

| | | |
|---|-----------------------------|----------------|
| 21 November 2017 | | ITEM: 7 |
| Corporate Overview and Scrutiny Committee | | |
| Local Council Tax Scheme 2018/19 | | |
| Wards and communities affected: All | Key Decision: Key | |
| Accountable Assistant Director: N/A | | |
| Accountable Director: Sean Clark, Director of Finance and IT | | |
| This report is Public | | |

Executive Summary

Since 1 April 2013, the Council has maintained a local Council Tax Reduction scheme. This replaced the national Council Tax Benefit scheme, which ended on 31 March 2013. Council Tax Reduction helps provide support to council taxpayers who have a low income. It supports the taxpayers by providing a reduction in the actual amount in Council Tax payable.

The current Local Council Tax Support (LCTS) scheme was implemented on 1 April 2017. Thurrock Council agreed its current scheme through a public consultation exercise informed by cross party Members working groups. The resulting scheme was agreed by both Cabinet and the Council.

The proposal for 2018/19 is to continue with the current Local Council Tax Support (LCTS) scheme. We have considered this in light of no planned changes to Housing Benefit legislation for April 2018/19 and that the current scheme is reasonable and fit for purpose.

1. Recommendation(s)

1.1 That Corporate Overview and Scrutiny Committee note and comment on the proposal that there are no changes to the Local Council Tax Scheme for 2018/19.

2. Introduction and Background

2.1 The design of each LCTS scheme must be finalised by 31 January ahead of the relevant year to which it relates. Failure to provide a scheme by this date will trigger the implementation of a default government scheme. The default scheme would require the council to revert back to the level of support that would have been provided under the national Council Tax Benefit arrangements.

2.2 Local authorities take on the risk that liabilities under LCTS exceed the amount projected for at the start of the relevant financial year. This risk is shared between billing and major precepting authorities with circa 15% of the council tax collected by the council being paid over to the Essex County Fire and Rescue Service and Essex Police.

2.3 The existing Scheme contains the following elements:

- The first £25 per week of earned income will be disregarded when calculating levels of council tax support;
- The maximum capital limit is to be set at £6,000. This means anyone who has savings over £6,000 may not receive support with their council tax;
- For working age claimants, the maximum support that will be allowed will be 75% of their full council tax bill;
- Child benefit and child maintenance received will not be included as income in the calculation of council tax support;
- The maximum period a claim can be backdated under the scheme is 1 calendar month. A good reason for not claiming earlier has to be provided;
- There is a full disregard of military compensation payments, including War Disablement Pensions, War Widow's Pension and Armed Forces Compensation Scheme payments;
- The number of dependants assessed in the calculation of claimants needs is a maximum of two; and
- The maximum period of an award when temporarily absent outside the United Kingdom is 4 weeks.

3. Issues, Options and Analysis of Options

3.1 From 2014/15, any specific funding for the LCTS scheme was rolled up into the Revenue Support Grant (RSG) as provided to local authorities by the government. It is entirely for local authorities to decide how much they are prepared to spend on their LCTS scheme. Officers have also reviewed the structure of the scheme and noted the cost of the scheme has reduced from £8.5m to approximately £8.0m since 1 April 2013. This has increased the Council Tax Base and reduced the cost of the scheme since inception. Given these findings officers recommend continuing the scheme based on the same principles.

3.2 The roll out of Universal Credit has slowed nationally with the completion date of the project now extended to 2023. New Housing Benefit legislation is now forming part of the Welfare Reform agenda with this benefit continuing until at

least 2023. When Local Council Tax Support began in 2013 it was expected the Universal Credit would be rolled out by 2017 replacing Housing Benefit for Working Age customers. Universal Credit in Thurrock advanced to 'full service' on 25 October 2017. This will extend the range of customers who can make a new claim for Universal Credit from single non-working households to couples and families with less than 3 children. Officers will monitor the effects of this change over the next 12 months and this will inform the design of the 2019/20 LCTS scheme.

3.3 Some components of the LCTS scheme have been directed by Government such as:

- All low income pensioners will be protected under the national framework as defined by DCLG;
- Consideration for protection for vulnerable working age groups will be allowed for; and
- Each authority's scheme will maintain work incentives wherever possible. The Government continues to stress the importance of this principle given the current economic climate and their welfare reform agenda.

4. Reasons for Recommendation

4.1 The scheme remains affordable and easy to administer. The collection rate for 2016/17 for council tax from those in the scheme was 96.64 percent. The design of the scheme, which builds in various protections and incentives, supports a high collection rate.

4.2 The LCTS expenditure for 2016/17 was £7.8m. The expenditure for 2017/18 is estimated to be circa £8m of which circa £3.7m relates to claimants of pensionable age. The expected cost of the scheme for 2018/19 is proposed at £8.3m to allow for any potential additional cost to the scheme.

4.3 The council has benefited in past years from an improving economy, with the movement of customers into work.

4.4 The introduction of Universal Credit in the Authority for single unemployed people has not made any significant change to the amount of LCTS awarded to claimants.

5. Impact on corporate policies, priorities, performance and community impact

5.1 The Council is required to have an LCTS scheme and the proposed scheme meets this requirement. The scheme supports claimants in the community and ensures the revenue raised is collectible supporting the medium-term financial strategy.

5.2 The Council also has a fair debt policy and this is reflected in the collection of council tax from claimants in the scheme.

6. Implications

6.1 Financial

Implications verified by: **Jonathan Wilson**
Chief Accountant

The financial implications are set out in the body of the report.

6.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Law and Governance

The Council Tax Benefit system was abolished by Section 33 of the Welfare Reform Act 2012. The Local Government finance bill prescribed certain steps in the design of a local scheme, such as consultation and publication, and enables the Secretary of State to introduce both regulations and guidance relating to local schemes. The Government has included regulations to ensure that pensioners will not lose or gain relative to the previous system.

The LCTS scheme must be ratified by full Council by the 31 January 2018 at the latest to enable the authority to implement the scheme from 1 April 2019.

6.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development and Equalities Officer

The Council has a duty as set out in the Equality Act 2010 to consider the equality impact of its policies and decisions. The LCTS can be claimed by anyone in the Borough meeting the eligibility criteria.

It is also noted a consultation on the proposed scheme has been available for all residents to respond to and these comments have been considered within the body of this report.

6.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

N/A

7. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Working Papers held by Corporate Finance

8. **Appendices to the report**

- None

Report Author:

Sean Clark

Director of Finance and IT

Corporate Finance