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**Meeting:** Corporate Resources Overview and Scrutiny Committee  
**Date:** 21 October 2014  
**Subject:** Council Tax Support Scheme  
**Report of:** Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources  
**Summary:** The report summarises the Council's draft Council Tax Support scheme for 2015/16.

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**Advising Officer:** Charles Warboys, Chief Financial Officer  
**Contact Officer:** Gary Muskett, Head of Revenues & Benefits  
**Public/Exempt:** Public  
**Wards Affected:** All  
**Function of:** Council

## **CORPORATE IMPLICATIONS**

### **Council Priorities:**

1. By protecting vulnerable and elderly people as well as providing incentives to work, the proposed Council Tax Support (CTS) scheme should be designed to support the Council's Medium Term Plan priorities of :
  - Promoting health and wellbeing and protecting the vulnerable.
  - Improved educational attainment.

### **Financial:**

2. The 2013-14 financial year was the first full year of the Council Tax Support Scheme. For 2013-14 the Council was fully responsible for the Council Tax Support discount awarded, and Government provided, as part of the overall Revenue Support Grant and Retained Business Rates, a notional element of funding in respect of Council Tax Support. This was reduced nationally by 10% compared to the previous Council Tax Benefit provided.
3. In 2014/15 the Government confirmed that the local Council Tax Support funding will no longer be separately identified and will form part of the overall funding available to local authorities, leaving it entirely up to local authorities to decide how much they are prepared to spend on Council Tax Support.
4. The gross Council Tax Support discount awarded within Central Bedfordshire in 2014/15 is presently £14,107,372 on an annualised basis.
5. The Council's Medium Term Financial Plan assumes that the current scheme will continue with no additional savings planned to be met from scheme changes in 2015/16.

6. It is not anticipated that the proposed changes to the CTS scheme for 2015/16 (see paragraphs 30 – 31 below) will have any material impact on the total value of Council Tax collected, as the increased discount will be offset by a reduced number of claimants.

**Legal:**

7. The Local Government Finance Bill 2012 states that for each financial year, Councils must consider whether to revise their Council Tax Support scheme or replace it with another scheme and that such decisions need to be made by 31 January in the financial year preceding that for which the revision or replacement scheme is to take effect. If the Council does not make a Council Tax Support scheme by 31 January 2015, a default scheme will be imposed on the Council which will be effective from April 2015.

**Risk Management:**

8. The transfer from Council Tax Benefit to localised Council Tax Support means the impact of increased demand and cost will be a risk for all preceptors.
9. The Council and its precepting partners, the Police and Fire authorities, will need to monitor closely local social and economic changes and ensure there is a consideration of the impact of possible future shortfalls in funding. This may mean that the scheme designed needs to allow for these risks by providing for savings in excess of the currently known reduction in funding.

**Staffing (including Trades Unions):**

10. The introduction of a local CTS scheme has led to a significant increase in the number of residents who have contacted the Council. These contacts have mainly been to the Revenues and Benefits teams and Customer Services.

**Equalities/Human Rights:**

11. Public authorities have a statutory duty to advance equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
12. A full equality assessment was conducted as part of the approval process for the 2013/14 Council Tax Support Scheme to ensure that due regard was given to the impact of the scheme on the Council's residents, particularly those who are vulnerable and hard to reach.

**Public Health**

13. None

**Community Safety:**

14. Not Applicable.

**Sustainability:**

15. Not Applicable

**Procurement:**

16. Not applicable.

**RECOMMENDATION(S):****The Committee is asked to:-**

- 1. Review and comment on the Councils draft Council Tax Support scheme for 2015/16.**
- 2. Make any recommendations to Executive arising from this review**

**Background**

17. The Welfare Reform Act 2012 abolished Council Tax Benefit. Under the Local Government Finance Act 2012 local authorities had to design their own Local Council Tax Support (LCTS) scheme for working age customers and administer the national Council Tax Support scheme for pensioners.
18. In January 2014 Council approved a Council Tax Support scheme for Central Bedfordshire for the financial year 2014/15. The scheme remained the same as that for 2013/14 and mirrored the previous entitlement under old Council Tax Benefit system for all claimants except for:
  - All working age claimants who do not fall into one of our vulnerable protected groups are required to make a 25% payment of their Council Tax liability
  - The removal of the Second Adult Rebate
  - The rate of allowances and premiums were frozen at the 2012/13 levels.
  - The rate of Non-dependant deductions increased.

