

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 21 JANUARY 2014

Title of report	COUNCIL TAX SUPPORT SCHEME
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Purpose of report	<ul style="list-style-type: none"> • The Local Government Finance Act 2012 requires all Council Tax billing authorities to agree a local Council Tax Support Scheme (LCTSS) by 31 January each year for the forthcoming financial year. The LCTSS replaced the previous nationally determined Council Tax Benefit Scheme from 1 April 2013. • This report seeks approval of changes to the Scheme which the Council agreed at its meeting on 22 January 2013 to be effective from 1 April 2014. The report also seeks delegated authority for Cabinet to make future revisions to the Scheme.
Council Priorities	Business and Jobs Value for Money
<p>Implications:</p> <p>Financial/Staff</p> <p>Link to relevant CAT</p> <p>Risk Management</p>	<p>Financial implications are contained within the report. There are no additional staffing implications.</p> <p>Welfare Reforms CAT</p> <p>There are risks associated with systems changes, annual billing, non-collection of Council Tax and the implications for other services of customers receiving less support towards their Council Tax. These risks are being managed through sound project management, public consultation/communications and the establishment of a Council Tax hardship fund paid for by the Council, County, Police and Fire & Rescue service.</p>

Equalities Impact Assessment	Completed and available below: https://www.nwleics.gov.uk/files/documents/lcts_eia/LCTS%20EIA%20NWL%20V5.pdf
Human Rights	None identified.
Transformational Government	None identified
Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	As report author the report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Existing Council Tax Support claimants, Public through the Council's website, Leicestershire County Council, Leicestershire Police Authority, Leicestershire Fire and Rescue Authority.
Background papers	<p>Analysis of Consultation Responses: https://www.nwleics.gov.uk/files/documents/nwl_council_tax_support_consultation_responses_analysed_2/NWL%20Council%20Tax%20Support%20Consultation%20Responses%20-%20Analysed%20%282%29.xlsx</p> <p>https://www.nwleics.gov.uk/files/documents/council_tax_support_consultation/Council%20Tax%20Support%20Consultation.xlsx</p> <p>Report to Cabinet 10 December 2013 Reports to Cabinet 21 November 2012 and 21 August 2012 Minutes of Policy Development Group 3 October 2012</p> <p>All available at: http://www.nwleics.gov.uk/pages/councillors_democracy_and_elections</p> <p>Local Government Finance Act 2012: http://www.legislation.gov.uk/ukpga/2012/17/enacted</p>
Recommendations	<p>1. THAT THE MAXIMUM LEVEL OF COUNCIL TAX SUPPORT AVAILABLE BE REDUCED FROM 91.5% TO 85% FROM 1 APRIL 2014.</p> <p>2. THAT DELEGATED AUTHORITY BE GIVEN TO THE CABINET TO MAKE ANY FURTHER CHANGES TO THE SCHEME IN FUTURE FINANCIAL YEARS.</p>

1.0 INTRODUCTION

- 1.1 The Local Government Finance Act contains provisions for the localisation of council tax support in England by imposing a duty on billing authorities to approve a localised council tax support scheme by 31 January each year and to consult with major precepting authorities and such other persons as it considers likely to have an interest in the scheme.
- 1.2 In line with legislative requirements a period of public consultation on the 2014/15 Local Council Tax Support Scheme (LCTSS) commenced on 28 August 2013 and ended on 11 October 2013. Consultation was also conducted with the County Council, Police and Fire services as precepting authorities with their comments having been considered.
- 1.3 In year one of the LCTSS (2013/14), the Government provided a one-off Transitional Grant to assist Councils which implemented schemes limiting contributions to Council Tax liabilities to 8.5%. This announcement influenced Cabinet's decision to recommend to Council a Local Council Tax Support Scheme which took advantage of this payment, as recommending a higher contribution would have meant that the Council would not have received this grant. The transitional grant for the area of North West Leicestershire was £140,182 (£20,428 payable to the District).
- 1.4 In 2014/15 this additional payment is no longer available, which has a bearing on the overall cost of the Scheme and therefore influences the maximum level of support that can be afforded by the Council and the precepting authorities.
- 1.5 At its meeting on 10 December the Cabinet recommended to the Council that the maximum entitlement for Council Tax Support be reduced from 91.5% to 85%.

2.0 BACKGROUND INFORMATION

- 2.1 As part of the Government's Welfare Reform programme, from April 2013 Council Tax Benefit, the previous means of helping people on low incomes meet their Council Tax obligations, was replaced by a new localised support scheme defined by each Council. At the same time the Government reduced the funding for Council Tax Support by around 10%. This aimed to save £470m nationally and the North West Leicestershire share of this was £586,000. This Council was required to save £84,000 with the remainder to be saved by the County Council, Police and Fire and Rescue Authority.
- 2.2 For 2014/15 the Government has maintained its position that pensioners will be protected from the effects of the local schemes by a national framework of rules and eligibility. Although the level of funding was reduced nationally by an average of 10% from this April, taking into account the protection for pensioners, the reduction in support for working age claimants in North West Leicestershire is nearer 21%.

Summary of Consultations

- 2.3 In order to assist the decision making with regard to the 2014/15 LCTSS, the Council consulted on a capped eligibility scheme of 80%, 85% and 90%. The consultation was promoted by customer services staff, on the Council's website, through social media, leaflets distributed within district and county facilities and through local stakeholder forums. The Council also wrote out to all existing working age Council Tax Support claimants and to the

major preceptors – County Council, Police and Fire & Rescue as well and consulted with Town and Parish Councils through the regular liaison meeting.

