

## Bath & North East Somerset Council

MEETING: Council

MEETING DATE: 12th November 2015 (adjourned to 17<sup>th</sup> December 2015)

TITLE: The Local Council Tax Support Scheme (LCTS) 2016-17

WARD: ALL

### AN OPEN PUBLIC ITEM

#### Background resource for this report:

1. Section 13a Local Government Finance Act 1992 – Local Scheme  
[http://www.bathnes.gov.uk/sites/default/files/bath\\_ne\\_someset\\_s13a\\_201516\\_v1.1.pdf](http://www.bathnes.gov.uk/sites/default/files/bath_ne_someset_s13a_201516_v1.1.pdf)

## 1 THE ISSUE

To consider a proposal for continuation of the Local Council Tax Support scheme (LCTS) into its fourth 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 Finance and Efficiency 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 2016-17, other than the application of national uprating adjustments and technical changes to ensure legal compliance as soon as practical.
- 2.2 Council is recommended to approve work to design an even more simplified scheme from April 2017-18 (which could enable greater use of digital channels for those claimants who can and choose to use them, and reduced complexity for both customers and personnel involved in delivering the support).

## 3. FINANCIAL IMPLICATIONS

- 3.1 The Council implemented a cost neutral Local Council Tax Support Scheme in 2013-14 to reflect the reduced Government funding available. The gross cost of Council Tax Support is £8.609 million as measured at end of September 2015 (September 2014: £8.865 million). The fall in cost of the scheme since last year is due to the continuing decrease in number of

claimants, which has fallen by 436 (September 2015: 10,702, September 2014: 11,138). This reduction is comprised of a decrease in Pension Age claimants of 254, and a decrease in Working Age (WA) claimants of 182.

3.2 Given the reducing cost of the scheme in recent years, it is anticipated the existing scheme will remain able to accommodate any growth in pensioner population, plus the expected levels of unemployment within the working age population.

3.3 It is estimated that the scheme's cost could increase in 2016-17 by up to £520,000 due to the national reduction in Tax Credits that support the incomes of those working age LCTS claimants who are in employment. Whilst other factors, including increased levels of work among these claimants and the introduction of the National Living Wage, may lessen the impact on the scheme, there is expected to be at least a short term increase in support claimed. These costs will be closely monitored during 2016/17 with any adverse impact reflected in the Council Tax Collection Fund year end position.

3.4 Should the Council choose to raise the level of Council Tax for 2016-17, the impact on the Local Council Tax Support Scheme would also need to be considered.

3.5 Recognising the financial challenge faced by the Council, any changes to the scheme which increase costs further, above the current budgeted position would require the Council to identify alternative savings to mitigate.

3.6 The Council is committed to reducing Fraud and Error and the existing scheme has proven straightforward to understand and administer in practice, which assists in this aim. Resources will be maintained to ensure Fraud and Error is at a minimum. The objectives for a re-designed scheme will include reducing Fraud and Error even further.

3.7 Support for our most vulnerable residents is currently provided through the local Welfare Support Scheme which is funded by the Council given the withdrawal of Social Fund contributions by central government since 1<sup>st</sup> April 2015.

#### **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 Dependants
- 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 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 Capital/Assets over £10,000 will not be entitled
- No non dependant deductions
- No entitlement to backdating.

5.7 For the fourth year of the scheme, the Council will update its policy document under Section 13a of the Local Government Finance Act 1992. This document sets out the existing rules for assessing Local Council Tax Support, and will continue to apply from 1<sup>st</sup> April 2016. The existing policy, shown at Appendix 1, will be updated for uprating of national personal allowances and benefits when this occurs in March 2016.

5.8 The current scheme was designed to be straightforward and equitable across all groups, and it seeks to give incentive to work where possible. It is considered to be the most suitable option in the short term, to meet the requirements throughout 2016-17. Though alternatives will be investigated and evaluated for 2017-18 and beyond (that could enable greater use of digital channels for those claimants who can and choose to use them, and reduced complexity for both customers and personnel involved in delivering the support).

## **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.

## **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 2016-17, there is no requirement to repeat a public consultation as was performed prior to initiation of Local Council Tax Support from 1st April 2013. Public consultation will be conducted on options for a re-designed scheme from April 2017-18.

## **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 – Business Support) have had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	<i>Ian Savigar, Director for Customer Services, Tel; 01225 477327</i>
<b>Sponsoring Cabinet Member</b>	<i>Councillor Charles Gerrish</i>
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	