



Extraordinary Council  
Meeting

22 January 2014

Matter for Decision

Title: **Council Tax Support Scheme - Update**

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## **1 Introduction**

- 1.1 A report on the Council Tax Support Scheme was submitted to the Policy Finance and Development Committee on 29 October 2013. This report updated the Committee on the Council's Local Scheme which was initially approved by Council in January 2013. Details included confirmation that the one off grant of £370,000 would be removed from 2014-15 and that it was suggested that the revised scheme would require increasing the cap on a minimum Council Tax Payment from 8.5% to 15% in order to make up this shortfall and this be recommended to Council in January 2014.
- 1.2 Following the report to this Committee on 29 October 2013 this report recommends to Council a revised Local Council Tax Support Scheme that is based on the previous scheme that was introduced on 1<sup>st</sup> April 2013 – Appendix 1 and the proposed Local Council Tax Support Scheme for 2014 / 2015.

## **2 Recommendation**

- 2.1 Council approve the Local Council Tax Support Scheme of 15% for 2014 / 2015.

## **3 Information**

- 3.1 A previous report was brought before Full Council on 22 January 2013 that explained the legislative changes to Council Tax Benefit (CTB) including the adoption of the Local Council Tax Support Scheme (LCTS) from 1 April 2013.
- 3.2 The Leicestershire Districts, Leicester City, Fire, Police and Rutland Authorities have co-operated to share best practice in developing joint LCTS Schemes. This scheme includes the core elements of a liability cap and the removal of the second adult rebate scheme.
- 3.3 The policy ensures compliance with the Government's wider aims. These aims include protecting vulnerable persons, making work pay and integrating the new LCTS scheme with the introduction of Universal Credit.
- 3.4 The Government determined that pensioners should be protected from the impact of these reforms and developed a prescribed scheme to ensure that pensioners are not adversely affected.
- 3.5 There is a statutory requirement for the Council to protect any vulnerable persons within its LCTS scheme. This requirement is met through the operation of a local Discretionary Council Tax Support scheme (DCTS) which is jointly funded by the preceptors and billing authority. The estimated amounts of funding for 2014/15 are:

Authority	Contribution
Oadby and Wigston	£ 4,200
County Council	£ 22,000
Leicestershire Fire	£ 1,100
Leicestershire Police	£ 3,600
<b>Total Gross Cost</b>	<b>£ 30,900</b>

- 3.6 The Council as billing authority can revise or replace its schemes from the start of each financial year, but cannot make in-year revisions.
- 3.7 There are no restrictions on the amount that authorities can put towards schemes and billing authorities retain their existing powers to offer discretionary support over and above that provided through statutory local schemes.
- 3.8 The scheme outlined in this report is as reported to the Policy Finance and Development committee on 29 October 2013 and is based on the Localised Scheme that the council agreed and implemented from 1 April 2013 and includes the following:
- 3.8.1 A cap restricting the amount of liability permitted in the calculation of awards for Council Tax Support;
- 3.8.2 The removal of the second adult rebate;
- 3.8.3 The increasing of non dependant deductions;
- 3.9 The estimated total loss in 2014/15 of revenue associated with Localisation of Council Tax is £370,000 of which £50,200 will be borne by OWBC. It is possible for the Council to make up this shortfall through:
- 3.9.1 The operation of the Leicestershire and Rutland capped discount scheme;
- 3.9.2 By increasing revenue through Council Tax in respect of empty homes;
- 3.10 The Council as billing authority will continue to administer Council Tax discounts for properties as previously agreed by the council which are:
- 3.10.1 Class A, empty, unfurnished and undergoing major repair or structural alteration for up to 12 months. From April 2013 these properties had a locally set discount of 50% for up to 12 Months.
- 3.10.2 Class C, empty and unfurnished for up to 6 months. From April 2013 these properties had a locally set discount of 100% for up to 28 days.
- 3.10.3 Long Term empty properties: From April 2013 these properties had to pay an empty homes premium of 150% where a home has been empty for two years or more.
- 3.10.4 Second Homes: From April 2013 the 10% discount was removed.

