

Central Bedfordshire Council

Corporate Resources Overview and Scrutiny –30 November 2017

LOCAL COUNCIL TAX SUPPORT SCHEME 2018/19

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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 2018/19.

RECOMMENDATIONS

The Committee is asked to:

- 1. Review and comment on the Local Council Tax Support Scheme for 2018/19.**
- 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. There were certain limitations on what local authorities could include in their schemes, for example, pensioners were protected.
3. In January 2017 Council approved a Local Council Tax Support scheme for Central Bedfordshire for the financial year 2017/18. The scheme remained the same as that for 2016/17 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.

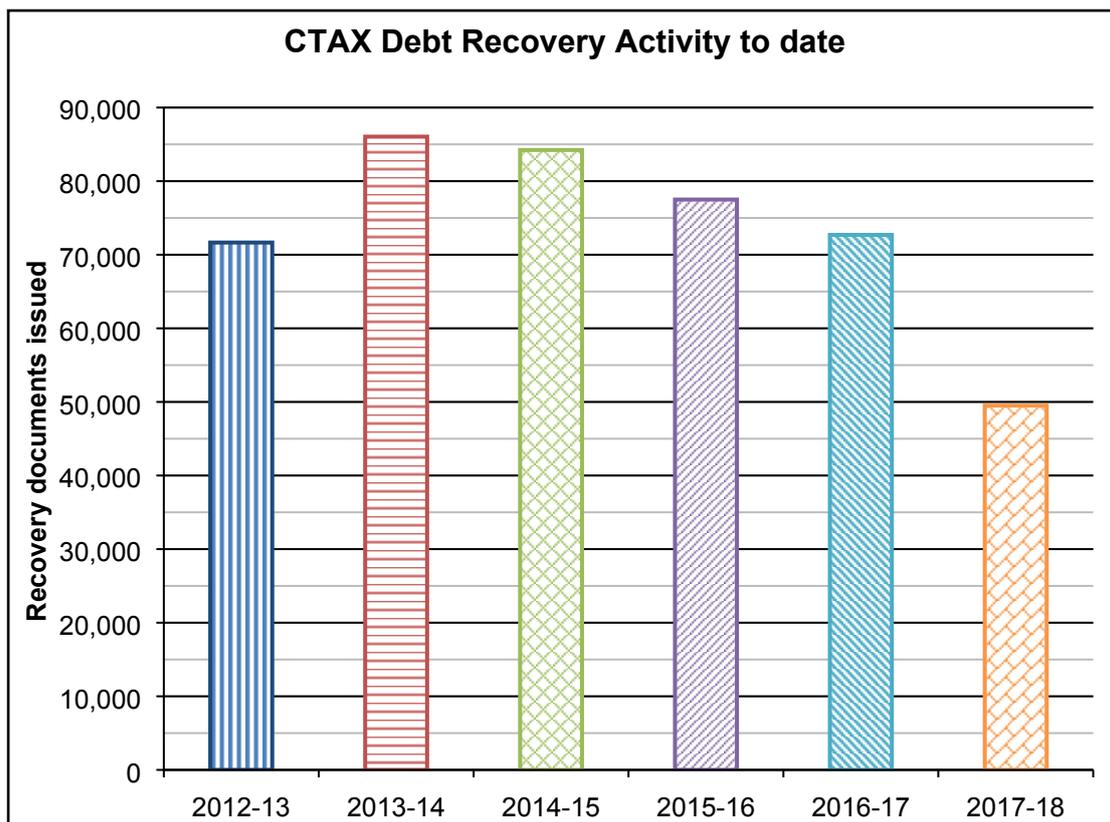
Pensioners have not seen any change to the support they receive.

4. The 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.
5. National trends for 2017/18 Local Council Tax Support schemes are examined in a New Policy Institute report. It includes the following information:
 - a) 74 authorities have changed their scheme for 2017/18, which is a slight increase compared to 66 Councils who changed their scheme for 2016/17 and an increase from the 50 who changed their scheme in 2015/16.
 - b) There are now only 37 local authorities who have made no changes to their original CTB scheme.
 - c) 277 out of 326 (85%) local authorities have cut the amount of LCTS available to claimants by introducing a minimum payment or a Council Tax band cap.
 - d) The number of local authorities charging a minimum payment of 20% or more has risen from 129 (40%) in 2016/17 to 145 (44%) for 2017/18.
6. The current legislation states that Council Tax Support schemes must be reviewed by Members each financial year and approved by full Council no later than the 30 January preceding the start of the new financial year.
7. 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

8. Nationally the total uncollected Council Tax increased by £400m in 2016/17 compared to 2012/13 when the existing Council Tax Benefit scheme was abolished, from £2.4bn to £2.8bn.

