

Bath & North East Somerset Council

MEETING: Council

MEETING DATE: 14th November 2013

TITLE: The Local Council Tax Support Scheme (LCTS) 2014-15

WARD: ALL

AN OPEN PUBLIC ITEM

List of attachments to this report:

1. Section 13 a Local Government Finance Act 1992 – Local Scheme

1 THE ISSUE

To consider a proposal for continuation of the Local Council Tax Support scheme (LCTS) into its second year, with the policy to incorporate uprating of national personal allowances and benefits as necessary.

2 RECOMMENDATION

- 2.1 Council is recommended to approve delegated authority for the Lead Cabinet Member for Resources and the Section 151 Officer of Bath & North East Somerset Council to agree that there are no changes to the existing Council Tax Support Scheme for 2014/15, other than the application of national uprating adjustments and technical changes to ensure legal compliance as soon as practical.

3. FINANCIAL IMPLICATIONS

- 3.1 In the first year of its operation, the cost of the Local Council Tax Support scheme is being met by the available Government funding, and this is expected to be the case in 2014-15. The gross cost of Council Tax Support is presently £9.2 million. The Department for Communities and Local Government (CLG) is expected to continue its level of funding for the second year of the scheme, without further reduction – in April 2013 funding was reduced by 10% from levels under the previous Council Tax Benefit scheme. Pensioner claims will continue to be protected.
- 3.2 It is anticipated the existing scheme will remain able to accommodate expected growth in pensioner population, plus any increased unemployment within the working age population, as well as an allowance for contingencies.

- 3.3 Based on these assumptions, and utilising the funding available, the existing scheme is expected to remain cost neutral.
- 3.4 Recognising the financial challenge faced by the Council, a cost neutral scheme for Council Tax Support is required again in 2014-15.
- 3.5 It is recognised that collection rates are being maintained close to historic levels, and this will be reflected in the tax base report.
- 3.6 The Council is committed to reducing Fraud and Error and the existing scheme has proven simple to understand, and administer in practice, which assists in this aim. Resources will be maintained to ensure Fraud and Error is at a minimum.
- 3.7 There are limited implications on both Major Preceptors (Police & Fire Services) as a result of continuing the cost neutral scheme for 2014-15 although the payment of grant directly to them will result in a lower tax base and consequently a reduced precept demand.
- 3.8 As the Council is proposing to continue the cost neutral scheme, it is anticipated that there will be no significant financial impact to the Council arising from protection of towns and parishes through the payment of a grant.
- 3.9 Support for our most vulnerable residents is provided through the local Welfare Support Scheme which is funded by Social Fund contributions.

4. CORPORATE OBJECTIVES

- 4.1 The delivery of Council Tax Support at a time of severe budget pressures remains a challenge.
- 4.2 The scheme provides incentive to work while, at the same time, protecting pensioners and vulnerable people, and therefore will support the Council objective of:
- Building a stronger economy

5. THE REPORT

- 5.1 Council Tax Benefit was replaced with the Local Council Tax Support scheme in April 2013.
- 5.2 The Government specified that certain groups such as pensioners will be protected and should see no changes to their entitlement. However, each Council can consider whether to protect other groups and how to fund any extra protections.
- 5.3 The current scheme protects claimants who are considered by the Council to be vulnerable.

5.4 The Council defined the vulnerable as those in receipt of a :

- Support Component of Employment and Support Allowance (ESA)
- Enhanced Disability Premium
- Enhanced Disability for Dependents
- Disability Premium for Dependents
- Severe Disability Premium

5.5 The claimants in receipt of the above premiums/components, are considered to be vulnerable as they are in need of care and support, and therefore could not be expected to work. Furthermore a concession in the scheme has been made for those households which include a disabled child.

5.6 For the second year of the scheme, we will update the S13a Policy document to clarify the definition of dependant to make it clear for all claimants that a dependant is 'any child or young person who the claimant or their partner is responsible for financially'. This definition will be added to the Council's public website.

5.7 For people other than pensioners or the vulnerable, the Council applies the criteria below for its Local Council Tax Support :

- Maximum eligible amount set at 78%
- Local Council Tax Support paid to a maximum Council Tax band D
- No Second Adult Rebate
- Child Benefit and Child Maintenance included as an income in calculation of entitlement
- No Underlying Entitlement
- Those people with Capita/Assets over £10,000 will not be entitled
- No non dependant deductions
- No entitlement to backdating.

5.8 For the second year of the scheme, the Council will update its policy document under Section 13a of the Local Government Finance Act 1992. This sets out the existing rules for assessing Local Council Tax Support, and will continue to apply from 1st April 2014 (existing Policy shown at Appendix1)

5.9 The scheme is designed to be simple and equitable across all groups, and it seeks to give incentive to work where possible.

5.10 Though there are alternatives, the current scheme is still considered the best option to meet the requirements through 2014-15.

6. RISK MANAGEMENT

6.1 The report author and Lead Cabinet Member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.

6.2 The government will announce final grant allocations alongside the local government settlement in early December, at which time there will be assurance over the level of funding the Council will receive for the second year.

6.3 If there is material change to the final grant allocations these will be taken into account by Cabinet as part of its final budget proposals for 2014/15.

7. EQUALITIES

7.1 The Local Council Tax Support scheme reflects most of the characteristics of the former Council Tax Benefit scheme prior to April 2013, though it is simpler and therefore does not have an adverse effect on people that are particularly vulnerable or have protected characteristics.

7.2 A full Equality Impact Assessment on Local Council Tax Support was written when the scheme was created and this will continue to be reviewed in light of scheme outcomes.

8. CONSULTATION

8.1 Consultation on continuation of the scheme has already been conducted with Cabinet Member; Other B&NES Services; Section 151 Finance Officer; Chief Executive; Monitoring Officer; Staff.

8.2 In the absence of change to the scheme for 2014-15, there is no need to repeat a public consultation as was performed prior to initiation of Local Council Tax Support from April 2013.

9. ISSUES TO CONSIDER IN REACHING THE DECISION

Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Human Rights; Corporate; Health & Safety; Impact on Staff; Other Legal Considerations

10. ADVICE SOUGHT

The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	
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