The Department of

Communities and Local Government (DCLG) gave Thurrock a grant of £8.353 million and Precepting Authorities a separate amount to fund its LCTSS for this financial year, leaving £1.3m to be collected from those of working age.

- 3.3 From 2014/15, any specific defined funding for LCTSS will be rolled up into the main Revenue Support Grant (RSG) as provided to local authorities by the DCLG. It will be entirely for local authorities to decide how much they are prepared to spend on LCTSS.
- 3.4 It would be prudent to carry on for another year based on the same principles as we have currently adopted within our present LCTSS as this will enable the Council to gather a full years worth of information.
- 3.5 Officers have maintained a close working relationship with other Essex authorities and have continued to work on the same principles that were agreed and defined last year:
- Common approaches to consultation between billing and major precepting authorities;
  - Joint working on consultation on scheme designs between Essex authorities and the public;
  - Standardised approaches to processes such as claims, fraud, appeals etc;
  - Common components to scheme designs.
  - There remains general consensus throughout Essex that the LCTSS remain cost neutral, that is to say that the cost of Council Tax support will remain in line with the sum allocated to the LCTSS.
  - DCLG has advised that there is no reduction in the overall funding allowed for Council Tax support for 2014/15.
  - The schemes will as far as possible also allow for expected growth in demand and where possible each authority will look to reduce the complex nature of the schemes and make them easier to claim and administer.
- 3.6 Some components of the LCTSS have been directed by Government such as:-
- All low income pensioners will be protected under the national framework as defined by DCLG.
  - Consideration for protection for vulnerable working age groups will be allowed for.

- Each authority's scheme will maintain work incentives wherever possible. The Government continues to stress the importance of this principle given the current economic climate and the Government's welfare reform agenda.

3.7 Tendring and Sandwell Councils are the only two authorities in the U.K. that we have been able to identify that have included a residency criteria in their 2013/14 schemes. This is an option that has been considered by officers and was included in the consultation.

3.8 At their meeting on 13 November 2013, Cabinet have recommended not to introduce this criteria for 2014/15 but for Overview and Scrutiny to consider the practical and equality issues to inform a scheme for 2015/16.

#### **4. REASONS FOR RECOMMENDATION:**

4.1 Officers have only been able to gather information based on the last 7 months activity regarding the additional collection of the billed amounts. To build a full year's picture of activity it is recommended that the 2014/15 LCTSS is kept in line with the current scheme that is already in place.

4.2 The LCTSS scheme must also be approved by full Council by the 31 January at the very latest, failure to adhere to this will mean the Council will have to operate a default scheme, this will be with added financial pressures that have not budgeted for.

#### **5. CONSULTATION (including Overview and Scrutiny, if applicable)**

5.1 The Council carried out consultation which lasted for a period of 6 weeks and concluded on the 20 October. The Council promoted the on line survey by placing adverts through the Council website and via local newspapers to raise awareness of the survey.

**Appendix 1** details the responses given to the questions asked.

**Appendix 2** provides the additional comments received regarding the scheme.

**Appendix 3** details the full response provided by the Thurrock Diversity network group.

5.2 Cabinet considered this report at their meeting on 13 November 2013.

#### **6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

6.1 The current LCTSS in place has as much as possible encompassed all the different criteria necessary to enable a balanced local scheme to be delivered. It has by no means been without challenges engaging with residents, for whom this would have been the first time they would have been asked to pay something towards their Council Tax since the abolition of the Community

Charge. The Council has a robust corporate Fair Debt Policy and this is adopted as part of the collection of Council Tax.

## **7. IMPLICATIONS**

### **7.1 Financial**

Implications verified by: **Sean Clark**  
Telephone and email: **01375 652010**  
**sclark@thurrock.gov.uk**

The financial implications are set out in the body of the report. Any increases to the amounts collectable from residents would need to be considered against collection rates.

### **7.2 Legal**

Implications verified by: **David Lawson**  
Telephone and email: **01375 652087**  
**dlawson@thurrock.gov.uk**

The Council Tax Benefit system was abolished by Section 33 of the Welfare Reform Act 2012. The Local Government finance bill prescribed certain steps in the design of a local scheme, such as consultation and publication, and enables the Secretary of State to introduce both Regulations and Guidance relating to local schemes. The Government has indicated Regulations will ensure that pensioners will not lose or gain relative to the current system.

Any local scheme will need to be ratified by full Council by the 31 January 2014 at the latest to enable the authority to implement its LCTSS from the new financial year being 01 April 2014.

### **7.3 Diversity and Equality**

Implications verified by: **Samson DeAlyn**  
Telephone and email: **01375 652472**  
**sdealyn@thurrock.gov.uk**

The Council has a duty as set out in the Equality Act 2010 to consider the equality impact of its policies and decisions. The current LCTSS should be considered in the wider context of welfare reform and localism which may have other impact on poorer households, in particular as other elements of welfare reform, such as Universal Credit, are fully rolled out over the next few years.

The Council will need to be satisfied that any LCTSS that is adopted is based on good equality analysis as any scheme will be highly relevant to the equality of duty.

7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

- None

**BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):**

- None

**APPENDICES TO THIS REPORT:**

- Appendix 1 LCTSS Survey Results October 2013
- Appendix 2 Survey Results Feedback October 2013
- Appendix 3 Thurrock Diversity Network Feedback response October 2013

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