

28 January 2015		ITEM: 13
Council		
Local Council Tax Support Scheme		
Wards and communities affected: N/A	Key Decision: Non Key	
Report of: Cllr Victoria Holloway, Cabinet Member for Central Services		
Accountable Head of Service: Sean Clark, Head of Corporate Finance		
Accountable Director: Graham Farrant, Chief Executive		
This report is Public		
Date of notice given of exempt or confidential report: N/A		

Executive Summary

It has been nearly two years since Local Authorities have run the new localised council tax support schemes that were implemented from April 2013. Thurrock Council initially implemented and agreed its current scheme through a public consultation exercise, held cross party Members working groups and through bringing reports both to Cabinet and Council. The current approved scheme recognises and takes into account people who are working and allows for extra earnings disregard as well as disregarding child maintenance and child benefit thus assisting those with children in households. As at the end of March 2014 the Council had collected 95.28% against the specific Council Tax Support portfolio.

The public consultation closed on the 28th September 2014. It is recognised that the response has been poor. The results indicated that the survey had attracted 154 "hits" and only 54 responses were fully completed. 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 the time of the public consultation the Sandwell ruling had just been made and it wasn't clear whether Sandwell Council would challenge the ruling against the Local Residency rule. However it has now come to light that the Council will not be challenging this ruling. The ruling basically highlighted that the Billing Authority cannot invoke a local residency clause within its local scheme as there is no provision for this within the Local Government Finance Act.

1. Recommendation(s)

1.1 That the 2015/16 LCTS for Thurrock Council 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 LCTS 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 billed to 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.

3. Issues, Options and Analysis of Options

3.1 Officers initially used the modelling tools provided by Northgate IT software providers who support the Council's revenues 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 scheme we have in place for 2014/15. 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 LCTS for this financial year, leaving £1.3m to be collected from those of working age.
- 3.3 From the forthcoming financial year, any specific funding for LCTS is 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 LCTS. Officers considered that it was prudent to carry on for this year based on the same principles as we have currently adopted within our present LCTS as this will enable the Council to gather a full year's worth of information.
- 3.4 Officers have maintained a close working relationship with other Essex authorities and have continued to work on the same principles that were originally agreed at the start of the 2013/14 schemes:
- 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 LCTS remain cost neutral, that is to say that the cost of Council Tax support will remain in line with the sum allocated to the LCTS.
 - 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.
- 3.5 Some components of the LCTS 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.

4. Reasons for Recommendation

- 4.1 Officers have now been able to gather information based on the last 20 months activity regarding the additional collection of the billed amounts. The considered design of the scheme, building in various protections and incentives has contributed to the Council managing to sustain a high collection rate against this specific portfolio. In order to carry on with this high collection rate it is considered prudent that the same elements are kept going forward into the 2015/16 financial year.
- 4.2 The LCTS scheme must also be approved by full Council by the 31 January preceding the relevant financial year. Failure to adhere to this will mean the Council will have to operate a default scheme adding financial pressures that have not been budgeted for.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The Council carried out consultation which lasted for a period of 8 weeks and concluded on the 28th September 2014. The Council promoted the on line survey by placing adverts through the Council website and via local newspapers to raise awareness of the survey.
- 5.2 Appendix 1 highlights the 6 key questions concentrated on the design of the scheme.
- Question 1 asked whether changes ought to be made and a majority concluded that this should be the case.
- Question 2 focused on whether the percentage discount should remain the same; again the majority concluded that this should be the case. In modelling a reduction to a maximum of 70% discount it transpires it would affect an additional 5,928 households with an average increase of £44.35 per household.
- Question 3 asked if residents were in favour of a local residency rule. Although we are aware that we can't invoke such an element in our local scheme as already mentioned, it is interesting to note the response from the survey 85% (out of 53 responses) indicated that they were in favour of a local residency element to be included.
- Question 4 dealt with the working incentive, in that we disregard the first £25.00 of wages. This remains a popular element and continues to acknowledge that those working who still require some assistance are being rewarded as per the disregard within the scheme.
- Question 5 dealt with Child Benefit and Child Maintenance being disregarded, although the majority of responses indicate that these elements should be included in the scheme, the Council feels that by continuing to exclude these elements we are continuing to assist with the eradication of child poverty we are experiencing both from a national and local perspective and as a result will carry on with disregarding these elements within the scheme.

Question 6 focussed on a Banding restriction, the results here indicated 55.5% responses in favour of reducing the assistance to the value of a band C council tax value. However when this was modelled it indicated that an additional 258 households would be impacted with an average increase in their Council Tax bills of £168.99 per household. The Council has considered this and feels that it would be unfair to invoke such an increase on a small number of households that would be impacted against this element.

5.3 Appendix 2 provides the additional comments received regarding the scheme, it is worth noting here that when compared with Appendix 3 highlighting diversity information that only 7 of the respondents who replied are actually in receipt of assistance towards their Council Tax bills from these scheme.

6. Impact on corporate policies, priorities, performance and community impact

6.1 The current LCTS 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 especially in engaging with residents, for whom this would have been the first time many would have been asked to pay something towards their Council Tax. The Council has a 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**
Head of Finance

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. The overall amount to be provided by DCLG towards 2015/16 is now absorbed into the RSG. As such, it is difficult to set a scheme within the financial parameters of grant awarded and so the scheme now needs to be set on the fairness of individual measures within it whilst considering the financial needs of the Council. This scheme is in line with the current MTFs assumptions.

7.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Legal and Deputy Monitoring Officer

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 2015 at the latest to enable the authority to implement its LCTS from the new financial year being 01 April 2015.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

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 LCTS 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 LCTS 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. Staff, Health, Sustainability, Crime and Disorder)

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

9. **Appendices to the report**

- Appendix 1 LCTS Survey Results September 2014
- Appendix 2 Survey comments September 2014
- Appendix 3 LCTS survey Diversity Information September 2014

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