2.4 A relatively small number of responses (56) were received to the public consultation. 29 of these were from people currently in receipt of CTS, which represents 0.44% of the number of Council Tax Support claimants (6,489). Questions were asked to assist the Council in determining its local scheme. The responses can be summarised as follows:

- 61% (34) agreed that everyone, apart from pensioners, should pay something towards their Council Tax. As opposed to 34% (19) who disagreed. 5% (3) didn't know.
- When asked how much people should pay, only 34 people answered the question. Of these, 36% (20) of people said they thought everyone should pay 10%. 4% (2) said everyone should pay 15% and 21% (12) thought everyone should pay 20%.
- 84% (47) of people said that they thought the Council should protect the vulnerable from paying more. 14% (8) disagreed with this and 2% (1) didn't know.
- When given a list of vulnerable groups to choose from, 'people who are in receipt of higher or middle rate Disability Allowance' were perceived to be the most vulnerable group (48%), followed by 'Carers' (43%) and those being re-housed due to being made homeless (e.g. hostel or care leavers, those fleeing domestic violence or forced marriages) (43%)

In addition to the public responses the following key comments from major preceptors (County Council, Police Authority and Fire and Rescue Authority) were also received:

- The principle of partnership working adopted by Leicestershire Districts is strongly supported
- The development of new local schemes that are designed to be financially sustainable is strongly supported
- A 'hardship fund', to mitigate the impact of the new local schemes on council tax benefit recipients should be continued in 2014/15

2.5 Based on the consultation responses and the need for the scheme to be affordable to the District and the major preceptors, it is proposed that the maximum level of Council Tax Support be reduced from 91.5% to 85% of the total Council Tax Liability. This means that eligible people will now be responsible for 15% of their Council Tax liability as opposed to the 8.5% of last year. This change will save the District Council £28,200 per year.

2.6 The commitment to continue with the hardship fund will assist in meeting the needs of the vulnerable people highlighted by the consultation responses. The proposed scheme would result in a minimum Council Tax Bill (District and all preceptors) of around £231 per annum based on the current Band D which takes into account the proposed increase in Council Tax for 2014/15. As the 85% LCTS award is applied after all other discounts have been applied, in practice many people's bills would be significantly lower than this. This compares with £128 estimated for the 2013/14 year where people were receiving up to 91.5% discount.

Hardship Fund and Administrative Costs

- 2.7 Subject to the council reducing its cap from 91.5% to 85%, the Discretionary Council Tax Hardship Fund administered by the Council can be continued. The costs will be shared by the District Council (£8,589) and the major preceptors (£50,354) pro-rata to the share of the Council Tax bill. This is already part of the agreed scheme.
- 2.8 In addition, the preceptors will continue to contribute towards the additional administrative costs, at an amount of £28,703, on the basis that the LCTS cap is reduced to 85%. As in 2013/14, the design of the 2014/15 scheme continues to make savings to cover these costs as well as the reduction in Government funding

Impact of the Scheme in 2013/14

- 2.9 The overall Council Tax collection rate as at 30 November 2013 was 75.71%, only marginally down on 76.17% at the same time last year. People were also given the facility to pay in 12 instalments instead of 10 from 2013/14 so the rate of collection may well be at its former level by the end of the financial year.
- 2.10 The demand on the Hardship Fund so far has been less than anticipated although it is possible that people will come forward as recovery processes continue to progress. There were 163 applications to the end of November 2013 of which 140 were approved. The total amount of discretionary discount was £5,510 out of £58,950 available. Any underspending will be carried forward to fund applications in 2014/15.

3.0 RISK MANAGEMENT IMPLICATIONS

3.1 Technical

IT systems were successfully modified for 2013/14 to allow for changes to be made to LCTS schemes and the change of eligibility cap can be considered to be relatively minor to implement.

3.2 Future Government Funding

The transitional grant, by definition, will not be available in 2014/15 unless there is a further Government announcement. The main LCTSS funding will be fixed but demand is not. Changing demographics or unexpected consequences of the scheme design could mean Council Tax Support awarded is more than anticipated and hence Council Tax collected and distributed will not equate to that budgeted for. This expenditure is monitored throughout the year by the District and information shared with the precepting authorities. The funding does not increase to reflect future Council Tax increases and the 2014/15 budget will make provision for any additional cost

4.0 FINANCIAL IMPLICATIONS

- 4.1 The table below shows the cost to this authority should the cap be retained at the 2013/14 rate of 91.5% compared to the financial position if the Council were to reduce the level of support to 85% for 2014/15 onwards. The Council would be over £100,000 worse off if it does not revise its scheme as recommended by the Cabinet.

	Current Scheme Maximum Council tax Support 91.5% £	Proposed Scheme Maximum Council tax Support 85% £
Loss of support for Discretionary Discount Funding from Preceptors if the scheme does not change (see paragraph 2.7).	50,354	0
Loss of support for admin funding from Preceptors if the scheme does not change. (see paragraph 2.8).	28,704	
Loss of Transitional Grant (see paragraph 1.3).	20,428	20,428
Loss to recover	99,486	20,428
Savings on proposed scheme (see paragraph 2.5).	0	28,200
Deficit/(Surplus)	99,486	(7,772)