

Central Bedfordshire Council

Corporate Resources Overview and Scrutiny – 25 August 2015

COUNCIL TAX SUPPORT SCHEME

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This report relates to a Key Decision

Purpose of this report

1. The purpose of the report is for the Committee to review and comment on the Council's Local Council Tax Support Scheme for 2016/17.

RECOMMENDATIONS

The Committee is asked to:

- 1. Review and comment on the Local Council Tax Support Scheme for 2016/17.**
- 2. Make any recommendations to Executive arising from this review.**

Background

2. 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 scheme (LCTS) for working age customers and administer the national Council Tax Support scheme for pensioners.
3. In January 2015 Council approved a Council Tax Support scheme for Central Bedfordshire for the financial year 2015/16. The scheme remained broadly the same as that for 2014/15 and mirrored the previous entitlement under the old Council Tax Benefit system for all claimants except for:

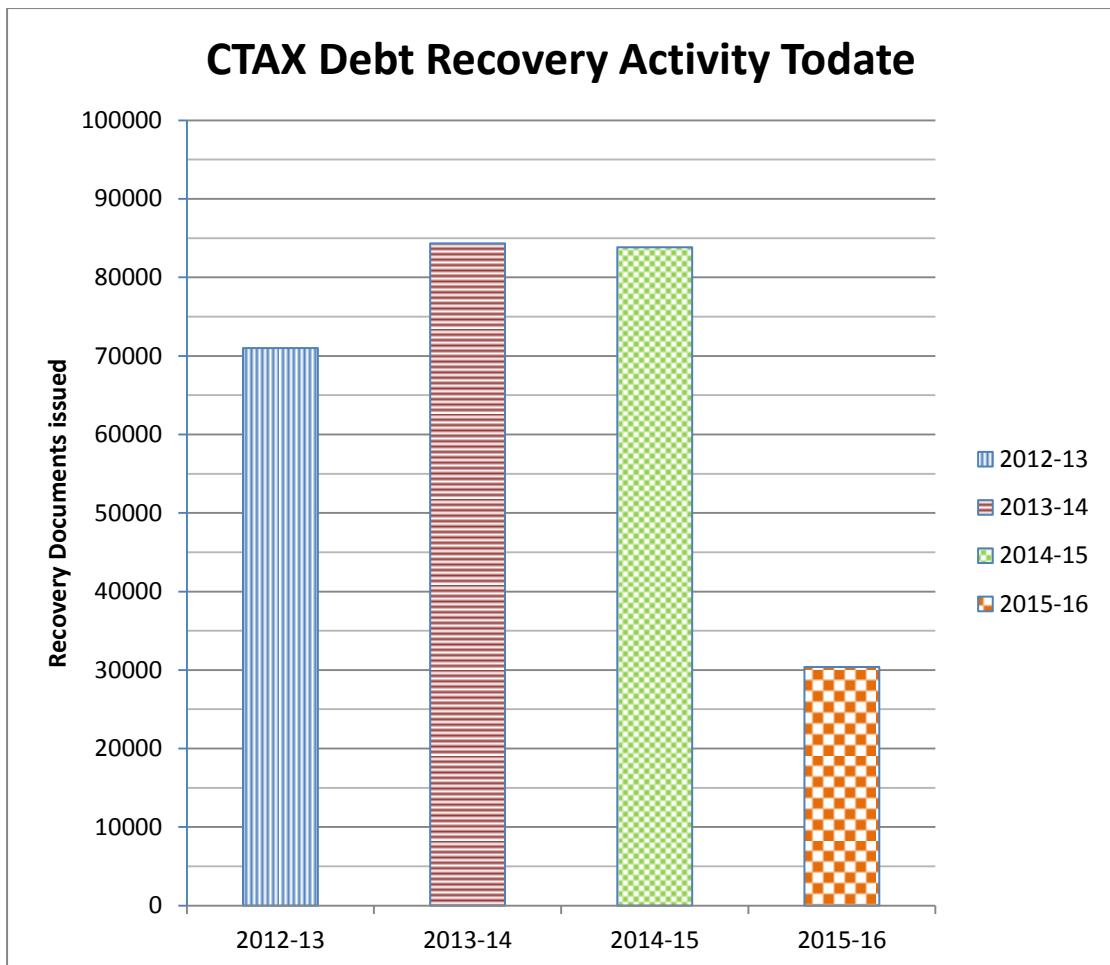
- All working age claimants who do not fall into one of our vulnerable protected groups are required to make a 25% payment of their Council Tax liability.
- The removal of the Second Adult Rebate.
- The rate of Non-dependant deductions increased.

