



**Corporate Policy and Resources  
Committee**

**Date 14 December 2017**

**Subject:** Local Council Tax Support Scheme for 2018/19

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 2018/19.

**RECOMMENDATION(S):** That members;

1. Note the contents of the report; and
2. **Recommend to Full Council** the adoption of Option 3 of the report for the Local Council Tax Support Scheme for West Lindsey District Council for 2018/19.

## **IMPLICATIONS**

**Legal:**

The Council has to determine a local scheme for Council Tax reduction by 31 January 2018.

**Financial : FIN/100/18**

The cost of the Local Council Tax Support scheme is shared between Lincolnshire County Council (71%), West Lindsey District Council (WLDC) (16%) and Lincolnshire Police (12%).

- To comply with the Council budget guiding principles, a scheme has to be designed that aims to fit the level of available government grant. The Local Council Tax Support Grant has now been rolled into the Revenue Support Grant and it is no longer possible to identify the funding which directly relates to this area. It is therefore desirable that the financial impact is cost neutral or can demonstrate financial savings.
- The scheme that is chosen by the Council will need to be monitored to ensure the level of council tax collection remains comparable with previous years.

**Staffing :**

The changes are minimal and therefore should not impact on staff.

**Equality and Diversity including Human Rights :****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 31<sup>st</sup> 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 just 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 savings required 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. The scheme did not change in 2017/18 and the amount of Council Tax collected from claimants last year was just over 70%.

Following changes in legislation which replaced some Department for Work and Pensions benefits to Universal Credit there has been an increase in the number of reported claimants' changes in circumstances received by the council each month. Each change to a person's income or capital changes their entitlement to Universal Credit which, in turn, changes their Council Tax Reduction entitlement. This results in a change in their council tax instalments payable every month. Currently within West Lindsey only single claimants can claim Universal Credit but from March 2018 the Department for Works and Pensions will roll out new claims for Universal Credit to couples and families meaning that there will be a much greater percentage of the population (and the Local Council Tax Support caseload) claiming Universal Credit. The Gainsborough job centre roll out date was scheduled for May 2018 but it has recently been announced that this has changed to September 2018.

Re-modelling of the scheme has taken place and a consultation with suggestions for possible amendments to the scheme, which would reduce the amount of changes to a person's Council Tax Reduction entitlement has been conducted. The consultation took place between 4 September 2017 and 13 October 2017 with residents, voluntary groups, stakeholders and citizen panel members taking part. The consultation was available both as an on-line consultation and hard copies were also available.

In order to help inform the decision-making process the results of the consultation are included in this report along with the expected costs or savings of each option.

The finalised local council tax support scheme must be approved and adopted by Full Council by 31<sup>st</sup> January 2018 at the very latest.

## **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 awarded to them under then old Council Tax Benefit scheme. 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.
- 1.3 Recent changes in legislation, which replaced some Department for Work and Pensions benefits with Universal Credit has seen an increase in the amount of changes of claimants circumstances received by the Council each month. Every change to a person's income or capital changes their entitlement to Universal Credit which, in turn, changes their Council Tax Reduction entitlement. This results in a change in their Council Tax instalments every month. As Universal Credit will be rolled out for new claimants in all client groups (couples and families) from March 2018 WLDC are expecting a greater proportion of the Council Tax Support caseload to be Universal Credit claimants.
- 1.4 In order to avoid multiple changes for those people in receipt of Universal Credit and to make the scheme clearer and simpler two options were suggested. The first being to fix periods of assessment for 4 months meaning no reassessment of claims during the fixed period and the second being to apply a tolerance which would mean only changes resulting in an alteration of entitlement greater/less than £2.50 per week would be recalculated. To qualify for the reassessment the claimant would need to show a £12.50 change (plus or minus) in their weekly income.
- 1.5 It was also noted that from 6 April 2017 the Department for Works and Pensions introduced a new benefit for working age applicants whose partner had died. This benefit called Bereavement Support Payment replaced Bereavement Payment, Bereavement Allowance and Widowed Parents Allowance. Due to this change being announced after 31<sup>st</sup> January 2017 it was unable to incorporate it into the current Council Tax support scheme. Therefore it was included in the consultation as a possible change to the scheme which would, if adopted, enable any Bereavement Support Payments to be disregarded which would bring it into line with how the payment is treated in the current Housing Benefit Scheme.