3.11 A summary of the gross revenue streams is given in the table below:

<b>Scheme Option</b>	<b>OWBC £</b>	<b>Leics County £</b>	<b>Fire Authority £</b>	<b>Leics Police £</b>	<b>TOTAL £</b>
<b>Income</b>	13.57%	71.21%	3.57%	11.65%	
Second Homes	1,603	8,410	421	1,376	11,810
Class A (50%)	3,121	16,379	821	2,770	23,091
Class C (1 month / 0%)	25,376	133,163	6,676	21,785	187,000
Empty Homes Premium	16,962	89,012	4,463	14,563	125,000
<b>Total Income</b>	<b>47,062</b>	<b>246,964</b>	<b>12,381</b>	<b>40,494</b>	<b>346,901</b>

#### 4 Government Additional Proposals

4.1 DCLG have confirmed that the transitional grant element will be removed from 2014/15. The withdrawal of the 'one off' grant of £370,000 has meant that the minimum Council Tax payment for eligible persons needs to be increased from 8.5% to 15%. This was outlined to the Policy Finance and Development Committee at the last meeting on 29 October 2013. An increase of 12% would be less sustainable for the Council to fund its Local Council Tax Support scheme and the Council would have to find other ways of funding this additional expenditure, which is un-quantified due to the variables changes within the scheme.

4.2 The table below sets out the overall impact of the proposed Council Tax Support Scheme capped at 15%. The table also shows income generated from the revenue stream mentioned in 3.11 above.

<b>Govt Grant Eligible Scheme</b>	<b>OWBC £</b>	<b>Leics County £</b>	<b>Fire Authority £</b>	<b>Leics Police £</b>	<b>TOTAL £</b>
<b>Income</b>	13.57%	71.21%	3.57%	11.65%	
Government Grant	0.00	0.00	0.00	0.00	0.00
Council Tax Revenues	47,062	246,964	12,381	40,494	346,901
LCTS 15% cap	31,075	163,071	8,175	26,679	229,000
Less non Collection and avoidance – 20%	-11,074	-58,107	-2,913	-9,506	-81,600
<b>Total Income</b>	<b>67,077</b>	<b>351,991</b>	<b>17,646</b>	<b>57,587</b>	<b>494,301</b>
<b>Additional Costs</b>					
Funding Reduction	50,209	263,477	13,209	43,105	370,000
Administrative burden	2,280	11,964	600	1,957	16,801
Discretionary Support	4,193	22,003	1,103	3,601	30,900
<b>Total Costs</b>	<b>56,682</b>	<b>297,444</b>	<b>14,912</b>	<b>48,663</b>	<b>417,701</b>
<b>Surplus / Deficit (-)</b>	<b>10,394</b>	<b>54,547</b>	<b>2,735</b>	<b>8,924</b>	<b>76,600</b>

## 5 Delivery and Implementation

- 5.1 It is recommended that the revised scheme outlined is accepted. This will permit the Council to continue the development of the necessary IT functions and to commence with providing information to the public and customers who will be affected by proposed amendments.
- 5.2 Any amendment to the scheme must be approved before 31 January 2014. These variables can be easily entered into the IT system at that time. Principally this will allow software development and testing thereby extending the testing window for annual Council Tax billing. This approach will mitigate and reduce some of the principle risks associated with managing these reforms.
- 5.3 Transitional protection has been considered for those affected by the changes to the LCTS scheme in 2014 / 2015 (Local Government Finance Act 2012 Schedule 4 Para 4). The Discretionary Council Tax Support Scheme is in place to support vulnerable persons.

## 6 Implications

Financial (JD)	The estimated total loss in 2014/15 of revenue associated with Localisation of Council Tax is £370,000 of which £50,209 will be borne by OWBC. The additional income generated from the potential scheme option is estimated in 3.11 and 4.2 above and compared to the funding gap. An estimate has been provided, taking into account collection rates expected for the "new" income streams.
Risk (AK)	CR6; Regulatory Governance
Equalities (KG)	Consultation was undertaken to assist with the proposals for the revised scheme and is attached as appendix 2.
Legal (KG)	Pursuant to legislation, this Council is to adopt and implement the new legislative changes into its own scheme.

# Appendix 1

## OADBY AND WIGSTON BOROUGH COUNCIL

### COUNCIL TAX SUPPORT SCHEME

#### Introductory Notes

The Council, in accordance with Section 13A of the Local Government Finance Act 1992 (c. 14), substituted by section 9 of the Local Government Finance Act 2012, requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes or persons, whom the authority considers are in financial need.

