

**LOCAL COUNCIL TAX SUPPORT SCHEME 2019/20**

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 Local Council Tax Reduction Scheme (LCTRS) must be reviewed annually and any revision to, or replacement of, the scheme must be agreed by 11<sup>th</sup> March 2019
- 1.2 The report proposes a change to the scheme to provide for increased levels of support for working age claimants to 85% from the current level of 80%. In addition it provides additional support for care leavers under the age of 25 and uprates figures within the scheme in line with national welfare benefits

**2. RECOMMENDATIONS**

**The Cabinet is asked to RECOMMEND that:**

**The Local Council Tax Support scheme is revised to provide:**

- 1) Increase to maximum level of support for working age claimants from 80% of liability to 85% of liability.**
- 2) Care Leavers under 21 years of age are treated as a protected group and provided 100% Local Council Tax Reduction (LCTR)**
- 3) Care leavers aged 21 years or over and under 25 years of age are treated as a protected group and provided up to 100% LCT**
- 4) The scheme is uprated in line with national welfare benefits**
- 5) Council Tax Hardship Scheme is amended to enable transitional support to be provided to care leavers under 25 whose income results in significant withdrawal of support**

**3. KEY ISSUES**

- 3.1 The LCTR replaced Council Tax Benefit with effect from 1 April 2013.
- 3.2 Under the Government's Council Tax Reduction provisions, the scheme for Pension Age applicants is determined by Central Government and the scheme for working age applicants is determined by the Council. Pensioners broadly receive the

same level of support that was previously available under the Council Tax Benefit scheme.

- 3.3 The current scheme for working age applicants is a means tested one, but has been amended since 2013 both to require a minimum payment from working age applicants of 20% and to update the scheme in line with changes to Housing Benefit that have occurred since its introduction.
- 3.4 The scheme has also been amended each year for general changes in applicable amounts and for non-dependant deductions.
- 3.5 Council has previously agreed a minimum council tax contribution from working age claimants of 20%. Cabinet resolved to undertake consultation on revising the scheme to increase support for working age claimants to 85% of liability.
- 3.6 Following consultation it is considered appropriate to introduce protection for care leavers and to provide additional support for working age claimants. The respondents indicated significant support to increasing the level of relief given to working age claimants. This may also mitigate the use of hardship funding as the Council will be providing relief to the most vulnerable members of our community. The summary of consultation is attached at Appendix 1.
- 3.7 There is a requirement to review the scheme on an annual basis and therefore officers will present options for the future to include an assessment of the impact on our residents of Universal Credit.

#### **4.0 Financial Implications**

- 4.1 At 1<sup>st</sup> April 2013, when Council Tax Benefit (CTB) was abolished, central Government replaced the scheme of subsidy for costs of CTB with a grant equivalent to 90% of the costs of CTB. The grant has been subsumed into the Revenue Support Grant paid to local authorities so it is not possible to identify the precise amount of grant now paid to precepting authorities, however, the costs of CTB in 2012/13 were £4.747m.
- 4.2 Modelling based on existing claimants indicated increased expenditure of £96,000 for Council Tax support. The costs exist as a reduction to the taxbase for the area and would be shared between precepting authorities in line with collection fund distribution. Members should be aware that County Council have responded to the consultation raising concerns that the increase in support to 85% would increase the financial burden to the County and therefore they would seek to review other funding streams to the District. This should be mitigated by the overall costs of the scheme being below 90% of the 2012/13 scheme.
- 4.3 It should be noted that these costs are determined based on live claims at a specific date, and when determined over a complete tax year the costs may be reduced based on changes to the number of LCTR claimants.

**5.0 Legal Implications**

- 5.1 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new discount scheme. Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s10 Local Government Act 2012), each local authority was 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
- 5.2 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)
- 5.3 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.
- 5.4 The Authority must adopt its scheme, and make any revisions, no later than 11<sup>th</sup> March in the financial year preceding the one when it will take effect.
- 5.5 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.
- 5.6 In addition, where there are changes to the scheme, the authority is obliged under paragraph 5(4) of Schedule 1A if any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.

**6.0 Customer/Equalities and Diversity Implications**

- 6.1 The current CTSS scheme contains provision for taxpayers to make an application for additional discount where they experience exceptional hardship. The hardship policy will continue to apply. Where any group of person is likely to experience hardship, this will be addressed as part of the overall scheme design. The Hardship Policy will continue to be an integral part of the scheme for the foreseeable future.
- 6.2 Care leavers attaining the age of 21 may, subject to their income, see a rapid withdrawal of Council Tax support. To mitigate the potential for a steep cliff edge at 21 years of age the Council Tax Hardship policy will be amended to enable transitional support to be provided to the small number of care leavers who may face steep withdrawal rates.

**7.0. RISK MANAGEMENT**

- 7.1 Any changes to council tax support can have financial implications for the Council and the major preceptors as well as for our residents and therefore financial modelling has been carried out to understand the implications of the proposals. These are projected to be minimal.
- 7.2 Officers ensure that support on managing finances and advice on other potential benefits is made available to anyone experiencing financial hardship.
- 7.3 Council Tax collection rates may reduce as the impact of Universal Credit and the administration grows, measures will be adopted to monitor the collection of Council Tax for UC claimants and these will be used to inform any future replacement for the LCTR scheme

**8. APPENDICES**

Appendix 1 – Summary of Consultation responses  
Appendix 2 - Equality Impact Assessment  
Appendix 3 & 4 – LCTR Regulations -80% and 85%

**9. BACKGROUND PAPERS**

Held in Customer Access and Financial support

**AUTHOR OF REPORT**

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