Pensioners have not seen any change to the support they receive.

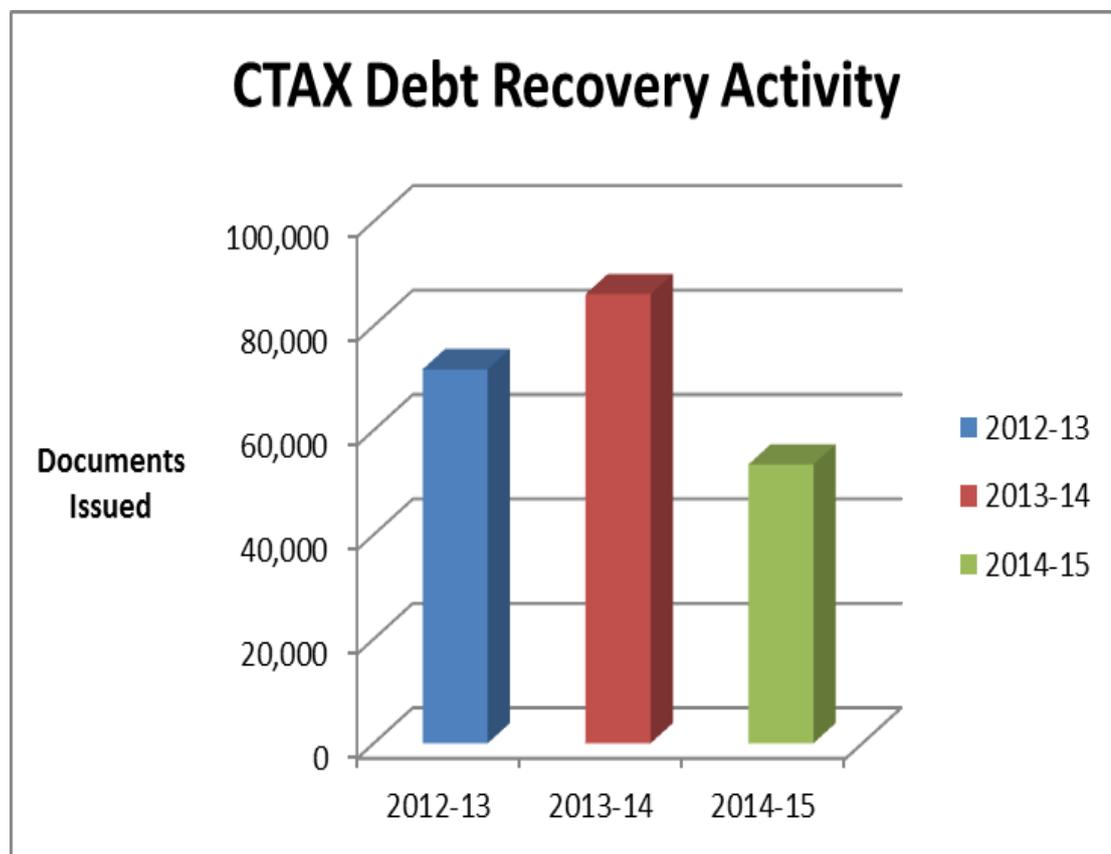
19. The intention of the Central Bedfordshire Council scheme was to reduce the amount of Council Tax Support discount awarded from that paid under the previous Council Tax Benefit scheme to take into account the reduction in funding from central government. The current scheme ensures that every Council Tax payer pays at least 25% of their Council Tax bill unless they are a pensioner or they fall within one of our protected groups of claimants.
20. In the last year there have been three national reports relating to Council Tax Support schemes, these being:
  - National Audit Report (NAO) – Council Tax Support (December 2013)
  - Public Accounts Committee (PAC) 48th report 2013/14 – Council Tax Support March 2014.
  - DCLG Localising Support for Council Tax – Vulnerable people (key local authority duties) February 2014.
21. The NAO and PAC reports both highlight the need to assess how schemes support the wider policy on work incentives and protection of vulnerable groups.

