



Council

26 January 2015

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Subject: Local Council Tax Support

Report by:

Director of Resources

Contact Officer:

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Purpose / Summary:

For Council to agree the Local Council Tax Support Scheme for West Lindsey DC for 2015/16.

RECOMMENDATION(S): That the Council:

- 1. Notes the contents of the report; and**
- 2. Agrees the Local Council Tax Support Scheme for West Lindsey DC for 2015/16.**

IMPLICATIONS

Legal:

The Council has to determine a local scheme for council tax reduction by 31 January 2015.

Financial :

- To comply with the Council budget guiding principles, a scheme has to be designed that aims to fit the level of available government grant. It would be desirable to keep some level of contingency to deal with future caseload changes.
- The scheme that is chosen by the Council will need to be monitored to ensure the level of council tax collection remains comparable with that of recent years.
- Government funding will be fixed in advance for the year which means that the Council will bear the risk of claims being different to budgeted levels in-year. It is not clear how funding will be determined in the medium term but unless future funding is linked to demand levels the Council will also bear the risk of changes in the numbers of claims due to the economic climate. In theory fixed-funding could also benefit the Council if claims reduce. Now that funding for Local Council Tax Support has been rolled in the Revenue Support Grant it will not be possible to identify the funding which directly relates to this area of funding.

Staffing :

If, as suggested, no changes are made to the council tax support scheme this will be the third year of the West Lindsey scheme and it should now be embedded with staff.

Equality and Diversity including Human Rights :

Impact Assessment attached at Appendix A.

Risk Assessment :

- a. If Council Tax Support caseloads rise or fall then WLDC and the other major precepting authorities will have to absorb those expenditure variations through the Collection Fund. It is therefore vital that the financial implications of the scheme decisions made are realistic in terms of bridging the funding gap.
- b. If there is a downturn in the local economy, or where there has been major redundancies if a major company ceases trading, Council Tax Support caseloads could rise significantly.
- c. Each Council must approve their local Council Tax Support scheme by 31st January otherwise a default scheme similar to the current Council Tax Benefit scheme will be imposed which will cause funding gaps between the amount of grant received and the amount of council tax support entitlement.

Climate Related Risks and Opportunities :

None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

Local Government Finance Act 2012

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

Executive Summary

Council Tax Benefit was a national scheme providing means-tested financial help to households to pay their Council Tax liability, this was abolished on 31 March 2013 and every Local Authority was tasked with designing a local scheme of financial support to replace Council Tax Benefit.

West Lindsey District Council consulted with the residents of the district and the precepting authorities and adopted a local scheme approved by full Council in January 2013, this scheme was re-adopted for 2014/15 and a new scheme must now be adopted for 2015/16. This report gives details of the current scheme, its effectiveness and recommendations for the 2015/16 scheme.

When Council Tax Benefit was abolished the Government provided a 'default scheme' for council to use if they did not devise their own local scheme, the WLDC Local Council Tax Support Scheme adopted on 1 April 2013 was based on the 'default' scheme with some changes being made to the entitlement for working age households. The data available to date shows that current year scheme has been effective and that the amounts of Council Tax liability that working age households are being asked to pay are, in the main, manageable.

As the current year scheme is set to deliver the results that were predicted, it is recommended that the current year scheme be adopted for a further year but that minimal Government prescribed changes are built into the 2015/16 scheme (these being legislative changes that have occurred since April 2013 and the annual increases in allowances that come into force every April)

1. Background

- 1.1 The Local Government Finance Act 2012 replaced Council Tax Benefit with a Council Tax support scheme. Unlike Council Tax Benefit (CTB) which is set by Central Government, the new Council Tax support scheme must be defined by individual Local Authorities (albeit with much central prescription).
- 1.2 Pensioners are protected by Government which means 'local schemes' must give the same level of assistance to pensioners. West Lindsey District Council also made the decision in 2013/14 and 2014/15 to protect those in receipt of a War Pension and those claimants receiving a Disability Benefit.

2. Options

There are 3 options for the 2015/16 scheme being:

2.1 Option 1

To make no change to the current scheme, adapted from the scheme applied to people of pension age, for another 12 months and apply any new legislative requirements and the uprating of the non-dependent charges, applicable amounts and household allowances and deductions, used in the calculation of the reduction in accordance with the Department for Works and Pensions (DWP) annual upratings.

Costs/Savings

Increase the non dependent deductions as detailed below:

£11.25 to £11.50

£9.40 to £9.65

£7.45 to £7.65

£3.70 to £3.75

This would provide a small saving to West Lindsey District Council of £358.

Advantages	Disadvantages
The financial modelling shows that West Lindsey District Council can still bridge the funding by continuing with the current scheme for a further year	Very small saving to the council
There has been a reduction in the number of households claiming LCTS which has reduced the costs of the scheme.	
Collection rates are being maintained under the current scheme	
This option ensures the LCTS	

rules stay consistent with the DWP rules which avoids confusion for claimants.	
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2.2 Option 2

To make no changes to the current scheme for 2015/16 ie: do not apply the up-rate household allowances and deductions

Costs/Savings

There would be no direct saving to the council under this option.

Advantages	Disadvantages
	The Council would have three sets of rules to apply for families applying for financial help, this would cause confusion for the claimants, will lead to increased modification to IT and training for the Benefits Team and an additional set of regulations.

2.3 Option 3

To reduce the cap on liability from 91.5% to 70%.

