

LOCAL COUNCIL TAX SUPPORT SCHEME 2020/21

1 Purpose of Report

- 1.1 To advise members on the Borough Council of Wellingborough's Local Council Tax Support Scheme (CTS) for 2020/21 and subsequent years.

2 Executive Summary

- 2.1 The CTS annual total expenditure is estimated to be in the region of £4,000,000 for 2020/21, which is in line with previous estimates. The current position is that the scheme does not present a significant 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 None.

4 Proposed Action: The committee is invited to RECOMMEND;

- 4.1 **that no change is made to the Borough Council of Wellingborough's Local Council Tax Support (CTS) scheme for 2020/21.**

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 for working age claimants. 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. There have been no further changes to date.

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 are fully disregarded under the local scheme. Income from war disablement pensions, war widow's pensions and the armed forces compensation scheme will also continue to be fully disregarded.

5.5 **Uprating and other housing benefit implications**

The local CTS scheme will continue to be uprated or amended annually in line with housing benefit or universal credit regulations, 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.

5.6 MHCLG intend, from 1st April 2020 as part of the annual amendments to the Local Council Tax Reduction prescribed requirements, to align Local Council Tax Reduction regulations with the Housing Benefit (persons who have attained the qualifying age for state pension credit) Regulations 2006. This will see the application of the mixed age rules applying to our local scheme.

5.7 As part of the prescribed requirements, authorities will also be required to disregard payments made under the Windrush Compensation Scheme when determining eligibility for pension-age CTS from 1st April 2020. Local Authorities have not yet received the Local Council Tax Reduction prescribed requirements.

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 £1,144.46. In 2019/20 they are required to pay 20% of this, they would have to pay £228.89 per year or about £4.40 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	1,144.46	171.67	228.89	286.12
B	1,335.20	200.28	267.04	333.80
C	1,525.94	228.89	305.19	381.49
D	1,716.68	257.50	343.34	429.17
E	2,098.16	314.72	419.63	524.54
F	2,479.65	371.95	495.93	619.91
G	2,861.14	429.17	572.23	715.29
H	3,433.36	515.00	686.67	858.34

* Based on 2019-20 council tax charges.

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.
- 6.4 **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.
- 6.5 As the existing scheme has already been extensively consulted upon and no changes to the structure of the scheme are proposed, a repeat question can be included in the budget consultation exercise to ensure that the insight obtained is still relevant.

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 currently £3,808,470 for 2019/20, which is £191,530 less than the £4 million estimate reported last year. However expenditure is expected to rise during 2019/20 to around £4,000,000. Current expenditure is also £91,892 down on the comparative actual figure of £3,900,362 reported a year ago. This illustrates a slowly declining caseload, being reduced by on average 235 claimants per year, over a five year period.
- 8.2 The performance of the scheme therefore appears to be relatively stable. As at 1 November 2019, monitoring estimates indicate that the existing scheme is not placing a significant 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.
- 8.3 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 1 November 2019 the collection rate of CTS accounts was 54.8% which again was in line with predictions, despite higher council tax levels. More resources have been deployed in servicing accounts; however this has been achieved within existing budgets.
- 8.4 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 tax base for the local area.
- 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 full service was rolled out in the borough on 21st November 2018. We continue to capture data on the financial implications for the future design of the scheme and to inform decision making should members need to consider amending the scheme for 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 2013/14 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