22. The NAO report highlighted the following key facts:
- a) Of the 326 schemes introduced in 2013/14, 230 required some payment ranging from 5% to 33%.
  - b) 133 of the schemes offered no additional protection for vulnerable groups. This did not include the Central Bedfordshire scheme.
23. The national picture for other authorities' CTS schemes in 2014/15 can be summarised as follows:
- 86% of the 326 authorities reduced entitlement, 14% made no change to their initial 2013/14 scheme.
- Of the 326 authorities that introduced changes:
- 15% introduced a minimum payment.
  - 24% opted for a 10% cut in the discount awarded.
  - 36% opted for 11% to 20% cut in the discount awarded.
  - Remainder are at 20% +.
  - 34% introduced a discretionary fund.
24. The current legislation states that Council Tax Support schemes must be reviewed by Members each financial year and approved no later than the 30<sup>th</sup> January preceding the start of the new financial year.
25. If there are changes to the current scheme, legislation states that these changes must be consulted upon. Minor changes such as uprating of premiums and applicable amounts would be exempt from this consultation process.

### **Impact of Council Tax Support scheme on collection rates**

26. A Council Tax collection rate of 97.65% in year was achieved for 2013/14, which was a 0.24% reduction on 2012/13 levels. Collection rates for the first 5 months of the 2014/15 financial year have shown a slight improvement on the same period in 2013/14. The small reduction in the collection rate cannot be attributed entirely to the introduction of the CTS scheme, although this will have been a factor.
27. The average decrease in collection rates for Unitary authorities was 0.6% year on year and the average collection rate for Unitary authorities was 96.7% in 2013/14. Central Bedfordshire therefore performed better than average on both measures.
28. In 2013/14 a total of 84,232 debt recovery documents were issued which was a 20% increase on 2012/13 levels. 9,620 magistrates court summonses were issued in 2013/14, an increase of 850 on 2012/13 levels. There was also a 20% increase in correspondence received from residents regarding their Council tax liability and 50,000 phone calls were dealt with by our Revenues team. Not all of the increased debt recovery action can be attributed to the introduction of the CTS scheme, although this will have been a factor.