- 1.6 The changes suggested in the consultation for the Council Tax support scheme for 2018/19 were:

	<b>Change</b>
1	Fixed period assessments
2	Apply a tolerance to Universal Credit claimants for Council Tax Reduction to avoid multiple changes
3	Disregard Bereavement Support payments in line with Housing Benefit regulations
4	Make no changes to the current scheme

- 1.7 Consultation took place over a 6 week period from 4 September 2017 to 13 October 2017. The consultation questionnaire was available on the West Lindsey website and in paper format at both West Lindsey offices at Gainsborough and Market Rasen. It was also sent to all members of the Citizens' Panel and all Parish Councils.
- 1.8 Benefit Officers who attend benefit surgeries across the District and officers working at the Guildhall and Market Rasen promoted the consultation offering assistance to residents to complete the survey.

## **2. Results of the Consultation**

A total of 1,288 consultation questionnaires were issued to the Citizens' Panel. This Panel consists of residents from all areas of the District who experience differing financial and personal circumstances, some of whom are currently in receipt of Council Tax support.

The Benefits team also issued approximately 12 hard copy questionnaires to Council Tax support claimants who visited the offices at Gainsborough and Market Rasen. Claimants were also offered the opportunity to complete the consultation on-line via the West Lindsey digital hub or via a Benefit Assessor but claimants were reluctant to participate.

A total of 444 replies were received in response to the consultation, 224 of which were electronic and 220 hard copies. This equates to a 34% response rate.

The descriptions of the households completing the consultation were broken down as below:

- 14.3% of respondents are families with one or more dependent children
- 67.3% are single person households or couple without children.
- 12% are households that include someone who is disabled
- 1.6% are lone parent households with one or more dependent children
- 3.4% are a carer in a household with one or more dependent children

- 1.4% are households that include someone entitled to a war pension

Three quarters of the responders (75.7%) agreed that fixing the assessment period for universal credit claimants would avoid multiple changes, be less confusing, avoid constant recalculations of council tax instalments and would allow claimants to budget over longer periods.

Slightly less responders (68.7%) agreed that applying a tolerance to universal credit claimants so that only alterations plus/minus £2.50 would result in a recalculation to council tax support.

Less than a quarter of responders (23.6%) felt that it was not necessary to make any changes to the current scheme.

With regard to disregarding Bereavement Support 78.3% of responders agreed that the scheme.

Some of the comments received in relation to the consultation were:

- Making the payments simpler for families and easing admin costs for the council, MUST be beneficial.
- Stable payments which do not alter every month must be a better option than those that alter regularly. Claimants know where they stand administrative costs are reduced.
- I would like to see all benefits being as closely linked to good citizenship as possible.
- Is there any scope for increasing the tolerance?
- I would support a 3 monthly fixed period.
- WLDC should opt for a system that is as fair as possible.
- Adopt whichever system is most cost effective but continues to support those most in need.
- The tolerance of £2.50 is a little too high – would £1.50 be kinder?
- The tolerance of £2.50 should be higher otherwise the cost of administration may outweigh the income being received.
- The new plans will reduce admin work and claimants will know their outgoings and be able to budget in advance without the fear of increased CT monthly.

In order to engage more council tax support claimants in future consultations relating to the council tax support scheme this particular consultation will be used as a learning tool and other means of engagement will be considered and trialled.

### 3. Options

There are 4 options for consideration for the 2018/19 scheme and appendix A details the cost savings in full and to each precepting authority:

#### 3.1 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) to the amount stipulated by the Department for Works and Pensions for 2018/19. The current amounts are listed in column 1 and are, based on last years increases likely to increase to the figures listed in column 2.

<b>2017/18</b>	<b>2018/19</b>
£11.55	£11.65
£ 9.65	£ 9.74
£ 7.65	£ 7.72
£ 3.80	£ 3.83

This would provide a small saving to West Lindsey District Council of £64.

- Disregard any Bereavement Support Payments in the calculation of Council Tax Support which will help those who have been bereaved.



Advantages	Disadvantages
<p>There has been a slight reduction in the number of households claiming council tax support which has reduced the costs of the scheme.</p> <p>In September 2016 we had 7,129 claimants and in September 2017 there were 6,892 claimants.</p>	<p>Very small saving to the council</p>
<p>Collection rates are being maintained under the current scheme.</p>	
<p>This option ensures the council tax support rules stay consistent with the Department for Work and Pensions rules which avoids confusion for claimants.</p>	
<p>There are currently no claimants in receipt of Bereavement Support Payment.</p> <p>Whilst not a large expense to the council it would ensure funds are directed towards the vulnerable during a difficult period in their lives.</p>	<p>Very limited cost to the council.</p>

### 3.2 Option 2

To make no changes to the current scheme for 2018/19 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
	<p>The Council would have three sets of rules to apply for households 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.</p>

### 3.3 Option 3

- to introduce fixed period assessments for Universal credit claimants of 4 months
- 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
- to disregard any Bereavement Support Payments in the calculation of Council Tax Support which will help those who have been bereaved.

