



Council

23 January 2017

Subject: Local Council Tax Support 2017/18

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 2017/18.

RECOMMENDATION(S): That the Council;

Agrees Option 1 as the preference for the Local Council Tax Support Scheme for West Lindsey District Council for 2017/18 as recommended by Corporate Policy and Resources Committee on 15 December 2016.

IMPLICATIONS

Legal:

The Council has to determine a local scheme for council tax reduction by 31 January 2017.

Financial : FIN/85/17

- 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 from last year this should now be embedded with staff.

Equality and Diversity including Human Rights : N/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.
- d. The amount of council tax support awarded last year was over £6 million but forecasts indicate this will be slightly lower 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 and, following further consultations in 2015, minor amendments to the scheme were agreed for 2016/17.

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.

Minor amendments to the scheme were implemented last year and data available shows that it has been effective and that the collection rate for Council Tax Support claimants last year was just over 72%.

In view of this it would therefore seem appropriate to continue to embed the current scheme with both staff and council tax support claimants for at least a further year taking this scheme through to 2018.

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 2017/18 scheme and appendix A details the cost savings in full and to each precepting authority.

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 but 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 up-ratings.

Costs/Savings

Increase the non-dependent deductions (up-rating) as detailed below:

£11.45 to £11.50

£9.56 to £9.65

£7.58 to £7.65

£3.77 to £3.80

This would provide a small saving to West Lindsey District Council of £45.

Advantages	Disadvantages
There has been a slight reduction in the number of households claiming LCTS which has reduced the costs of the scheme. In September 2015 we had 7,279 claimants and in September 2016 there were 7,129 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 2017/18 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 90% to 80%.

Costs/Savings

This would provide a total saving to West Lindsey District Council of £22,330 if all the council tax were to be paid. However based on a collection rate of 20% it would only equate to a total saving of £4,466.

Advantages	Disadvantages
This option would provide the greatest saving to WLDC.	
	It is unlikely that council tax support claimants will be able to afford to pay 20% of the council tax which is approximately £330 per annum on a Band D 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 2016/17 scheme with adjustments to include any new legislation affecting the default/pension age scheme and the updated 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 2017/18 to determine whether it has met the financial aims and requirements of this authority and its major preceptors.

4. Local Council Tax Support Scheme 2017/18

It is recognised that whatever decision is reached this would only be a scheme for 2017/18. 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 benefit recipients.

Appendix A – Options Calculation Table

	Total Cost	LCC – 75%	WLDC-12.5%	LPA -12.5%	Total
Total cost of 2015/16 LCTS scheme	£6,110,448	£4,582,836	£ 763,806	£ 763,806	£6,110,448
Total cost of 2016/17 LCTS scheme before any changes are implemented	£6,019,306	£4,514,480	£ 752,413	£ 752,413	£6,019,306
Total saving	£ 91,142	£ 68,356	£ 11,393	£ 11,393	£ 91,142

Possible Options		Total Saving	LCC - 75% Saving	WLDC – 12.5% saving	LPA – 12.5% saving	Total
Total annual cost before charges	£6,019,306					
Change Non Dependent Deductions	£6,018,943	£ 363	£273	£45	£45	£ 363
£11.45 to £11.50						
£9.56 to £9.65						
£7.58 to £7.65						
£3.77 to £3.80						
Change liability from 90% to 80%	£5,840,662	£178,644	£133,984	£22,330	£22,330	£178,644
Change liability from 90% to 85%	£5,929,874	£ 89,432	£ 67,074	£11,179	£11,179	£ 89,432
Restrict to Band D	£6,015,497	£ 3,809	£ 2,857	£ 476	£ 476	£ 3,809
Restrict to Band C	£6,012,476	£ 6,830	£ 5,122	£ 854	£ 854	£ 6,830