
LOCALISATION OF COUNCIL TAX SUPPORT

Committee: Corporate Governance & Finance Committee

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[R141]

1.0 **ISSUE**

- 1.1 The Local Government Finance Bill introduced the requirement for all council tax billing authorities to devise a local council tax support scheme to replace the national council tax benefit scheme with effect from 1 April 2013. Any changes to the Council's own scheme require public consultation.
- 1.2 There is merit in reviewing the Council's discretionary policies with regard to Council Tax and Business Rates.

2.0 **RECOMMENDATIONS**

- 2.1 That this Committee recommends full Council to note the continuation of the current Localised Council Tax Reduction Scheme during 2017/18; with the intention that a full review of the scheme is undertaken in 2017/18.
- 2.2 That this Committee reviews the Council's policy with regard to Council Tax discounts and premiums; and discretionary business rate relief, in parallel to the above review.

3.0 **BACKGROUND/OPTIONS**

- 3.1 The Government announced during the 2010 Spending Review that support for council tax would be localised from 2013/14 and that financial support to councils would be reduced by 10% from the same date.
- 3.2 This changed council tax benefit, a fully funded nationally prescribed benefit, to a locally determined rebate, referred to as a discount. As a consequence councils now have the freedom to locally determine schemes that support families already in work and to encourage those not currently in work into work as part of Government's wider strategy to reduce the spiralling costs of welfare.
- 3.3 Councils were required to design and approve their draft schemes for adoption by January 2013. Any Council failing to adopt a scheme by this deadline was required to follow the default scheme which is essentially the current council tax benefit scheme with a 10% cut in funding from the Government. This Council approved its scheme on 8 January 2013. The approved scheme required those council tax payers who are of working age

and who had previously received 100% council tax benefit, to pay 8.5% of their council tax.

3.4 Council tax support for pensioners has not been reduced, but remained at the same levels administered using national rules based on the previous council tax benefit scheme.

3.5 Each year Councils are required to consider reviewing their Local Council Tax Reduction Scheme (LCRTS). A commentary on the current scheme is provided below:

- The amount of Council Tax is likely to be recovered in the main because the charge plus costs is set at a prudent amount to be able to recover in full from the Department of Work and Pensions within a year of placing an attachment of benefit - if the charge were set higher this would not be the case and there would be no remedy available to us which could create a culture of non-payment.
- The current reduction level enables recovery in a year through attachment of benefit in most cases as we are currently able to effectively recover a year's debt (including costs) in a year. If we increase the amount we ask people to pay then we will not be able to recover the full charge through attachment to benefit and we are likely to see debt rising each year.
- The information we are receiving nationally is telling us that Councils who set the percentage payable at a higher level are not being successful in collecting the tax and have also incurred additional costs because they have had to employ extra officers to try to effect recovery.
- As the value they are looking to recover exceeds the amount available by deduction via DWP it is unlikely they will be successful in the longer term either.
- The budget calculations are currently based upon the assumption that the scheme remains unchanged. If we reduce the relief available to working age claimants then we would see an increase in income only if the council tax team were able to collect 100% of the additional debt.
- The DCLG review of LCTS scheme published March 2016 concluded that:
 - Collecting council tax from LCRTS working-age recipients is becoming more difficult and is taking longer; and
 - Revenues teams in councils are having to collect and chase very small sums – sometimes just a few pounds per week – from many people who are on low incomes. This means a lot of resource is spent for little gain.

It should be noted that any change to the scheme would require public consultation – which requires early consideration to provide sufficient time to allow sufficient consultation within the budget setting timeframe.

4.0 COUNCIL TAX PREMIUMS AND DISCOUNTS

4.1 The Local Government Act 2012 allows billing authorities flexibilities over the application of council tax discounts and premiums in respect of empty homes. This Committee agreed that the policy would be reviewed on at least a three

yearly basis. Officers have reviewed the policy as it currently stands, and do not believe any changes are required. It is therefore suggested that a formal review by this Committee be deferred until 2017/18, with any changes coming into effect from April 2018.

5.0 BUSINESS RATES

5.1 In parallel to the officer review described above, work has been undertaken to review discretionary relief under the Council's approved policy. It has been identified that there are some aspects of the policy which would benefit from a review- in particular how this Council supports the provision of "not for profit" leisure and nursery provision; the latter particularly in rural areas. Again, it is proposed that the policy be reviewed during 2017/18, with a revised policy brought to this Committee for consideration in December 2017.

6.0 ARGUMENTS / CONCLUSIONS

6.1 The 2016/17 LCTRS is in line with the estimated costs of the scheme. It is proposed that this scheme remains in place for 2017/18. The scheme will be reviewed during 2017/18, alongside the Council's policy on Council Tax discounts and premiums; and discretionary relief on business rates; with all coming back to Committee in December 2017.

7.0 EQUALITY IMPACT ASSESSMENT

7.1 New Equality Impact Assessment will be completed as a part of review in 2017.

8.0 APPENDICES

None

<u>Background Documents</u>	<u>Location</u>	<u>Contact Officer</u>
Localising Support For Council Tax – DCLG various consultation documents	Room 105 The Grange, Ely	Andy Radford Director, Resources (01353) 616303 E-mail: andy.radford@eastcambs.gov.uk