#### Costs/Savings

There will be an administrative saving in this option but the effect will not be known until all new claims transfer to Universal Credit starting in March 2018. In postage alone for every 100 claims that move to Universal Credit there would be an approximate postage saving of £60 per month and eventually it is expected that up to 1500 families will move to Universal Credit by 2022.

Advantages	Disadvantages
It is a clear and simple change to the current scheme.	Some claimants may be disadvantaged in the short term as changes that may increase entitlement to Council Tax Support would not be taken into account until the new assessment period.
It is administratively simple.	
It will enable claimants to budget over longer periods.	
It may benefit some claimants in the short term as changes that may increase entitlement to Council Tax Support would not be taken into account until the new assessment period.	
This option ensures the council tax support rules stay consistent with the Department for Work and Pensions rules in terms of Bereavement Payments and annual up-ratings which avoids confusion for claimants.	

### 3.4 Option 4

- to apply a tolerance for Universal credit claimants in receipt of council tax support – only make changes to entitlement where the net difference is plus/minus £2.50 per week.
- 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
- to disregard any Bereavement Support Payments in the calculation of Council Tax Support which will help those who have been bereaved.

#### Costs/Savings

There will be an administrative saving in this option but the effect will not be known until all new claims transfer to Universal Credit starting in March 2018. From limited experience of Universal Credit to date, many claims have the possibility of a £12.50 per week change in income and therefore the savings are unlikely to be in excess of the Fixed Benefit period option (option 3)

Advantages	Disadvantages
It is a clear and simple change to the current scheme.	Some claimants may be disadvantaged in the short term as changes that may increase entitlement to Council Tax Support would not be taken into account until the change in income reaches £12.50 per week.
It is administratively simple.	
It will enable claimants to budget over longer periods.	
It may benefit some claimants in the short term as changes that may increase entitlement to Council Tax Support would not be taken into account until the change in income reaches £12.50 per week.	
This option ensures the council tax support rules stay consistent with the Department for Work and Pensions rules in terms of Bereavement Payments and annual up-ratings which avoids confusion for claimants.	

#### **4. Recommendations**

It is recommended that the Members consider the 4 options and agree Option 3, being to adopt the scheme based on the 2017/18 scheme.

Option 3 is considered the more stable option with more predictable administration savings and more of the consultation replies agreed that a fixed period scheme would be preferable to a scheme applying a tolerance to income levels. The comments from the consultation prove that a fixed period scheme is a more understandable to the customers and will be easier for customers to adopt. Some existing customers will remember the fixed period assessments applied to Family Credit in the past which will enable us to demonstrate its effectiveness.

#### **5. Local Council Tax Support Scheme 2018/19**

It is recognised that whatever decision is reached this would only be a scheme for 2018/19. 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**

	<b>Total Cost</b>	<b>LCC – 75%</b>	<b>WLDC-12.5%</b>	<b>LPA -12.5%</b>
<b>Total cost of 2016/17 LCTS scheme</b>	£6,120,456	£4,590,342	£ 765,057	£ 765,057
<b>Total cost of 2017/18 LCTS scheme before any changes are implemented</b>	£6,078,906	£4,559,179	£ 759,863	£ 759,863
<b>Total saving</b>	£ 41,550	£ 31,163	£ 5,194	£ 5,194

<b>Possible Options</b>		<b>Total Saving</b>	<b>LCC - 75% Saving</b>	<b>WLDC – 12.5% saving</b>	<b>LPA – 12.5% saving</b>
<b>Total annual cost before charges</b>	£6,078,906				
<b>Estimated Change to Non Dependent Deductions</b>	£6,078,394	£ 512	£ 384	£ 64	£ 64
<b>£11.55 to £11.65</b>					
<b>£9.65 to £9.74</b>					
<b>£7.65 to £7.72</b>					
<b>£3.80 to £3.83</b>					
<b>Disregard Bereavement Support payments (cost neutral)</b>					