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

4. The only change to the 2015/16 scheme was an adjustment to bring our levels of entitlement for working age claimants in line with other state benefits; this is commonly referred to as “uprating”. This meant an increase of about 3% in the premiums and allowances built into our LCTS scheme.
5. 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.
6. Last year the National Policy Institute produced a report, with funding from Joseph Rowntree Foundation, into the changes being introduced to Council LCTS schemes nationally.
7. The report highlighted the following key facts:
 - a) From April 2015, 250 of the 326 councils require all residents to pay some Council Tax regardless of income, up from 229 in 2013/14. The range of these minimum payments is between 5 and 30 per cent of Council Tax liability.
 - b) Minimum payment levels have increased year on year; 129 councils now require residents to pay at least 20 per cent of their liability, up from 115 last year and 95 in 2013/14.
 - c) 42 councils have retained all of the features of CTB in the areas. This number has fallen from 45 in 2014/15 and 58 in 2013/14.
 - d) 167 councils have frozen their Council Tax in the last three years, but this includes 136 that cut LCTS.
8. The current legislation states that Council Tax Support schemes must be reviewed by Members each financial year and approved no later than the 30 January preceding the start of the new financial year.
9. 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 are exempt from this consultation process.

Impact of Council Tax Support Scheme on Collection Rates

10. A Council Tax collection rate of 97.75% in year was achieved for 2014/15, which was a 0.1% improvement on 2013/14 levels. Collection rates for the first 3 months of the 2015/16 financial year have been almost identical to the same period in 2014/15. A small reduction in the collection rate can be expected due to the requirement to rebill households following the PCC Council tax referendum which has meant we have been unable to issue reminders in May and June.
11. The average collection rates for unitary authorities in 2014/15 was 96.8% and for all councils it was 97.0% in 2014/15. Central Bedfordshire therefore performed better than average on both measures.
12. In 2014/15 a total of 83,838 debt recovery documents were issued which was a 20% increase on 2012/13 levels. 9,934 magistrates court summonses were issued in 2014/15, an increase of over 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 LCTS scheme, although this will have been a factor.
13. The chart below illustrates the level of Council Tax debt recovery activity for 2012/13, 2013/14 and 2014/15.

