

LOCAL COUNCIL TAX SUPPORT SCHEME 2017/18

1 Purpose of Report

- 1.1 To advise members on the Borough Council of Wellingborough's Local Council Tax Support Scheme (CTS) for 2017/18 and subsequent years.

2 Executive Summary

- 2.1 The CTS annual total expenditure is estimated to be in the region of £3,875,000 for 2017/18, which is less than reported in previous years. The current position is that the scheme does not present an additional burden on the revenue budget. There is currently no requirement to make changes to the existing scheme, but it should be reviewed in future years.

3. Appendices

- 3.1 There are none.

4 Proposed Action: The committee is invited to RESOLVE to;

- 4.1 **Consult with the public that no change is made to the Borough Council of Wellingborough's Local Council Tax Support (CTS) scheme for 2017/18.**
- 4.2 **Receive a further report after the consultation has taken place to agree the CTS scheme to be recommended to council for 2017/18.**

5 Background

- 5.1 Local Council Tax Support (CTS) schemes replaced the national Council Tax Benefit scheme (CTB) in April 2013. The funding for CTS changed from the previous regime, where full subsidy was paid by central government on all properly paid CTB, to a fixed grant, which formed part of the overall funding of the council.
- 5.2 The local CTS scheme for this Borough was amended in 2014/15 so that a maximum of 80% of the Council Tax liability was used in the entitlement

calculation. There was no change to the scheme for 2015/16. This level was maintained in 2016/17, however a number of technical changes were incorporated to closer align our local scheme to national welfare changes in regulation.

5.3 People of pension age continue to be protected

Under these local arrangements people of pension age are protected from any changes. Any person of pension age continues to be entitled to support of up to 100% of Council Tax liability in the same way as if they had applied for Council Tax Benefit. There has however been an impact that the remaining burden of funding reductions has been borne by working age benefit claimants. It has been estimated that for the scheme to remain self financing, that working age claimants would have to continue to make a contribution of at least 20% to their council tax charge.

5.4 Income from certain other benefits e.g. Disability Living Allowance or Personal Independence Payments is fully disregarded under the local scheme. Income from War Disablement Pensions of War Widow’s Pensions and the Armed Forces Compensation Scheme will also continue to be fully disregarded.

5.5 Uprating

The local CTS scheme will continue to be uprated or amended annually in line with housing benefit to allow for any changes in premiums, allowances and non-dependant deductions in accordance with periodic announcements made by the Department for Work and Pensions.

6 Discussion

6.1 Current scheme provisions

The current scheme allows for up to 80% of the Council Tax liability to be used in the entitlement calculation for working age people. An illustration of what working age people are required to pay is shown below.

Illustration :

A couple with children, living in a Band A property in Wellingborough and in receipt of Income Support, have a Council Tax charge of £984.10. In 2016/17 they are required to pay 20% of this, they would have to pay £196.82 per year or about £3.79 per week because their maximum entitlement would be based on 80% of the Council Tax liability.

Band	Your Council Tax charge this year	Amount you would pay if you had to pay 15% of your bill	Amount you would pay if you had to pay 20% of your bill	Amount you would pay if you had to pay 25% of your bill
A	984.10	147.62	196.82	246.03

B	1148.13	172.22	229.63	287.03
C	1312.15	196.82	262.43	328.04
D	1476.16	221.42	295.23	369.04
E	1804.19	270.63	360.84	451.05
F	2132.23	319.83	426.45	533.06
G	2460.26	369.04	492.05	615.07
H	2952.32	442.85	590.46	738.08

*
2016-
charges.

Based on
17 council tax

This table shows the amount of Council Tax payable assuming someone is entitled to the maximum Council Tax Support. Levels previously consulted on are included for information.

6.2 At present there are no further regulation changes to housing benefit or universal credit that would warrant technical amendment to our CTS scheme for compatibility purposes.