This scheme, entitled the **Council Tax Support Scheme** (the scheme) complies with that requirement. Assistance under said scheme shall be referred to as Council Tax Support (CTS).

The Council is under a further duty to comply with all the requirements set out in the Council Tax Reductions Schemes (Prescribed Requirements) Regulations and any other provisions prescribed by law.

#### 1) Introduction

- a) Government legislation abolished Council Tax Benefit (CTB) from 1 April 2013. Accordingly, all Councils are required to implement new arrangements to replace CTB. The new scheme is called the Council Tax Support Scheme (CTS). This change is part of a wider set of welfare reforms currently being implemented and this scheme is intended to work closely within the framework of national welfare reform.
- b) The authorities below in 1 b (i) to 1 b (vii) have cooperated and shared best practice to develop this Council Tax Support Scheme.
  - i) Blaby District Council
  - ii) Charnwood Borough Council
  - iii) Harborough District Council
  - iv) Hinckley and Bosworth Borough Council
  - v) Leicestershire Combined Fire Authority
  - vi) Leicestershire County Council
  - vii) Leicestershire Police Authority
  - viii) Melton Borough Council
  - ix) North West Leicestershire District Council
  - x) Oadby and Wigston Borough Council
  - xi) Rutland County Council
- c) The authorities have devised and agreed this shared scheme (revised) to allow each Council to tailor its scheme locally to suit its community needs, while ensuring the scheme is effective, affordable and seeks to protect the vulnerable.
- d) The Government has determined that pensioners should be protected from the impacts of these reforms and has developed a prescribed scheme to ensure that pensioners are not adversely affected by these reforms. This scheme fully complies with the prescribed requirements.

## **2) Aims**

- a) The Council intends where possible to ensure that the revised CTS scheme will operate in a consistent manner across Leicestershire and Rutland but will permit variation according to local needs and funding arrangements. In doing so this CTS scheme ensures that:
  - i) Residents moving between authorities do not experience significant variations in the available assistance;
  - ii) Vulnerable persons are protected; and
  - iii) Work is incentivised.

## **3) Administration of the Scheme**

- a) Administration of the scheme is set out in the Prescribed Regulations. Unless specified otherwise, the scheme will be operated in full compliance with these regulations.
- b) The scheme will include the regular monitoring of expenditure which will include reporting to:
  - i) The Councils Section 151 officer;
  - ii) The Councils management team;
  - iii) The precepting authorities.
- c) The Council may administer Housing Benefit, other welfare payments and discretionary payments alongside the administration of Local Council Tax Support
- d) Personal data obtained by the Council for any lawful purpose may be used in the assessment and management of Local Council Tax Support entitlements.
- e) Personal data obtained by the Council for the purposes of processing or managing Local Council Tax Support may be shared in relation to Housing Benefit, Discretionary Housing Payments or any other fund administered under section 13A of the Local Government Finance Act 1992.
- f) Personal data obtained by the Council for the purposes of processing or managing Local Council Tax Support may be shared with any other body where:
  - i) The data subject (or their representative) provides formal consent;
  - ii) It is in the beneficial interest of the data subject to do so;
  - iii) To prevent fraud;
  - iv) The law permits sharing of the data, (for example to prevent or detect a crime).
- g) Persons in receipt of Local Council Tax Support shall be deemed to be in receipt of a means tested entitlement for the purposes of any Council policy where entitlement under that policy was linked to the receipt of Council Tax Benefit.

#### **4) Legislative Framework**

- a) The following legislation and regulations are relevant to this scheme.
  - i) Local Government Finance Act 2012 – referred to as the ‘Act’
  - ii) Child Poverty Act 2010
  - iii) Equality Act 2010 (incorporating the Disabled Persons Act 1986)
  - iv) Housing Act 1996
  - v) Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 – referred to as the ‘Prescribed Scheme’
  - vi) Housing Benefit Regulations 2006
  - vii) Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006
  - viii) Council Tax Benefit Regulations 2006 – referred to as the ‘CTB scheme’
  - ix) Council Tax Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 – referred to as the ‘CTB pensioner scheme’
  - x) Housing and Council Tax Benefit (Decisions and Appeals) Regulations 2001 – referred to as the ‘Appeal Regulations’
  - xi) Social Security Act 1992

#### **5) Savings Provision**

- a) Designing and re-writing a CTS scheme is inherently complicated and there is a significant risk of omission and error that could lead to significant unintended consequences for both CTS recipients and Council finances. To mitigate and reduce these risks the Council adopts all legislation, regulations, provisions and schedules except where these are amended, deleted, supplemented or other provisions are made in this scheme. Furthermore, the Council will:
  - i) Maintain a schedule of the amendments made under paragraph 5a;
  - ii) Publish the scheme including any amendments on its website.

