



<b>Council</b>	<b>Tuesday, 17 January 2017</b>	<b>Matter for Decision</b>
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**Title:** **Council Tax Support Scheme**

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## **1. Introduction**

This report recommends a revised Council Tax Support (CTS) Scheme

## **2. Recommendations**

### **2.1. Council approve the Council Tax Support Scheme for 2017/18.**

- i)** The level of maximum Council Tax Support for working age customers remain at 85%.
- ii)** Council Tax Support rules are aligned to Housing Benefit rules including for future changes to facilitate efficient administration.
- iii)** That delegated authority be given to the Section 151 Officer to adjust the Council Tax Support Scheme annually with regard to the uprating of personal allowances and premiums and changes to the Universal Credit Scheme affecting the Council Tax Support Scheme as announced by Central Government.

### **2.2. Council decide whether to adopt the following changes as part of the Council Tax Support scheme.**

- i)** Reduce the capital limit to £6,000
- ii)** Restrict the amount of the CTS award to Council Tax Band D This means that anyone who applies for CTS who lives in a property banded E to H would have their CTS calculated as though they were in a Band D property.

The above 2 changes will realise minimal savings for the council but would demonstrate fairness in applying any scheme restrictions across a wider range of working age client groups and direct funds to those who need it the most.

## **3. Information**

### **3.1. Members were briefed on 6 December 2016 on the background to the CTS scheme, the considerations for changing the scheme, the consultation exercise and outcomes and how scheme changes would impact on customers who are reliant on CTS to help pay their Council Tax. Copies of the presentation slides were shared with all members.**

Members had the opportunity to ask questions both at the meeting and after the meeting by emailing the Welfare and Taxation Manager. No additional questions were posed after the meeting.

### **3.2. Background**

On 1 April 2013 Council Tax Benefit (a national benefit) was replaced with a localised scheme called Council Tax Support (CTS). Central Government reduced the amount of funding that Oadby and Wigston Borough Council received to pay for the new

scheme. The effect of this on local residents was that everyone, except those who had reached state pension credit age had to pay something towards their Council Tax.

Central Government determined that people who had reached state pension credit age would be protected from the reforms and developed a prescribed scheme to ensure that pensioners were not adversely affected.

Leicester, Leicestershire and Rutland Councils have used *The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012* commonly known as the Default Scheme as a core for the development of their local Council Tax Support Schemes. Agreed amendments to the Default Scheme have been made to tailor the scheme to suit local requirements. A schedule of those amendments is included at **Appendix A**.

From 1 April 2013 working age residents receiving CTS had to pay at least 8.5% towards their Council Tax.

From 1 April 2014 Oadby and Wigston Borough Council changed their scheme and working age residents receiving CTS had to pay at least 15% towards their Council Tax.

The CTS Scheme for Oadby and Wigston Borough Council has remained unchanged since 2014. Overall funding from Central Government has continued to be cut and this places the Council in the position of having to reconsider the CTS Scheme for 17/18.

### 3.3. Scheme Options

The following CTS scheme options for working age customers were considered

<b>Option 1</b>	Make no change to the current limit of support	Customers pay at least 15% of their Council Tax bill
<b>Option 2</b>	Reduce the limit to 80%	Customers pay at least 20% of their Council Tax bill
<b>Option 3</b>	Reduce the limit to 75%	Customers pay at least 25% of their Council Tax bill
<b>Option 4</b>	Reduce the limit to 70%	Customers pay at least 30% of their Council Tax bill

The following options are also to be considered within the scheme:

- **Align CTS to Housing Benefit (HB) rules including future changes.**

Many customers receive both CTS and HB. Currently some of the rules that affect HB are different to the rules that affect CTS which can be confusing for customers who have to understand different sets of rules which can be complex.

The following changes have taken place in the last 12 months which would be aligned from 1 April 2017:

- Backdating of claims to one month only (period was previously 6 months)
- Withdrawal of the family premium for new claims
- Changes to the temporary absence rules reducing the allowable period of temporary absence outside GB from 13 weeks to 4 weeks.

The CTS scheme would also be aligned to future HB changes.

Most councils align their CTS schemes to HB to facilitate the efficient administration of claims.

