

10 December 2014

Ordinary Council

Local Council Tax Support Scheme 2015/16

Report of: *Rick Steels Revenues & Benefits Manager*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The 2014/15 Local Council Tax Support (LCTS) scheme was adopted by Ordinary Council on 11th December 2013. The scheme only affects working age claimants as pensioners are protected and continue to be paid in accordance with Council Tax Benefit regulations which were abolished in 2013.
- 1.2 Amendments to the 2014/15 scheme were considered by a Task & Finish Group and a report outlining proposed technical changes was presented to the Audit & Scrutiny Committee on 30th September 2014.
- 1.3 The Task & Finish Group further proposed the introduction of a surcharge of 50% to Council Tax accounts for properties that have been left empty for more than 2 years.
- 1.4 The proposals for the 2015/16 scheme were agreed by the Audit & Scrutiny Committee and recommended for submission to Full Council for adoption.

2. Recommendation(s)

2.1 Members note the Equality Impact Assessment at Appendix A.

2.2 To agree the introduction of the following technical changes to the Local Council Tax Support scheme:

- a) Introduction of specified claim award periods for claimants within the LCTS Working Age (working) sub group.**
- b) End liability mismatches by not awarding Local Council Tax Support to single claimants or removing existing awards from single claimants who do not satisfy evidence requirements for a Single Person Discount.**
- c) Change the scheme rules for Local Council Tax Support to be in line with other Council Tax discounts and exemptions, as well as future claims for Universal Credit, by changing 'or partner' to 'and or their partner' within the scheme rules. This will ensure that should a claimant or their partner provide false information relating to their claim, the Council can consider joint and several liability for offences against the taxpayer.**
- d) Extend the current rules for vulnerability to include claimants qualifying for a support premium as a result of their entitlement to Employment & Support Allowance.**
- e) Use existing powers delegated to Section 151 Officer, in consultation with the Leader and Deputy Leader of the Council to increase the needs allowances for the assessment of LCTS in line with Housing Benefit regulations**

2.4 That, from 1 April 2015, the Council adopts a policy of applying a 50% surcharge to Council Tax accounts when the property has been empty for more than 2 years.

2.5 To earmark funding of no more than 0.48% of expenditure of scheme costs to allow for writing off assessment errors.

3. Introduction and Background

3.1 The 2014/15 Local Council Tax Support (LCTS) scheme was adopted by Ordinary Council on 11th December 2013 which introduced changes to the original scheme which started on 1st April 2013.

3.2 There are currently seven scheme principles which are incorporated within four sub- scheme types:

3.3 Sub-Scheme 1 Pensioners

Pensioners are currently protected and therefore the amount of LCTS awarded is based on regulations similar to CTB. Additionally this authority provides enhanced levels of support for those claimants who are disabled or widowed as a result of service within the Armed Forces.

3.4 Sub- Scheme 2 Working age - Vulnerable

Protect those who have limited opportunity to improve their circumstances: Carers, residents in receipt of a Disability Premium, a War Disablement Pension, War Widows Pension or Armed Forces compensation payment will be protected by having their entitlement assessed on CTB rules just like residents of pension age.

3.5 Sub- Scheme 3 Working age - Employed

Reward those in work by assessing their LCTS entitlement on a maximum liability of 100% (not 80%). The in work taper should be 15% rather than 20% for those not working. Residents of Band E properties have entitlement restricted to that of a band D charge and owner occupiers of Band F, G & H properties are not be entitled to LCTS (Social Housing tenants remain eligible). Non dependant deductions from LCTS are set at NIL to encourage families to stay together. If the claimant has lived at the same address for more than a year and has not claimed LCTS or CTB within the previous 12 months they will be protected for 13 weeks. This means they will be treated in the same way as pensioners and vulnerable claimants for those 13 weeks.

3.6 Sub- Scheme 4 Working age – Not employed

Everyone should pay at least 20% of the annual liability. Maximum liability therefore will be 80%. Include within assessment both child benefit and child maintenance (ignored for Housing Benefit). Residents of Band E properties have entitlement restricted to that of a band D charge and owner occupiers of Band F, G & H properties are not entitled to LCTS (Social Housing tenants remain eligible). Non dependant deductions from LCTS are set at NIL to encourage families to stay together. If the claimant has lived at the same address for more than a year and has not claimed LCTS or CTB within the previous 12 months they will be protected for 13 weeks. This means they will be treated in the same way as pensioners and vulnerable claimants for those 13 weeks.