#### **6) Scheme Amendments**

- a) Amendments to the scheme must be made and agreed at Full Council before the 31 January in any year to apply from the next 1 April.
- b) Any changes made under paragraph 6a may be applied from any date from 1 April or a later date as approved by the Council.
- c) Where significant changes to the scheme are being considered public consultation will take place for a period of not less than 8 weeks. Significant changes include any change which will adversely impact on more than [10%] of current CTS recipients.
- d) Full Council may make minor alterations and amendments to this scheme at any time to correct errors or omissions but may not make substantive changes unless the provisions of paragraph 6a are applied.
- e) Minor amendments made under paragraph 6d must sit within the stated scheme intention and may be applied from the date of the Full Council decision.
- f) Minor amendments under paragraph 6d include but are not limited to cases where alterations are needed to the scheme to comply with the findings of the Local Government Ombudsman or the Valuation Tribunal or a court of appeal.

- g) The Council may retrospectively approve and apply amendments to this scheme when:
  - i) Required to by legislation;
  - ii) Instructed to do so by a high court or court of appeal;
  - iii) Instructed to do so by the Local Government Ombudsman;
  - iv) Required to comply with case law; or
  - v) To correct errors or omissions.

## **7) Review and Appeals of Decision(s)**

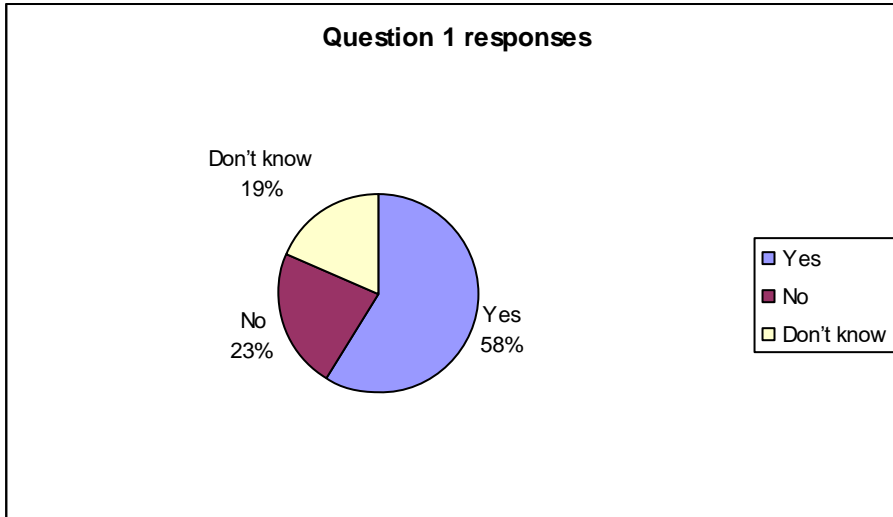
- a) The Council will accept the decisions of the Valuation Tribunal (VT) in respect of appeals but reserves the right to protect its legal interests in cases where the decision of the VT is considered unreasonable or perverse. In such cases the Council reserves the right to stay any decision of the VT but only in cases where the Council is seeking appeal to a higher body or court and such action has been approved by the Council's solicitor.