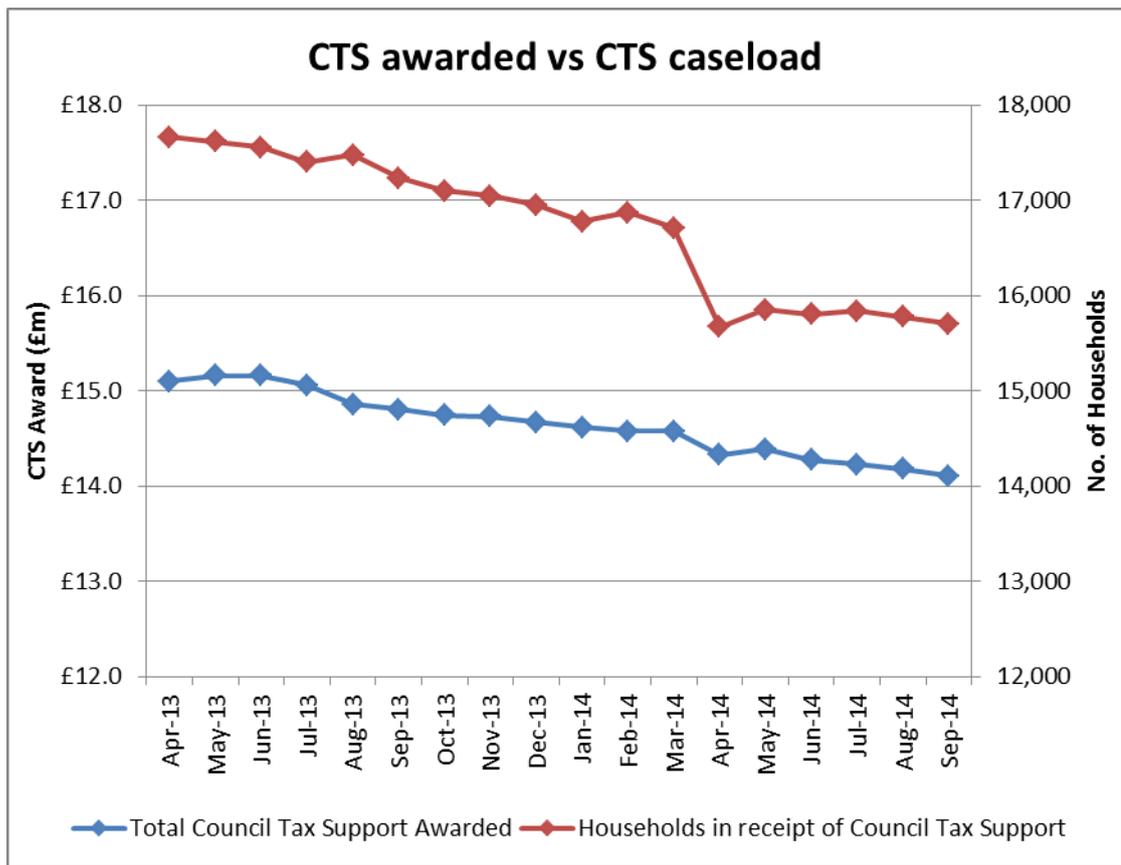
29. The chart below illustrates the level of Council Tax debt recovery activity for 2012/13, 2013/14 and the position as of September 2014.



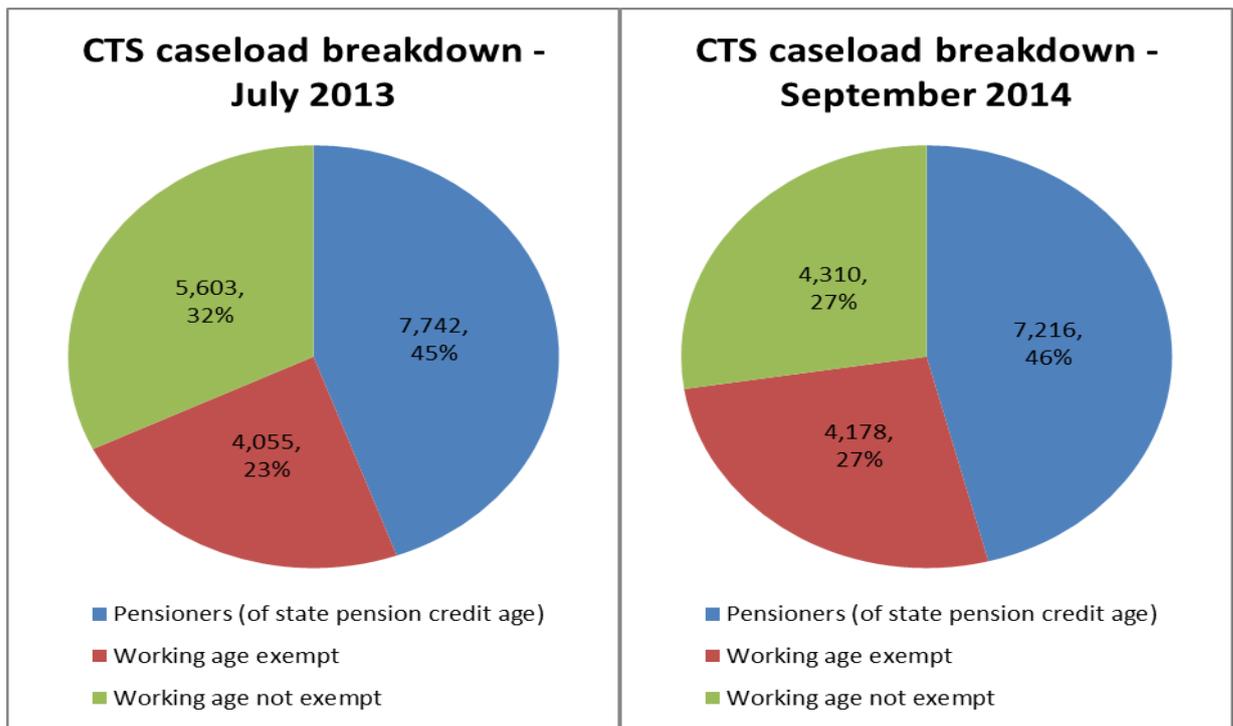
30. The debt recovery activity for 2014/15 is following a very similar pattern to 2013/14 with almost an identical number of documents issued at the end of September 2014 compared to September 2013.
31. In 2013/14 Council Tax totalling £151,755,116 was collected compared to £145,943,456 in 2012/13 which was an increase of £5,811,663. This reflects the growing tax base (number of households) and the introduction of the CTS scheme.

