

Shadow Dorset Council

Date of Meeting	17 September 2018
Officer	Jason Vaughan, Interim Section 151 Officer
Subject of Report	Local Council Tax Support Scheme
Executive Summary	The Shadow Authority will, at its meeting in February 2019, need to agree a Local Council Tax Support scheme for Dorset Council. MHCLG has provided the Council with the concession of not having an aligned scheme until 2021/22. This report considers the benefits of having an aligned scheme for 2019/20 and the opportunities this would bring to help reduce customer confusion and local authority administration.
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>An Equalities Impact Assessment will be undertaken as part of the proposed consultation process</p>
	<p>Use of Evidence:</p> <p>None</p>
	<p>Budget:</p> <p>Any costs can be met from existing budgets</p>
	<p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the LGR approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW</p>
	<p>Other Implications:</p> <p>None</p>
Recommendation	That Committee agrees to undertake a review of the Local Council Tax Support scheme

Reason for Recommendation	To help ensure that the Dorset Council Local Council Tax Support scheme treats claimants consistently, is clear to understand and is easy to administer
Appendices	Appendix 1 – Details of existing Local Council Tax Support schemes Appendix 2 – Proposed options for the Dorset Council Local Council Tax Support scheme
Background Papers	Existing Local Council Tax Support schemes for East Dorset, North Dorset, Purbeck, West Dorset and Weymouth & Portland Councils
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1. Introduction

- 1.1 Council Taxpayers who are on low income can apply for Local Council Tax Support (LCTS) to help them with their Council Tax. Entitlement to LCTS is means tested and based on the circumstances and income of the claimant's household.
- 1.2 Each Council Tax billing authority is required to determine the LCTS scheme for its area. Billing authorities have the discretion to determine the principle factors for their scheme, including the maximum support that will be given to working age claimants. However, government has prescribed that certain claimants (i.e. pensioners and those working age claimants that the billing authority consider to be vulnerable) are protected within the scheme and be entitled to receive support of up to 100% of the Council Tax charge.
- 1.3 Government has developed a "default scheme" for pensioner claimants, which is aligned to the Housing Benefit scheme. Billing authorities are required, as a minimum, to incorporate the default scheme within its own scheme.
- 1.4 With the introduction of LCTS, the Dorset District Councils attempted to agree an aligned scheme across the county from 1 April 2013. However, this was not fully achievable and further changes have been made to the schemes over the intervening years. The current LCTS schemes for the five sovereign Councils are shown at Appendix 1.
- 1.5 The cost of LCTS awards is met from the Council Tax Collection Fund. Government originally provided funding to meet 90% of the estimated awards made in 2013/14. However, this funding was subsequently incorporated as part of the Revenues Support Grant and, as such, has been subject to the changes made to that grant over subsequent years.

2. Current position

- 2.1 The Shadow Authority will need to formally adopt a Dorset Council LCTS scheme for 2019/20 at the Council Tax setting meeting in February 2019. As part of the LGR discussions with MHCLG it was agreed that the Council will be allowed up to two years to agree an aligned LCTS scheme. This was in recognition that significant resources will need to be utilised to successfully implement the new Unitary Council and that there may not, initially, be the capacity to support the creation of an aligned

scheme. However, Officers are of the view that there is the capacity within existing resources to create an aligned LCTS scheme from 1 April 2019.

- 2.2 The concession made by MHCLG would allow the Shadow Authority to agree an LCTS scheme which incorporated the existing schemes set out at Appendix 1. However, such a scheme would lead to customer confusion and dissatisfaction as claimants may be treated differently depending on where they live. Implementing an aligned LCTS scheme from 1 April 2019 would allow for all claimants to be treated consistently as well as providing the opportunity to simplify calculation of entitlement from a customer and administration point of view.
- 2.3 Members will also be aware that the wider roll-out of Universal Credit (UC) took place in 2017/18 and that this now covers most people of working age who now make a claim for state benefits. UC entitlement is reviewed monthly having regard to the claimant's (and their household's) actual circumstances and income for the past month. In view of this, claimants who are paid weekly can see their UC change depending on the number of week's salary received in the previous month.

The current LCTS schemes within Dorset look to calculate entitlement on the actual UC received by the claimant. This results in the LCTS award having to be changed for every fluctuation in UC, however small. Moving to an LCTS scheme which was based on average, rather than actual, UC would simplify the process from a customer perspective. It is believed that more and more Councils are taking this approach to help reduce customer confusion and local authority administration.

- 2.4 The table below provides a breakdown of the current LCTS award for the Dorset Council area.

Claimant Type	LCTS awarded £	Number of claimants	Average award £
Pensioners	10,604,642	9,849	1,076.72
Working age (protected)	7,703, 232	7,057	1,091.57
Working age (not protected)	7,043, 829	8,811	799.44
Total	25,351,703	25,717	985.80

- 2.5 The Local Government Act 2012 requires that Councils consult with customers and key stakeholders prior to making changes to their LCTS scheme. Committee is being asked to consider this report to enable sufficient time for any review of the LTCS scheme to take place.

3. Proposal

- 3.1 Data modelling on existing caseload and spend has taken place over recent months. Based on the results of that modelling Officers are recommending that the review be based on the options listed at Appendix 2.

I. Option A – status quo

Under this option, the Dorset Council LCTS scheme would be based on incorporating the existing sovereign Council schemes. As mentioned earlier, this would result in some claimants being treated more (or less) favourably than others with similar circumstances.

II. Option B – aligned scheme with a maximum support for those of working age (not protected) limited to 90%

Under this option, the Dorset LCTS scheme would be an aligned scheme which would limit the maximum support provided to unprotected working age claimants to 90%. The option would also look to calculate entitlement on average, rather than actual, UC over a six month period. Protection arrangements would be included allowing a claimant to ask for a review of their entitlement, during that period, if their circumstances had significantly changed.

This option would simplify the process and entitlement from a customer perspective and significantly reduce the administration of the scheme.

III. Option C - aligned scheme with a maximum support for those of working age (not protected) limited to 85%

Under this option, the Dorset LCTS scheme would incorporate the conditions mentioned in Option B but would limit the maximum support provided to unprotected working age claimants to 85%.

3.2 The financial data for the above options is estimated as follows:

	Option A		Option B		Option C	
	LCTS awarded £	Number of claimants	LCTS awarded £	Number of claimants	LCTS awarded £	Number of claimants
Pensioners	10,604,642	9,849	10,604,642	9,849	10,604,642	9,849
Working age (protected)	7,703, 232	7,057	7,703,232	7,057	7,703,232	7,057
Working age (not protected)	7,043, 829	8,811	6,922,075	8,659	6,537,516	8,178
Total	25,351,703	25,717	25,229,949	25,665	24,845,390	25,084

4. The next steps

4.1 If Committee agrees to the review of LCTS taking place, consultation on the options above would take place over the months October and November 2018 with the results of the exercise being reported to the Shadow Overview & Scrutiny Committee in January 2019. A report would subsequently be submitted for consideration by the Shadow Committee at its meeting on 20 February 2019 before being determined by the Shadow Authority.

4.2 An Equalities Impact Assessment will be undertaken in respect of the review and be included as part of the subsequent reports. Further data modelling will also be undertaken to help ensure that Members have up to date information at the time decisions are made.