
LOCALISATION OF COUNCIL TAX SUPPORT

Committee: Corporate Governance & Finance Committee

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[Q134]

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. The Government required councils to consult on their draft scheme prior to the final scheme being formally adopted by the statutory deadline of 31 January 2013.

2.0 **RECOMMENDATIONS**

2.1 That this Committee recommends full Council to note the continuation of the current Localised Council Tax Reduction Scheme during 2016/17.

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 Discussions with the Head of Anglia Revenues Partnership have indicated that this Council's LCTRS that was introduced from 1 April 2013 is proving robust and is roughly in line with the estimated costs of the scheme. As at the 31 October 2014, 68.07% of council tax had been collected against a target of 68.73% and by 31 October 2015 68.03% had been collected
- 3.6 From the commentary that CIPFA has provided, it appears that those Councils who set their percentage payable by working age claimants at a higher level are not being successful in collecting this council tax. Furthermore, these councils have incurred additional costs as they have employed additional officers to affect recovery. It is also unlikely that these councils will be successful in recovery over the long term, because there is a maximum amount of £3.70 per week that can be recovered from the DWP through an attachment of benefit.
- 3.7 It is anticipated that the Comprehensive Spending Review announced on the 25th November 2015 will propose changes to some welfare benefits, in particular tax credits. Should the announcement lead to an increased cost of its Council's Council Tax Reduction Scheme; this information will be provided to the Committee at its meeting.
- 3.8 Subject to any new information emerging from the CSR, it is proposed that as this Council's collection rate to date is in line with the 2015/16 target it is proposed that the current LCTRS scheme remains in place for 2016/17.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The estimated costs of the 2014/15 LCTRS awarded as at the end of October 2014 was £4.101m which has reduced to £3.842m at the end of October 2015. Where a claimant is entitled to a reduction in council tax on 1 April, they are awarded the full year's discount on that date. This is amended if their personal circumstances change during the year and are no longer entitled to this reduction. Any claimant who becomes entitled to the discount from 1 November will only be entitled to 5 months discount.

5.0 ARGUMENTS / CONCLUSIONS

- 5.1 The 2015/16 LCTRS is in line with the estimated costs of the scheme. It is proposed that this scheme remains in place for 2016/17.

6.0 EQUALITY IMPACT ASSESSMENT

- 6.1 As the proposed LCTRS for 2016/17 is to retain the scheme which is currently in operation, the EIA that accompanied the 2013/14 scheme is attached in Appendix 1

7.0 APPENDICES

Appendix 1: Equality Impact Assessment

Background Documents

Localising Support For
Council Tax – DCLG
various consultation
documents

Location

Room 214A
The Grange,
Ely

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