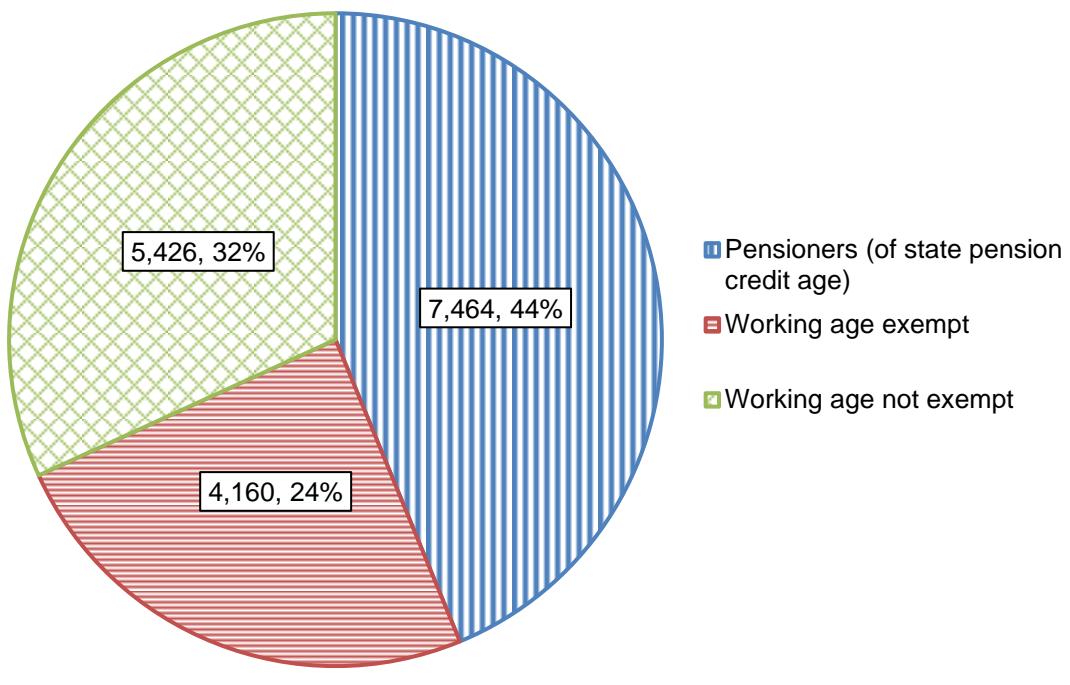


14. The debt recovery activity for 2014/15 has followed a very similar pattern to 2013/14 with almost an identical number of documents issued.
15. In 2014/15 Council Tax totalling £156,623,263 was collected compared to £151,755,116 in 2013/14, which was an increase of £4,868,147. This reflects the growing tax base (number of households) and improved collection of both current year's and previous year's Council tax debt.

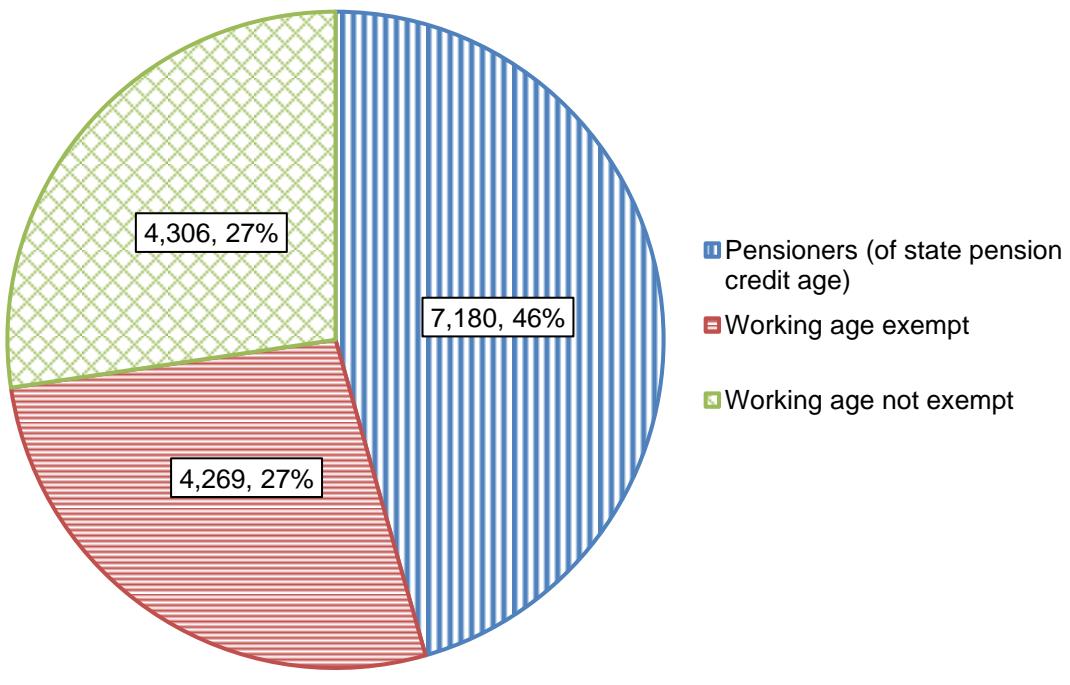
The Current Central Bedfordshire Council Scheme

16. Since the introduction of Council Tax Support the number of Central Bedfordshire Council claimants receiving LCTS has dropped by 16% or 2,872 claimants, from 17,667 in April 2013 to 14,795 in July 2015.
17. 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 three charts below illustrate how the number of claimants in these categories has changed since our scheme was introduced.

