

**LOCAL COUNCIL TAX SUPPORT SCHEME 2018/19**

Relevant Portfolio Holder	Cllr Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

**1. SUMMARY OF PROPOSALS**

- 1.1 The Council Tax Support Scheme (CTSS) must be reviewed annually.
- 1.2 Cabinet recommended that no changes, with the exception of applying the uprating figures determined by the Government, be made to the scheme for the coming financial year.
- 1.3 Council deferred the decision in order that further information on the costs of the scheme, debt levels and hardship awards could be provided.

**2. RECOMMENDATIONS**

**Council is asked to note the information and RESOLVE that**

**2.1 No changes are made to the Council Tax Support Scheme for 2018/19.**

**3. KEY ISSUES**

**Financial Implications**

- 3.1 As Members are aware, changes were made to the Council's Local Council Tax Support Scheme with effect from April 2015, which resulted in support being capped at 80% of Council Tax liability for all working age claimants. Support for pensioners remained at 100% and this has not changed.
- 3.2 It is proposed that there are no changes to the level of support provided by the Council, and as previously agreed the various allowances be uprated in line with the Secretary of State's annual announcement. This will ensure that the scheme is affordable given the year on year reduction of funding for local support schemes.
- 3.3 There are currently 41,153 properties within the Bromsgrove District. 2,275 people of pension age and 2,241 people of working age have live claims for Council Tax support. The number of working age claims has reduced from 2,464 in April 2015.

- 3.4 The total cost of Council Tax Support for the 2017/18 tax year is projected to be £3,848,039. Council Tax support is a discount on the Council Tax payable and the costs are shared between precepting authority with roughly 13% of the costs falling on Bromsgrove District Council (BDC).
- 3.5 The cost of support for working age claimants is £1,647,180 as this is based on 80% liability.
- 3.6 As the major preceptor the majority of the costs of the scheme fall to Worcestershire County Council (WCC). Bromsgrove District Council's projected cost is just over £500k, of which £214k will support working age households.
- 3.7 The cost of 100% support for working ages household would result in an increase to approximately £2,058,975. This would represent an increase to Bromsgrove District Council of £53k.
- 3.8 However it should be noted that the income taper would mean that with an increase in maximum support more people would be entitled to Council Tax Support for a longer period when their income increased and the costs of support would therefore increase above this proportional level.
- 3.9 As the major preceptor WCC are unlikely to support a move to increase the budget for CTSS for working age families. Previously WCC reduced funding to BDC elsewhere to offset the cost of the enhanced scheme in place between 2013 and 2015
- 3.10 WCC does support a hardship fund, administered by BDC to provide additional support to anyone suffering from hardship as a result of the CTSS scheme. Through this fund 94 household were provided with support in 2016/17 to the value of £8k. To date in 2017/18 we have made awards to 63 cases with a value of £5,336.
- 3.11 Proportionally there has not been a significant impact on the overall Council tax collection rates with 98.1% collected in 2016/17 compared with 98.5% collected in 2013/14.
- 3.12 The following shows the change in collection rates for accounts within the group where CTS is being paid between 2014/15 when 100% CTS was available and 2016/17 when the 80% cap had been in place for two years.

2014/15	73%
2015/16	73%
2016/17	70%

- 3.13 It is important to note that we do not take such a stringent recovery path with these cases and where hardship is identified the account holder would be offered a full financial assessment and suitable support.
- 3.14 In 2016/17 our conversion to a unified revenues system impacted on our recovery routines. A fall in collection rates during this period would be more pronounced for LCTS cases where the customer is less likely to be paying by Direct Debit, and therefore more likely to respond to recovery action as a prompt for payment.
- 3.15 Council tax arrears for 2016/17 totalled £2,433,869. There are arrangements in place for the payment of much of this debt.

**Legal Implications**

- 3.16 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new scheme of Council Tax support called "Council Tax Support Schemes". Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s10 Local Government Act 2012), each billing authority is 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
- 3.17 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)
- 3.18 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.
- 3.19 The Authority must adopt its scheme, and make any revisions, no later than 31 January in the financial year preceding the one when it will take effect, so that it will be necessary for the Council's 2018/19 scheme to be in place by 31<sup>st</sup> January 2018.
- 3.20 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. As the recommendation is that no revisions to the current scheme should be made for the financial year 2018/2019 (to which this report applies), the requirement to consult does not have to be met. However, officers will publicise the fact that the current scheme is to continue, subject to up-lift in rates as set by the Department of Work and Pensions, as referred to at 3.11 below.
- 3.21 Instruction is received from the Department of Work and Pensions on an annual basis, of changes to benefits rates and personal allowances. These must be

taken into account for housing benefit calculations and it streamlines the claims process if they are also applied to the Local Council Tax Support Scheme.

- 3.22 Any scheme agreed by the Authority is required by the Regulations to incentivise work.
- 3.23 Officers are looking to commission a comprehensive review of the scheme, in light of all of the welfare support changes since 2013, and in terms of both levels of support and administration of the scheme. All Members, as well as residents, and precepting authorities will be invited to take part in that review. This would inform any proposals for changes to the scheme in April 2019

**Service / Operational Implications**

- 3.24 Officers continue to provide support to any person liable for council tax who is experiencing severe hardship. This may be in the form of personal budgeting advice, short term financial support, debt management advice, or support to maximise income.
- 3.25 Officers work with local DWP, BDHT and local job coaches to provide a holistic approach to financial support needs.
- 3.26 We do not rely on applications for hardship support but proactively identify cases where it may be appropriate. As well as the hardship fund which provides transitional relief for those facing hardship as a result of changes to Council Tax Support, officers work with any person who presents, or is identified as being, in need of financial support. Applications can be made by individuals or will be identified by officers through discussion. A personal assessment of needs and a full financial review is undertaken. Transitional relief and long term solutions are identified by working with the household or individual in order to meet our strategic purpose the help people to be financially independent.
- 3.27 As well as granting hardship awards our Financial Independence Officers have helped many households who were struggling and had financial support needs. This support ranges from high level debt and money management to one off awards in the time of crisis. This service is entirely funded within existing resources through reducing waste elsewhere in the benefits service to create capacity to work intensively with those most in need.

**Customer / Equalities and Diversity Implications**

- 3.28 The 'uprating' of the benefits rates and personal allowances to be taken into account, in line with the Secretary of States announcement on those that must be taken into account for other benefits, will potentially result in small changes to the amounts of support provided. These will vary according to circumstances.

**4. RISK MANAGEMENT**

- 4.1 Any reduction to council tax support whilst increasing council tax income to the Council and our major preceptors has financial implications for our residents and therefore officers ensure that support on managing finances and advice on other potential benefits is made available.
- 4.2 An increase in support has a direct impact on the budgets of the main precepting authorities.

**5. APPENDICES**

**6. BACKGROUND PAPERS**

Held in Revenues Service

**AUTHOR OF REPORT**

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