9. The net collectable Council Tax debit for all Councils has increased by £3.8bn between 2012/13 and 2016/17, from £23bn to £26.8bn. This is a 17% increase compared to a 19% increase in total arrears.
10. The overall collection rate has however risen for the second year running and in 2016/17 was 97.2%, which is 0.2% lower than 2012/13. If this trend continues the collection rate will be back at its 2012/13 level within a few years.
11. The 41 Councils that retained the old Council Tax Benefit rules had £13.8m less uncollected Council Tax in 2016/17 compared to 2012/13.
12. The 67 Councils that had a minimum payment of over 20% in 2016/17 had the largest overall increase in that year, with £48.6m more uncollected than in 2012/13.
13. Nationally 25 Councils had collection rates below 95% in 2016/17, down from 28 the year before. The pattern of local authorities with low collection rates has remained consistent since 2015/16; the majority (16) of these local authorities have a minimum payment of 20% or more. Only one of them has no minimum payment, with a further three setting a minimum payment of less than 10%.
14. Central Bedfordshire Council collection performance for 2016/17 was the best since the Council was formed in 2009/10. An in-year Council Tax collection rate of 98.0% was achieved which was a 0.2% improvement on 2015/16 levels. Collection rates for the first 6 months of the 2017/18 financial year are slightly down on the same period in 2016/17.
15. The average collection rates for unitary authorities in 2016/17 were 97.0% and for all councils 97.2% in 2016/17. Central Bedfordshire therefore performed better than average on both measures.
16. In 2016/17 a total of 72,700 debt recovery documents were issued which was a 6% reduction on 2015/16 levels. This reduction can be attributed to improved collection rates and the fast tracking of debt recovery for persistent debtors which removed a reminder stage for over 1,000 cases. 8,218 Magistrates Court summonses were issued in 2016/17, a reduction of 1,590 on 2015/16 levels. In 2016/17 the Council's Revenues Team dealt with about 48,000 phone calls from residents regarding payment of their Council Tax liability. Most of the increased debt recovery action in 2013/14 can be attributed to the introduction of the LCTS scheme.
17. The chart below illustrates the level of Council Tax debt recovery activity for from 2012/13 to 2017/18. The activity levels for 2017/18 are as at 30th September 2017.

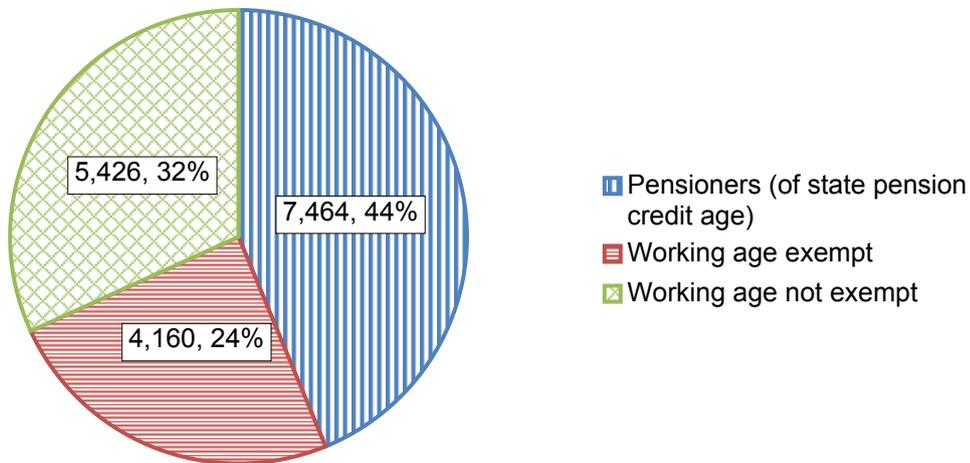


18. In 2016/17 Council Tax totalling £168.9m was collected compared to £160.3m in 2015/16, which was an increase of £8.6m. This reflects the growing tax base (number of households) and improved collection of both current years and previous year's Council Tax debt.