6.3 All previous changes to the scheme have been adopted and implemented successfully.

6.5 **Public Consultation and Equality Impact Analysis**

A full public consultation exercise was undertaken during October and November 2015. This insight was included in the adaptations made to the current scheme. Survey techniques were utilised to try and achieve a balanced view of the proposals. These included an electronic feedback form on the Council website, writing to various welfare groups and to all persons on the Council's consultation database, direct surveys of benefit claimants visiting the Council offices and direct surveys of the general public in supermarkets and outside the Swansgate shopping centre.

6.6 Recent case law has directed councils to undertake meaningful consultation on local council tax schemes, even if the scheme provisions remain unaltered. Repeat consultation will be undertaken in advance of setting the budget for next year.

7 **Legal Powers**

7.1 Local Government Finance Act 1992

7.2 The Welfare Reform Act 2012

7.3 The Local Government Finance Act 2012

8 **Financial and Value For Money Implications**

8.1 The CTS annual total expenditure is predicted to be in the region of £3,875,000 for 2017/18, which is a decrease of £475,000 on estimates which were previously reported. This is due to the current caseload levels and the changes

implemented for 2016/17. As at 1st October 2016, monitoring estimates indicate that the existing scheme is not placing an additional burden on the revenue budget due to the provisions already put in place. This is taking into account the 20% contributions made by working age claimants to paying Council Tax. Based on the evidence currently available, the risk of the existing caseload rising in the short term appears low.

- 8.2 Council Tax collection has held up well since the introduction of the local CTS scheme and there has only been a small increase in arrears, due to residents on low incomes spreading their instalments over the full twelve months of the year. As at 1st October 2016 the collection rate of CTS accounts was 46.7% which was above predictions. More resources have been deployed in servicing accounts; however this has been achieved within existing budgets.
- 8.3 Any changes to local CTS schemes also have an impact on the tax base for the area. Under old scheme measures Council Tax Benefit was paid against the full council tax liability, however in the current scheme CTS is awarded as a discount, thus reducing liability and the taxbase for the local area.
- 8.4 The government will announce details of any changes to the financial settlement in the autumn. At present, financial plans for the authority have been made on the basis of the existing four year settlement. It may be prudent to establish more detail on the proposed transition in grant funding, before considering further amendment of our local CTS scheme.
- 8.5 The grant funding from the government is part of a wider financial settlement and paid at the start of the year, in advance of any actual expenditure. As there is no provision for in year adjustments, any risk of increases in expenditure caused by rising caseloads or other further national changes will have to be met locally.
- 8.6 Universal Credit was introduced in the borough on 28th September 2015, however further rollout activity will be limited for the borough during the next twelve months. Therefore the financial implications of the future full rollout of Universal Credit will be considered in local support scheme design in future years.

9 Risk Analysis

Nature of risk	Consequences if realised	Likelihood of occurrence	Control measures
Affordability of local scheme for customers	Increased Council Tax arrears	Probable	Proactive recovery process
Legislative timetable very challenging	Insufficient time to amend Council Tax bills	Unlikely	Careful management.

Scheme open to legal challenge	Reputation loss or claim	Possible	Appropriate consultation and EqIA
Software and systems not ready to calculate awards	Financial / reputation loss	Unlikely	Simple amendments applied to the default scheme
Council not able to recover increase in arrears	Collection fund deficit / increased budget pressure	Possible	Prudent financial planning / proactive recovery
Funding shortfall is higher than anticipated in the financial settlement	Increased financial burden	Possible	Prudent financial planning / contingency

10 Implications for Resources

10.1 No implications foreseen.

11 Implications for Stronger and Safer Communities

11.1 None

12 Implications for Equalities

12.1 A full EQIA was carried out for the introduction of 2013/4 scheme and again for the 2016/17 scheme. The EQIA screening identified a number of potential adverse effects of the scheme and these were fully reported, together with any potential mitigation.

12.2 The nature of the impacts reported are still applicable and may be referred to in the background papers.

13 Author and Contact Officer

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14 Consultees

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15 Background Papers

Local Government Finance Act 2012,
Local Council Tax Support Scheme 2016/17