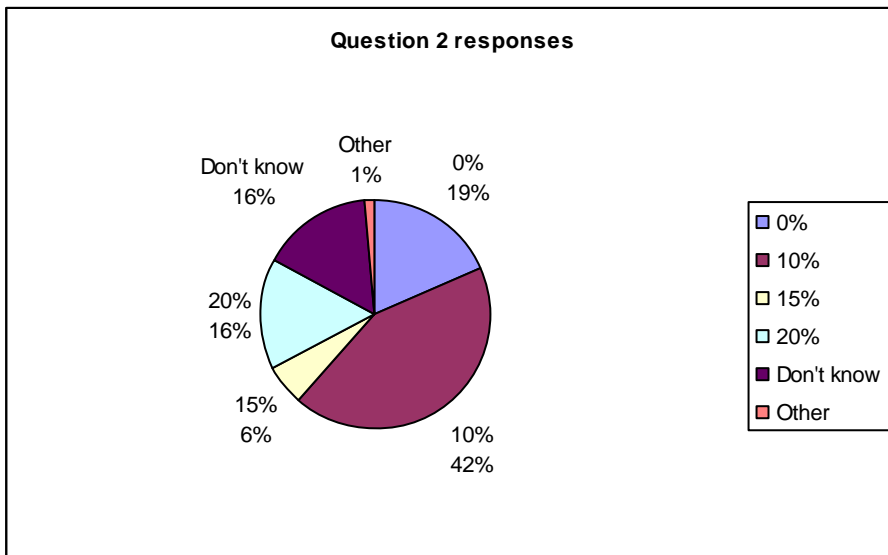
## Appendix 2

### COUNCIL TAX SUPPORT CONSULTATION

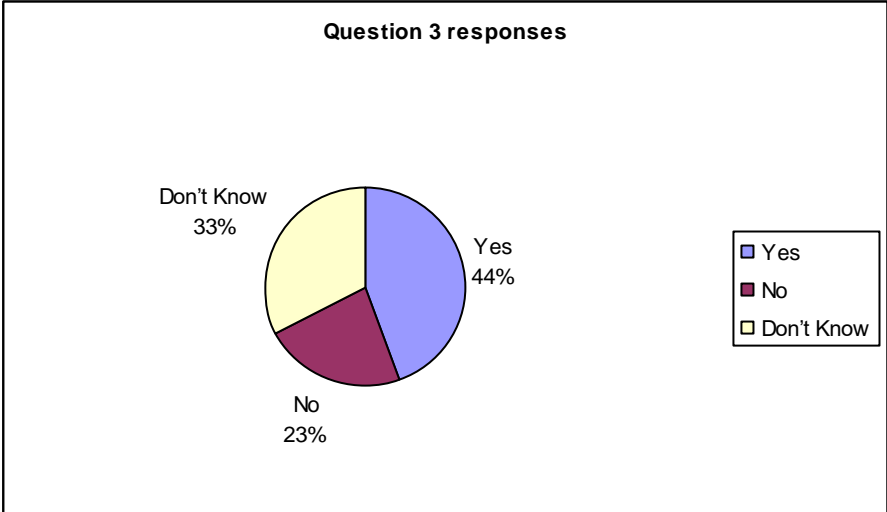
1. Do you think that everyone should pay something towards their Council Tax?



2. How much do you think everyone should pay as a minimum towards their Council Tax?



**3. Council Tax Support is assessed on the needs of the person making the claim, their partner and their dependant children. Any other adults within the household are expected to contribute towards their Council tax bill depending on their income. This could change so that these other adults contribute more towards the council tax bill. Is this fair?**



**4. Have you got any comments you wish to make about these changes?**

If people work full time they should pay full ctax, part time half ctax, if people are on benefits shouldn't pay a penny
The elderly should be exempt
Everybody should pay something towards their council tax. Although I found it difficult paying the reduced rate when only working 20 hours
If you are on such a low income as esa/jsa a small amount eg £5 is a large amount
The less fortunate should be able to have the facilities the council tax offers with no cost
People in receipt of ESA should not have to pay anything
If people got the service from the council they pay for, maybe people wouldn't begrudge paying it
Good Points all round, truly appreciated
I don't think people who are on benefits should have to contribute
I think this would make the system more fair
All residents should be required to pay council tax, and this should be proportionate to the services each resident enjoys
I support single persons discount but otherwise believe we should all pay the same. Those currently paying less would not expect a lower standard of service, and it needs to be paid for
I think this is bad government policy as I think some pensioners should make payment towards their ctax
There should be no changes to council tax for special needs people. Give these people more support rather than reducing it
Council tax is too high for the services provided. Council tax is too high in relation to income when you pay tax/ni on earnings

**5. If you are responding on behalf of an organisation please specify**

No-one was responding on behalf of an organisation

**6. Average age of respondents**