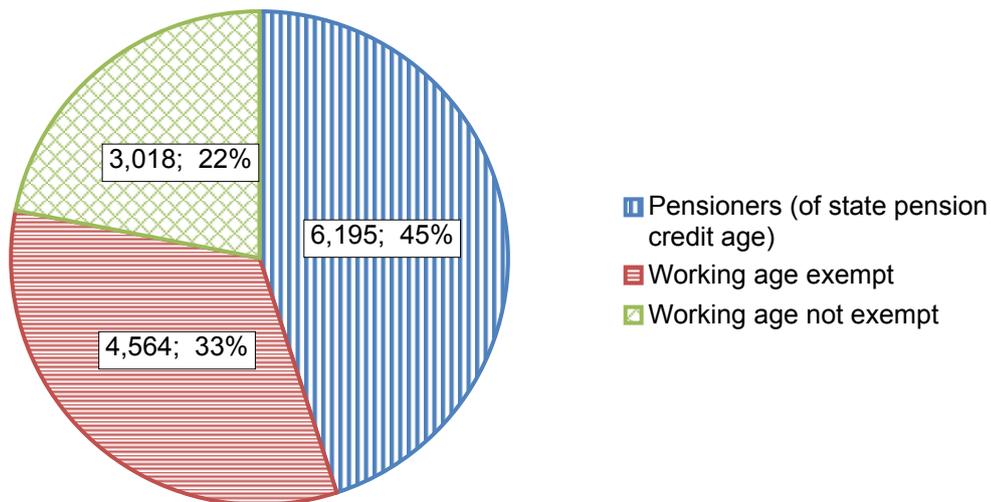
The Current Central Bedfordshire Council Scheme

19. Since the introduction of Council Tax Support the number of Central Bedfordshire Council claimants receiving LCTS has dropped by 22% or 3,890 claimants, from 17,667 in April 2013 to 13,777 in October 2017.
20. The 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.
21. The charts below illustrate how the number of claimants in these three categories has changed since the scheme was introduced.

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



**CTS caseload breakdown - October 2017
(13,777 claimants)**



22. The number of pensioner claimants has reduced by 995 cases or 13.3%, working age exempt (protected) claims have increased by 396 or 9.5% and working age not exempt (required to pay 25%) have reduced by 2,205 or 40.6%.

23. The overall reduction in claimants can in the main be attributed to the improved economic climate although this does not explain the increase in working age exempt cases. Several other Councils in the same benchmarking group have seen similar increases in their exempt cases, and whilst there are no hard facts available to explain the increase (other than we know we now have more disabled claimants), some of the advice agencies have said that the Personal

Independence Payment or PIP is easier to claim than Disability Living Allowance. This may be a factor, as well as an increase in the number of people affected by diabetes.

The proposed scheme for 2017/18

24. It is proposed that the current scheme be readopted for 2018/19 with no changes being proposed. The personal allowances and premiums used in the calculations of Local Council Tax Support will continue to be aligned to the allowances and premiums used by the DWP in the award of state benefits.

Options for consideration

25. None.

Reasons for decision

26. So that Full Council can endorse the Central Bedfordshire Council Local Council Tax Support scheme. If the scheme is not approved by 31 January 2018, 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

27. None.

Council Priorities

28. 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:
- Protecting the vulnerable and improving wellbeing
 - Improving education and skills

Corporate Implications

Risk Management

29. 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.
30. 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

31. 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

32. The Local Government Finance Bill 2012 states that for each financial year, Councils must consider whether to revise their Local 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 2018, a default scheme will be imposed on the Council which will be effective from April 2018.

Financial Implications

33. The gross Council Tax Support discount awarded within Central Bedfordshire in 2017/18 is presently £13,482,057 on an annualised basis, which is a 0.13% increase on the same period last year.
34. The Council's Medium Term Financial Plan assumes that the current scheme will continue with no additional savings planned to be met by scheme changes in 2018/19.

Equalities Implications

35. 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.
36. 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

37. Approval is being sought to keep the local Council Tax Support scheme unchanged for 2018/19.

Appendices

38. None.

Background Papers

39. None.