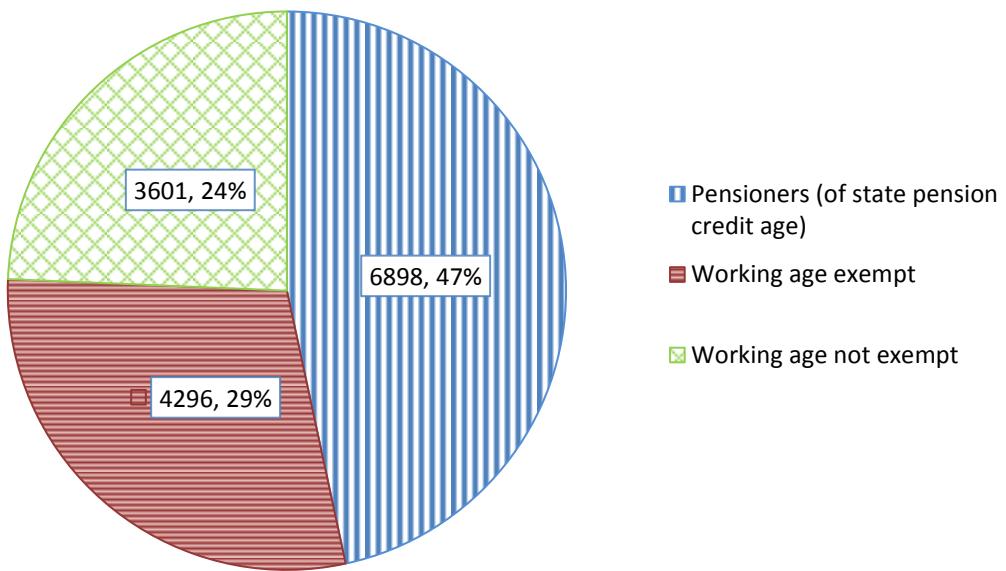
CTS caseload breakdown - July 2013 (17,050 claimants)



CTS caseload breakdown - November 2014 (15,755 claimants)



CTS caseload breakdown - July 2015 (14,795 claimants)



The proposed Scheme for 2016/17

18. It is proposed that the current scheme be readopted for 2016/17 with no changes being proposed.
19. In the July 2015 Emergency Budget announcements the Chancellor reported that most working age benefits will be frozen for four years from 2016, including Housing Benefit applicable amounts. It is therefore proposed that there is no inflationary increase in our 2016/17 scheme, which will keep the scheme in-line with other state benefits.
20. The Chancellor's announcements also included a reduction in the period a Housing Benefit claim can be backdated, from 6 months to 4 weeks and also the removal of the Family Premium from the benefit means test from April 2016 for new claims. The removal of the premium will lead to reduced Housing Benefit for working families as the means test has been made less generous resulting in the amount families are assumed to need to meet their basic needs is reduced by £17.45 per week. For LCTS claimants this could result in a reduction of £3.49 per week in LCTS entitlement if the Family Premium was removed from our scheme.
21. It is not proposed to amend our scheme to reflect the changes to the Housing Benefit backdating rules or the removal of the Family Premium as the impact on the overall level of LCTS discount awarded will be

negligible and will be mitigated by the continuing reduction in our case load.

Options for consideration

22. None.

Reasons for decision

23. So that Full Council can endorse the Central Bedfordshire Council Local Council Tax Support scheme. If the scheme is not approved by 31 January 2016, the Council will have to award Local Council Tax Support in accordance with the Government's default scheme which will result in the cost of the scheme significantly exceeding that of the Local Council Tax Support scheme.

Reason for urgency

24. None.

Council Priorities

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

Corporate Implications

Risk Management

26. 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.
27. 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.

Staffing

28. 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.

Legal Implications

29. 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 2016, a default scheme will be imposed on the Council which will be effective from April 2016.

Financial Implications

30. The gross Council Tax Support discount awarded within Central Bedfordshire in 2015/16 is presently £13,416,701 on an annualised basis.
31. 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 2016/17.

Equalities Implications

32. 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.
33. 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.

Conclusion and next Steps

34. Approval is being sought to keep the local Council Tax Support scheme unchanged for 2016/17.

Appendices

35. None.

Background Papers

36. None.