#### **The Current Central Bedfordshire Council Scheme**

32. Since the introduction of Council Tax Support the number of Central Bedfordshire Council claimants receiving CTS has dopped by 11% or 1,963 claimants, from 17,667 in April 2013 to 15,704 in September 2014.
33. The amount of CTS awarded has dropped by 6.6% or £995,064, from £15,102,436 in April 2013 to £14,107,372 in September 2014.
34. The chart below illustrates the reduction in claimants and the total award.



35. The caseload decreased in March/ April 14 as claimant's income from state benefits increased by 1% but the personal allowances in our CTS scheme remained the same. For some claimants, a marginal increase in their income will result in a complete loss of their CTS entitlement.
  
36. Our case load can be separated into three distinct categories of claimants , Pensioners, Protected working age claimants and Non Protected working age claimants who are required to pay a minimum of 25% of their Council Tax liability. The two charts below illustrate how the number of claimants in these categories has changed since our scheme was introduced.



### The proposed Scheme for 2015/16

37. It is proposed that the current scheme be readopted for 2015/16 with minor changes being proposed, which are explained below. These minor changes will be financially advantageous to the claimant.
38. Each year state benefits for working age people are increased by the Government which, unless adjusted for in our scheme, result in a reduction in the amount of support provided by the Council Tax Support scheme. In 2014/15 we did not adjust our scheme for this inflationary increase which has resulted in all our non protected working age claimants being slightly worse off.
39. Therefore in order to bring our levels of entitlement for working age claimants in line with other state benefits our scheme will need to be adjusted to reflect changes in state benefit levels (commonly referred to as “uprating”). This will mean an increase of about 3% in the premiums and allowances built into our CTS scheme.
40. The forecast cost of uprating our scheme in line with national changes in 2015/16 is £x (*A verbal update will be provided at the meeting*).
41. The reduction in our case load and the overall level of Council Tax Support discount awarded will mitigate the expense of uprating.

### Conclusion and Next Steps

42. Approval is being sought to keep the local Council Tax Support scheme unchanged for 2015/16 other than an uprating of premiums, allowances, and annual changes to the national pension age scheme, which need to be reflected in the local working age scheme.

**Appendices:**

None

**Background papers and their location:** (open to public inspection)

DCLG – Localising Support for Council Tax – A Statement of Intent

DCLG – Localising Support For Council Tax - Funding arrangements consultation

DCLG – Localising Support for Council Tax – Vulnerable people – key local authority duties

DCLG – Localising Support for Council Tax – Taking work incentives into account

DCLG – Local Government Finance Act 2012: Localising support for Council Tax updated impact assessment

DCLG – Localising Support for Council Tax – A statement of Intent on information sharing and powers to tackle fraud