Task & Finish Group

- 3.7 The Audit & Scrutiny committee agreed to form a Member's Task & Finish Group to consider changes to the current Local Council Tax Support (LCTS) scheme for 2015/16 and also to consider changes to the current policy regarding awards of Council Tax discounts and exemptions.
- 3.8 Members of the group met on 28th August 2014 and considered a number of options for the introduction of technical changes to the current LCTS scheme and to propose the introduction of a surcharge of 50% to properties that have been empty for more than two years increasing the average Council Tax on these properties from £1,465 per annum to £2,197.

The group recommendations, listed below, were agreed by the Audit & Scrutiny committee on 30th September 2014.

Proposals:

3.9 Introduction of award Periods

To introduce a maximum specified period of 52 weeks (1 calendar year) entitlement to support for claimants within the LCTS Working Age (working) sub group to be based on the individual circumstances of the claimant or their partner.

3.10 End liability mismatches

Where LCTS is claimed by a single occupier but they have not provided sufficient evidence for the award of a Single Person Discount from their Council Tax account, LCTS will not be awarded and in cases where support is already being provided, this will be withdrawn.

3.11 Local Authority errors provision

In cases where the Council has made an error on an assessment for LCTS, provision of 0.48% of the total scheme expenditure should be provided within a specific fund to ensure the resident's council tax account is not affected. Funding would be found from within existing budgets.

3.12 Treat partners as jointly and severally liable under LCTS rules

Revise the current scheme rules which state 'or partner' to 'and or their partner'. This means that regardless of who has signed the claim for support, the assessment will be treated as being made by both parties. By doing so we will ensure that should a claimant or their partner provide false information relating to their claim, the Council can consider

prosecuting or applying penalties for non disclosure to either party. This will bring the rules for Council Tax Support in line with other Council Tax discounts and exemptions and as well as future claims for Universal Credit.

3.13 Vulnerability

The current rules for vulnerability state that claimants receiving a disability premium on their assessment qualify for placement in the LCTS Vulnerable sub group. It is proposed to extend this to include claimants qualifying for a support premium as a result of their entitlement to Employment & Support Allowance.

3.14 Uprating of needs allowances

To increase the needs allowances for the assessment of LCTS in line with Housing Benefit regulations under the delegated powers awarded to the Section 151 Officer, in consultation with the Leader and Deputy Leader of the Council to make minor technical changes

3.15 Introduction of Empty Homes Surcharge

In addition to proposals to make 'Technical Changes' to the LCTS scheme for 2015/16, members of the group were asked to consider the introduction of a 50% surcharge to council tax accounts for properties that have been empty for more than 2 years. This would generate additional liability for long term empty properties with an average annual increase in their Council Tax bill in the region of £730. The average annual charge for a Band D property in the Borough is £1,465 so by adding an Empty Homes Premium the annual bill for the same property would increase to £2,197. At the time of writing this report there are 70 properties that have been empty for more than 2 years which would generate additional income each year of more than £50,000.

It is anticipated that the imposition of a surcharge would encourage owners to consider other uses for their property and if properties are subsequently brought back into occupation, the Council currently receives a New Homes Bonus Grant of £1,465 per annum for a 6 year period, a total of £8,790 per property.

Exceptions to the surcharge are where:

- 1) The dwelling is the sole or main residence of a member of the armed forces, who is absent from the property as a result of such service.
- 2) The property is genuinely for sale or letting on the market

4 Issue, Options and Analysis of Options

- 4.1 The Local Council Tax Support scheme is designed to provide support for as many residents as possible within external funding constraints. Wherever possible officers will seek to re-design the scheme to enhance

opportunity for those seeking financial support and to work in line with broader Council objectives.

- 4.2 The Council have a responsibility to ensure that it makes best use of all housing stock within the Borough.

5. Reasons for Recommendation

- 5.1 To ensure the changes to both the Local Council Tax Support scheme and technical changes to Council Tax are endorsed by the Council.

6. Consultation

- 6.1 The above proposed options for changes to the Local Council Tax Support scheme and technical changes to Council Tax have been the subject of consultation with members of the Task & Finish Group, staff and with the public via the Council's website.

7.0 References to Corporate Plan

- 7.1 A Prosperous Borough

8. Implications

Financial Implications

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- 8.1 There may be a financial gain through the introduction of the 50% surcharge on long term empty homes and through entitlement to the New Homes Bonus which is given for each property the Council brings back into occupation. The priority however is not financial gain but to encourage owners to bring properties back into use.
- 8.2 There are no financial implications from the introduction of the LCTS technical changes which will be funded from within existing scheme resources.

9. Legal Implications

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- 9.1 None

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

None

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

10.1 Background papers are held by the Revenues & Benefits service

11. Appendices to this report

- Appendix A - Equality Impact Assessment

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