- **Reduce the capital limit to £6,000**
- This means that anyone who is not in receipt of a passported benefit (Job Seekers Allowance (Income Based), employment and Support Allowance (Income Based) who has capital/savings of £6,000 or more will not qualify for CTS.
- **Restrict the amount of the CTS award to Council Tax Band D**

This means that anyone who applies for CTS who lives in a property banded E to H would have their CTS calculated as though they were in a Band D property.

### 3.4. Consultation

Consultation took place between 4 August 2016 and 28 September 2016. A summary of residents responses to the consultation are detailed at **Appendix B**. Further comments received from residents who responded to the consultation are detailed at **Appendix C**.

Leicestershire County Council as major preceptors were also consulted and they provided the following response:

The County Council is pleased that a joint public consultation is being undertaken on changes to the Local Council Tax Support scheme. The Council is keen for the schemes to be revised to:

- a) Improve the fairness of support levels and, where possible, have consistent schemes across Leicester and Leicestershire, and
- b) Maximise Council Tax income available to the Council and wider public sector.

As District Councils know the majority of any reductions in support levels will accrue in extra income to the County Council rather than District Councils, although a meaningful amount will also go to Fire and Police. Although the County Council recognises the final decision will be a balanced one that will need to take account of the public consultation and impact assessments, the Council would urge you to take due account of the impact on the wider public sector's financial position when considering any changes to the scheme. The County Council believes that our position as the lowest funded County Council in the country and the significant savings we need to make is well known. Failure to generate extra council tax income will mean even more savings will need to be made. The County Council would therefore support District Councils to reduce the levels of Council Tax support to 70%.

The County Council has acted quickly to plan sensibly for the impact of austerity and has already made savings of around £135m over the last six years and is set to make further savings of around £100m over the next five years. Those earlier savings were weighted towards efficiency savings but the scope for further efficiencies is diminishing and the balance of savings will need to move towards service reductions, which will impact on the service users and residents of the County.

The County Council recognises the impact of the changes on affected groups and will continue to provide funding to support the most vulnerable people affected through a discretionary discount fund contribution.

### 3.5. Discretionary Council Tax Support Scheme

A Discretionary Council Tax Support scheme has been in place since 1 April 2013 to support residents who need additional help to pay their Council Tax. This is funded by Oadby and Wigston Borough Council and the major preceptors; Leicestershire County Council, Office of the Police and Crime Commissioner and the Combined Fire Authority.

### 3.6. Working with Partners

Oadby and Wigston Borough Council have shared best practice and worked in partnership to develop this Council Tax Support Scheme with:

Blaby District Council  
Charnwood Borough Council  
Harborough District Council  
Hinckley and Bosworth Borough Council  
Leicester City Council  
Leicestershire Combined Fire Authority  
Leicestershire County Council  
Melton Borough Council  
North West Leicestershire District Council  
Office of the Police and Crime Commissioner  
Rutland Unitary Authority

The Authorities have devised a shared scheme that operates in a consistent manner across Leicester, Leicestershire and Rutland but allows each Council to tailor its scheme to suits its local needs, whilst ensuring that scheme is fair, effective and affordable and seeks to protect the vulnerable.

**The following Appendices are included with this report:**

<b>Appendix A</b>	Local Council Tax Support Scheme schedule of amendments
<b>Appendix B</b>	Consultation outcomes
<b>Appendix C</b>	Consultation comments
<b>Appendix D</b>	Equality Assessment

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<b>Implications</b>	
<b>Financial (CR)</b>	<p>There is no additional cost to the Council in retaining the Council Tax Support Scheme at the 85% cap and no savings would be realised.</p> <p>A cap of 80% would realise a saving for the Council of @ £7.9k</p> <p>A cap of 75% would realise a saving for the Council of @ £16.4k</p> <p>A cap of 70% would realise a saving for the Council of @ £24.8k</p> <p>Adopting a band cap and capital limit would realise a saving for the Council of @ £1.1k</p> <p>Residents' ability to pay may impact on Council Tax collection rates and additional resources may have to be employed to collect an increasing debt.</p>
<b>Legal (AC)</b>	Legal opinion has been obtained concerning the scheme to mitigate

	the risk of a legal challenge
<b>Risk (JG)</b>	Appropriate consultation has taken place
<b>Equalities (JG)</b>	An equality assessment has been completed (appendix D).
	Equality Assessment:- <input checked="" type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input type="checkbox"/> Not Applicable