

**29 November 2016**

**Policy, Finance and Resources Committee**

**Council Tax Support scheme - 2017/18**

**Report of:** *Rob Manser - Shared Services Revenues & Benefits Manager*

**Wards Affected:** *All*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 This report recommends no changes to be made to Brentwood's Local Council Tax Support scheme for 2017/18.
- 1.2 People of pension age continue to be protected from any changes in Local Council Tax Support; therefore any scheme has to be devised for people of working age only.
- 1.3 Public consultation on revised scheme options was undertaken from 7<sup>th</sup> September 2016 to 19<sup>th</sup> October 2016.
- 1.4 The Brentwood Borough Council scheme continues to be prepared within the framework of an Essex-wide scheme with local variations. For the last three years Brentwood's scheme has remained virtually unchanged, we are again not proposing any changes to the 2017/18 scheme.

**2. Recommendation(s)**

- 2.1 To approve Brentwood's Council Tax Support Scheme with no changes to the levels of support for working age customers**

**3. Introduction and Background**

- 3.1 Council Tax Support (CTS) replaced Council Tax Benefit in April 2013. Each authority must adopt a Council Tax Scheme each year by the 31<sup>st</sup> January, or the previous year's scheme will continue.
- 3.2 Brentwood's Ordinary Council has approved and adopted a Council Tax Support scheme for each subsequent year.

#### **4. Issue, Options and Analysis of Options**

- 4.1 The Local Council Tax Support scheme is designed to ensure, as far as possible, stability and sustainability in the Council's finances.
- 4.2 Since 2014/15 the government have not published separate figures for LCTS within the annual LGF settlement. It is now deliberately a matter for local discretion by the Billing Authority, along with other general fund demand for services. The funding to local authorities in 2017/18 will also be affected by the Spending Review and at the time of writing this report, the Spending Review has yet to be determined.
- 4.3 Whatever funding is made available, it is important to note that it was never intended to be ring-fenced. Council Tax support was localised in 2013/14 deliberately to free authorities to set their own schemes having regard to the competing demands of other General Fund services within the totality of the funding resources available to them.
- 4.4 The elements of Brentwood's local scheme have been substantially unchanged since 2014/15. The reducing cost of the scheme is due to changes in the number of claimants and in the mix between pensioner and working age claimants. Such changes reflect local demographics, rates of unemployment and other factors. This is a demand-led service and demand – and costs – can go up as well as down. The above costs do not reflect the costs of non-collection (write-offs of uncollected council tax).
- 4.5 An analysis of the Revenues database shows that our current scheme has not adversely affected our levels of Council Tax collection, which remain as expected and on target when compare to previous years.
- 4.6 Whilst the 2016/17 scheme is having little to no effect on collection rates, the collection fund could suffer from 2017/18 onwards when Government initiatives such as Universal Credit and the Benefit Cap are rolled out further.
- 4.7 It is estimated that by the end of 2016/17, under the current scheme:
- 92% LCTS working aged customers will have paid in full or made an arrangement to pay
  - 8% LCTS working aged customers will not have paid in full and will be in arrears with their council tax.
- 4.8 If the Council decides not to adopt the proposed 2017/18 scheme then the scheme that is currently in place for 2016/17, our current scheme, becomes our default scheme.

## **5 Reasons for Recommendation**

- 5.1 To agree and adopt the proposed Council Tax Support scheme for 2017/18 prior to the 31<sup>st</sup> January 2017.

## **6 Consultation**

- 6.1 Consultation commenced on the 7<sup>th</sup> September 2015 and completed on the 19<sup>th</sup> October 2016.

- 6.2 With the other Essex billing authorities and ECC, it was agreed that, during the public consultation period, each billing authority would publish their draft scheme on their individual websites with a link for responses to ECC (who have the necessary consultation software). People who do not have access to the internet or who wished to give a more detailed response were able to do so directly to the relevant billing authority. In addition to information on the website 1,000 customers written to or sent text messages by the Service during the consultation period, explaining the reason for the consultation and how to respond.

- 6.3 A total of 38 responses to Brentwood's consultation were received, of which 24% were from current recipients of Council Tax Support. Whilst this was a limited response, it was similar with the consultation held last year and mirrored the levels of most responses received across Essex. Of these responses there was general agreement to the main principles of the scheme.

- 29% of customers agreed that any shortfall in Council funding should be met by an increase in Council Tax for all tax payers;
- 23% of customers agreed that any shortfall in Council funding should be met by a reduction in funding to other services;
- 50% of those customers who responded agreed that any shortfall in Council funding should not be met from changing the maximum percentage of LCTS award
- 57% of customers agreed that every working aged person should have to make a payment towards their Council Tax;

Overall, the response to the consultation did not highlight any issues that would give cause to alter the proposed scheme.

## **7 Legislation/Policy**

- 7.1 Schedule 1A of the Local Government Finance Act (LGFA) 1992 (as amended) states;

- 7.2 "For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme."

- 7.3 Schedule 13A of the same Act gives billing authorities power to reduce the amount of Council Tax payable:

- 1) Where a person is liable to pay council tax in respect of any chargeable dwelling and any day, the billing authority for the area in which the dwelling is situated may reduce the amount which he is liable to pay as respects the dwelling and the day to such extent as it thinks fit.
- 2) The power under subsection (1) above includes power to reduce an amount to nil.
- 3) The power under subsection (1) may be exercised in relation to particular cases or by determining a class of case in which liability is to be reduced to an extent provided by the determination.

7.4 The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 determine the principles on which local schemes are to operate.

## **8 Implications**

### **Financial Implications**

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8.1 There are no financial implications from the introduction of the LCTS technical changes which will be funded from within existing scheme resources.

### **Legal Implications**

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8.2 The CTS Scheme is subject to the Council's duties for local welfare support under primary and secondary legislation including The Welfare Reform Act 2012, the Council Tax Reduction Schemes(Prescribed Requirements) (England) Regulations 2012 (as amended) and the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012. In addition the Council takes account of guidance published by the Department of Communities and Local Government.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

8.3 Equality Impact and Consultation response attached.

**9. Background Papers** (include their location and identify whether any are exempt or protected by copyright)

9.2 Background papers are held by the Revenues & Benefits service

## **10. Appendices to this report**

Appendix A - Equality Impact and Consultation response

Appendix B – LCTS 2017-2018 Risk Management Implications.

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