



**REPORT of
DIRECTOR OF STRATEGY AND RESOURCES**

**to
STRATEGY AND RESOURCES COMMITTEE
26 JANUARY 2020**

COUNCIL TAX SUPPORT SCHEME 2020 / 21

1. PURPOSE OF THE REPORT

- 1.1 To approve a cost neutral Local Council Tax Support Scheme (LCTS) for 2020 / 21, with minor changes to improve the scheme for the customer, whilst simplifying the administration of the scheme for the Council.

2. RECOMMENDATIONS

To the Council

That following Members' careful reading of and regard to the Equality Impact Assessment (**APPENDIX 1**) the following changes to the existing scheme are approved:

- (i) a cost of living increase in line with the Department for Work and Pensions schemes be included in the Local Council Tax Support Scheme for 2020 / 21 for Pensioners only;
- (ii) any legislative changes being introduced to the Housing Benefit Scheme for 2020 / 21 are mirrored in the Councils LCTS scheme to ensure consistency;
- (iii) the introduction of a minimum income change threshold of up to £10 per week, and a periodic reviews of Universal claims with a fixed period of award;

3. SUMMARY OF KEY ISSUES

- 3.1 Following the abolition of the National Council Tax Benefit Scheme in 2013 a replacement LCTS Scheme was approved by the Council on 13 December 2012 (Minute No. 688 refers), and a substantially unchanged scheme was approved for the subsequent years up to and including 2020 / 21.
- 3.2 The current scheme reflects the Council's decision to deliver a long-term sustainable scheme based on cost neutral principles, and it proposed that the changes be introduced to the schemes for 2020 / 21.

3.3 Scheme Costs and impact on Council Tax Collection

- 3.3.1 The net cost of the Council Tax Support Scheme for 2019 / 20 to date is being effectively contained within the collection fund. The consequence of future welfare reforms and the proposed changes to the scheme may adversely affect this, but based upon current projections the proposed LCTS scheme remains sustainable for 2020 / 21.
- 3.3.2 Additional support and advice continue to be provided to customers who have difficulty in paying. The proposed changes is anticipated will help customers improve their financial stability.

3.4 Proposed changes to the Scheme - background

- 3.4.1 The Council receives a “real time” link to HM Revenue and Customers (HMRC) data related to customers earnings. Under our current scheme this information has to be used to recalculate customers LCTS. Many of these changes are low in value, but result in significant administration to recalculate claims, and more importantly result in difficulties for customers as they receive revised demands for payment, making it difficult for them to budget, and can result in additional recovery action being taken as customers struggle to pay.
- 3.4.2 The legal requirement to give customers at least 14 days notice of a revised payment due can affect Direct Debits, again creating difficulties or customers, and delays in the Council receiving payment.
- 3.4.3 The roll out of Universal Credit (UC) has also caused similar issues, as frequent changes in UC also require regular recalculation of customers LCTS.
- 3.4.4 The following proposed changes to the scheme at 3.5.1 should improve the overall administration of the scheme, and reduce the frequency of revised bills being issued to customers where they have minor changes to their income. This in turn will and reduce the impact on council tax collection which results from re-profiled bills making it more difficult for customers to budget, and deferred direct debits as the Council has to give customers a minimum of 14 days notice of any changes to instalments.
- 3.4.5 Moving to a fixed period award of LCTS for UC claimants 3.5.2 will further simplify the administration of LCTS, and give customers more certainty over their Council Tax payments.
- 3.4.6 The options being suggested have been introduced in other authorities with no risk involved it could therefore be assumed that there would be no risk to the Council

3.5 Proposals

3.5.1 Introduce a minimum income change threshold

- 3.5.1.1 Where the change in a claimant’s income is below a threshold of £10 the award of LCTS will remain unchanged. This will apply to both an increase and decrease in income.

3.5.2 Introduce periodic reviews of Universal Credit claims with a fixed period of award.

3.5.2.1 Universal Credit customers will have an award of LCTS for a fixed period of up to 6 months provided they remain in receipt of Universal Credit. At the end of the 6 months Credit the LCTS award for up to the next 6 month will generally be based upon an average of the previous 6 months income, unless there has been a significant change in circumstances.

3.5.2.2 Examples of significant changes shall include, but is not limited to:

- a partner moving into or leaving the household; or
- the applicant enters new employment or self-employment; or the applicant's employment or self-employment ceases; or
- the applicant has an increase in employment of 5 hours or more per week.

4. CONCLUSION

4.1 The changes proposed will help to support the delivery a cost neutral LCTS Scheme within the budget proposed for 2020 / 21 making it easier for customers to budget, having less frequent changes to their council tax bills and simplifying the administration of the scheme.

4.2 The changes have been introduced by other Councils effectively, and there is no anticipated negative impact upon collection rates.

4.3 A customer consultation exercise undertaken in the autumn shows support for some changes to simplify the scheme.

4.4 An Equality Impact Assessment has been undertaken showing no significant issues with the proposed changes to the scheme.

5. IMPACT ON STRATEGIC THEMES

5.1 A Local Council Tax Support Scheme supports the Councils Goal of "Healthy, safe and vibrant communities" by ensuring that the service can be targeted to reduce inequalities and the goal of "excellent services and value for money" by complying with its statutory obligations in the most efficient and effective way.

6. IMPLICATIONS

- (i) **Impact on Customers** – 3,246 households are currently entitled to LCTS of which 1545 are of working age
- (ii) **Impact on Equalities** – An Equalities Impact Assessment of the LCTS scheme has been undertaken. Members are asked to carefully consider the content of the assessment as part of their decision to approve the proposed LCTS scheme for 2020 / 21.

- (iii) **Impact on Risk** – The proposed scheme is expected to continue to deliver a cost neutral scheme. The cumulative effects of various welfare reforms continue to have an effect both upon Council Tax collection and the number of customers with housing issues. The impacts are being monitored with help and advice being provided by the Council and its partners to support customers.
- (iv) **Impact on Resources (financial)** – The cost of the proposed scheme is within budget. The expenditure on the scheme is monitored on a monthly basis, and any significant variations will be reported to Members.
- (v) **Impact on Resources (human)** – The proposed LCTS scheme can be delivered within existing staffing resources.
- (vi) **Impact on the Environment** – None.
- (vii) **Impact on Strengthening Communities** -

Background Papers:

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