



CPR.20 15/16

Policy and Resources
Committee

24 September 2015

Subject: Local Council Tax Support 2016/17

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 2016/17.

RECOMMENDATION(S): That the Council;

Agree that minor amendments to the Local Council Tax Support Scheme for West Lindsey DC for 2016/17 may be necessary and that consultation with residents can take place during late September, early October to ascertain their appetite for the proposed amendments.

IMPLICATIONS

Legal:

The Council has to determine a local scheme for council tax reduction by 31 January 2016.

Financial : FIN/62/16

- 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 :

This is the third year of the council tax support scheme without any changes and it is therefore fully embedded with staff. Any minor changes to the scheme will be easily adopted by the staff.

Equality and Diversity including Human Rights : None**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.
- d. The amount of council tax support awarded last year was over £6 million but forecasts indicate this will be approximately £5.9 million this year. Whilst this is not a budget saving it will contribute towards the £2.4 million we need to save by 2020.

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 for 2015/16. Re-modelling of the scheme has taken place and this report aims to provide some possible options for amending the 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 shows that the current scheme has been effective and that the collection rate for Council Tax Support last year was just under 72%.

The current scheme has not changed for 3 years (apart from DWP annual uprating) and therefore no consultation has taken place with residents to gauge their opinions of the scheme and any possible amendments to it. It would therefore seem an appropriate time to undertake a new consultation to ascertain the appetite for minor changes to the scheme.

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 since 2013/14 to protect those in receipt of a War Pension and those claimants receiving a Disability Benefit and the proposal is not to change this decision.

2. Options

There are 3 options for consideration for the 2016/17 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

This would provide a small saving to West Lindsey District Council of approximately £300.

Advantages	Disadvantages
There has been slight reduction in the number of households claiming LCTS which has reduced the costs of the scheme. In May 2014 we had 7,564 claimants and in May 2015 7,335 claimants.	Very small saving to the council
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.	

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 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 and to consult with residents regarding possible changes as detailed below:

Change	WLDC Saving if 70% collected	Impact
Reduce the cap on liability from 91.5% to 90% meaning all except exempted claimants pay a minimum of 10% towards the council tax.	£1,843.66	Minimal impact on council tax payers currently in receipt of 91.5% support. Weekly amount to pay increase on Band A property from £1.61 to £1.89 Annual increase £14.56
Reduce the cap on liability from 91.5% to 85% meaning all except exempted claimants pay a minimum of 15% towards the council tax.	£7,934.88	Reasonable impact on council tax payers in receipt of 91.5% support. Weekly amount to pay increase on Band A from £1.61 to £2.84 Annual increase £63.96
Reduce the cap on liability from 91.5% to 80% meaning all except exempted claimants pay a minimum of 20% towards the council tax.	£14,051.07	Significant impact on council tax payers in receipt of 91.5% support. Weekly amount to pay increase on Band A from £1.61 to £3.78 Annual increase £112.84

Reduce the amount of child maintenance disregarded from 100% to £10 per week	£889.98	Insignificant savings to WLDC however impact mainly on single parent families and their children.
Reduce the amount of child maintenance disregarded from 100% to £15 per week	£825.31	Insignificant savings to WLDC however impact mainly on single parent families and their children
Reduce the amount of child maintenance disregarded from 100% to £20 per week	£719.78	Insignificant savings to WLDC however impact mainly on single parent families and their children
Reduce the minimum weekly award of Council Tax Support from £2.50 per week to £3 per week	£51.83	Insignificant savings to WLDC however some claimants will no longer qualify for any support.
Reduce the minimum weekly award of Council Tax Support from £2.50 per week to £4 per week	£212.12	Insignificant savings to WLDC however some claimants will no longer qualify for any support.
Reduce the minimum weekly award of Council Tax Support from £2.50 per week to £5 per week	£837.31	Insignificant savings to WLDC however some claimants will no longer qualify for any support.
Restrict payments of council tax support to Band B properties	£988.52	Insignificant savings to WLDC however band B is one of lowest bands so will impact on less affluent claimants.
Restrict payments of council tax support to Band C properties	£455.51	Insignificant savings to WLDC however band C is still a fairly low band so will impact on less affluent claimants.
Restrict payments of council tax support to Band D properties	£221.29	Insignificant savings to WLDC however band D is average council tax band so may still impact on less affluent claimants.

Costs/Savings

There would be direct savings to the council under this option depending upon the outcome of a consultation process.

Advantages	Disadvantages
Increase to the tax base.	There would be a slight increase in the council tax payable for all customers.
10% is a clearer figure for claimants and staff to work with rather than 8.5% as we currently have.	There is a small risk of impact on the collection rates.
A small increase in the council tax due to be paid is likely to have only a small impact on collection rates because currently just under 72% of the council tax is collected from council tax support claimants and this should be maintainable as the annual increase to claimants would only be £14.56 based on a band A property.	We will need to change working practices and the advice we give to claimants although minor changes are relatively straightforward to implement.

3. Recommendations

Consultation regarding the Council Tax Support Scheme has not been undertaken since it was first adopted in 2013/14 and therefore it is important that we take advantage of another consultation exercise to understand what our residents think about the scheme we have adopted and whether they feel changes are now necessary.

There are currently 1,800 residents on the Citizens Panel and 1,083 receive their questionnaires electronically so to consult with them would cost West Lindsey District Council only staff time to prepare the consultation document.

The survey could also be placed on the WLDC website at no additional cost.

The remaining consultees could receive a hard copy of the questionnaire during September/October with the survey they normally complete around this time of year which would therefore incur no additional costs to the council.

4. Local Council Tax Support Scheme 2016/17

It is recognised that whatever decision is reached this would only be a scheme for 2016/17. A review of the scheme is undertaken annually

when more knowledge of the impact of that year's scheme and collection rates are available. Monitoring will also take place to analyse the impact and any unintended consequences it has had on council taxpayers and council tax support recipients.