Costs/Savings

This would provide a saving to West Lindsey District Council of £12,428 based on a collection rate of 20%.

Advantages	Disadvantages
This option would provide the greatest saving to WLDC.	Since the introduction of the LCTS scheme the Revenues team have taken significantly more enforcement action in order to maintain collection rates. For example, in 2012/13 3,757 summonses were issued but at 30 September 2014 3,266 summonses have been issued already. In 2012/13 10,003 reminders were issued throughout the year and at 30 September 2014 7,297 reminders have already been issued.

	It is unlikely that council tax support claimants will be able to afford to pay 30% of the council tax which is approximately £300 per annum on a Band a property.
	There is a risk that the overall collection rate will reduce as a less generous local council tax support scheme could put pressure on general collection rates which outweighs the savings from the benefit reductions.
	This option may be in conflict to the council's vision of West Lindsey being a place where people want to live, work, invest and visit as its reputation could suffer if a considerably less generous scheme was adopted.

3. Recommendations

It is recommended that the Members consider the three options and agree Option 1 being to adopt the scheme based on the 2014/15 scheme with adjustments to include any new legislation affecting the default/pension age scheme and the uprated non-dependent deductions, applicable amounts and allowances as per the Department for Works and Pensions annual 'Up-ratings'.

It is also recommended to undertake a fundamental review of the scheme during 2015/16 to determine whether it has met the financial aims and requirements of this authority and its major preceptors.

4. Local Council Tax Support Scheme 2016/17

It is recognised that whatever decision is reached this is only a scheme for 2015/16 and a review of the scheme will be required during the year when we will have more knowledge of the impact of the scheme and collection rates from council tax support claimants. Monitoring will also take place to analyse the impact and any unintended consequences it has had on council taxpayers and benefit recipients.

Appendix A – Local Council Tax Support Scheme - Equality Impact Assessment

<p>Name, brief description and objectives of scheme?</p>	<p>Local Council Tax Support Scheme 2015/16</p> <p>For Council to agree the Local Council Tax Support Scheme for West Lindsey DC for 2015/16.</p> <p>To ensure that all council tax payers are treated fairly under the local scheme.</p> <p>To ensure that council tax support is payable to the most vulnerable residents of the district.</p>
<p>Have you consulted on the scheme and if so, what were the outcomes?</p>	<p>No consultation has taken place as the recommendations are to continue with the current scheme except for applying any new legislative requirements and the uprating of the non-dependent charges, applicable amounts and household allowances and deductions, used in the calculation of the reduction in accordance with the Department for Works and Pensions (DWP) annual upratings.</p>
<p>What barriers may these individuals or groups face, and how can you promote equality (where possible)</p>	
<p>Gender</p>	<p>There is no evidence that this scheme would impact on people in any way because of this characteristic.</p>
<p>Age</p>	<p>There is no evidence that this scheme would impact on people in any way because of this characteristic except in the case of pensioners who are protected by the Government.</p>
<p>Disability</p>	<p>There is no evidence that this scheme would impact on people in any way because of this characteristic except in the case of War Pension and those claimants receiving a Disability Benefit who are protected by the Government.</p>
<p>Race</p>	<p>There is no evidence that this scheme would impact on people in any way because of this characteristic.</p>
<p>Religion or Belief</p>	<p>There is no evidence that this scheme would impact on people in any way because of this characteristic.</p>
<p>Sexual Orientation</p>	<p>There is no evidence that this scheme would impact on people in any way because of this</p>

	characteristic.
Gender Reassignment	There is no evidence that this scheme would impact on people in any way because of this characteristic.
Pregnancy, maternity or paternity	There is no evidence that this scheme would impact on people in any way because of this characteristic.
Marriage and Civil Partnership	There is no evidence that this scheme would impact on people in any way because of this characteristic.
Rural Isolation	There is no evidence that this scheme would impact on people in any way because of this characteristic.
Socio-economic factors	There is no evidence that this scheme would impact on people in any way because of this characteristic. However any person unable to complete the application form will be offered assistance from the Revenues Team in completing the form and also be signposted to outside agencies such as Citizens Advice Bureau, Money Advice Service.
Other (eg: those with dependants/caring responsibilities, asylum seeker and refugee communities, children in the care system etc)	There is no evidence that this scheme would impact on people in any way because of this characteristic. However any person unable to complete the local council tax support application form will be offered assistance from the Benefits Team in completing the form and also be signposted to outside agencies such as Citizens Advice Bureau
Is there any evidence or research that demonstrates why some individuals or groups are, or are not, affected?	There is no evidence or research available. This scheme is based on nationally applicable legislation and it covers all applicants who must all meet a set of standards and criteria intended to ensure that evidence of hardship justifies a reduction in council tax liability.
If there is a potential adverse impact, please state why and whether this is justifiable.	There is no potential adverse impact from this scheme.

Outcome of EIA	<p>No major change needed <input checked="" type="checkbox"/></p> <p>Adjust the scheme /proposal <input type="checkbox"/></p> <p>Adverse impact but continue <input type="checkbox"/></p> <p>Stop and remove the scheme/proposal <input type="checkbox"/></p>
How will you monitor your scheme, procedure, function to ensure there is no adverse effect on the protected characteristics (eg: gender, age, etc) in the future?	<p>We will monitor the number of applications received and how many applications qualify for a reduction and whether or not the reason is for any of the protected strands eg: race, religion, gender, age etc.</p>