

Executive Committee

15 December 2016

Local Council Tax Support Scheme

For Recommendation To Council

Briefholder(s)

Cllr P Barrowcliff - Corporate

Senior Leadership Team Contact

Jason Vaughan, Strategic Director

Purpose of Report

- 1 To review the conditions of the Local Council Tax Support scheme and propose a revised scheme, effective from 1 April 2017.

Officer Recommendations

- 2 That Committee recommend that Council make the following changes to the Local Council Tax Support scheme, effective from 1 April 2017, to align it to the Housing Benefit scheme.
 - I. That the Family Premium be removed for all new working age claimants where protection is not provided (i.e. those who receive Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance).
 - II. That the maximum period for backdating be reduced to one month.
 - III. That the maximum period for which a person can be absent from Great Britain and still receive Council Tax Support be reduced to four weeks apart from where protection is provided, as set out in appendix 1.

Reasons for Recommendation

- 3 To ensure that proper arrangements are undertaken in relation to the Council's Local Council Tax Support scheme.

Background and Reason Decision Needed

- 4 Committee will be aware that as part of its Welfare Reform, government decided that the national Council Tax Benefit scheme would be replaced from 1 April 2013 by local schemes. These new schemes are called Local Council Tax Support (LCTS) schemes and are determined by each billing authority for its area.
- 5 As part of these changes, government decided to reduce the level of grant provided to help fund the cost of awards to 90% of the estimated awards likely to be made. As the reduction is applied to the Council Tax Collection Fund it is shared by Dorset County Council, Fire & Police authorities as well as the

Council. Billing authorities have the discretion to “top-up” the gap in funding from the Collection Fund or to set its scheme so that it is self funding.

- 6 Government also decided that pensioner claimants must be protected under the local schemes and be entitled to receive the same level of funding as they would under the existing national scheme. In addition, government believes that local schemes should protect the most vulnerable and be designed to help incentivise work.
- 7 Following extensive modelling of the likely financial and customer impact, Council set a scheme with the following characteristics.
- The scheme would be as similar to the old Council Tax Benefit scheme as possible.
 - Everyone of working age, except the most vulnerable, would pay at least 8.5% of their Council Tax.
 - The most vulnerable people would be protected from the changes.
 - Those defined as vulnerable include:
 - I. Pensioners
 - II. People who are in receipt of a Disability Premium, Enhanced Disability Premium, Severe Disability Premium, Disabled Child Premium, Carer Premium or Support Component within in either their Council Tax Support, Housing Benefit, Income Support, income-based Jobseekers Allowance or income-related Employment Support Allowance.
 - III. People who are in receipt of War Disablement Pension, War Widows Pension or War Widows Disablement Pension.
 - The scheme would include support to a householder who has a second adult on a low income living with them (Second Adult Rebate).
 - The scheme would not include a limit on the lowest amount given to a working age claimant.
- 8 The table below sets out details of the LCTS awards made in 2015/16 and 2016/17 together with government subsidy received.

	2015/16	2016/17 (estimated)
Total LCTS awarded	£6,717,603	£6,774,025
Government grant received	£6,470,472	£6,470,472
Gap being met by Collection Fund	£247,131	£303,553
WDDC share of gap	£20,067	£24,662
Number of claimants	7,044	6,752

- 9 Committee will note that as the government grant is fixed, any increase in awards will have to be met from the Collection Fund.

10 Members were concerned that the introduction of LCTS would have a significant impact on customers and Council Tax collection. In reality, we have found that this has not been the case and collection levels are at similar levels to that before LCTS was introduced. However, it is acknowledged that a number of Council Taxpayers have been faced with having to pay Council Tax for the first time. Staff have worked closely with such customers and advisory organisations, such as the CAB, to help resolve issues and agree affordable payment arrangements.

11 As a result of government making alterations to the Housing Benefit scheme there is now a need to make the following housekeeping changes to the Council's LCTS scheme so that both schemes are aligned. Making these changes will make the LCTS scheme easier to administer and also reduce customer confusion.

12 **Removing the Family Premium for all new working age claimants.**

The removal of the family premium from 1st April 2017 for new claims will bring the Council Tax Support scheme in line with Housing Benefit. The family premium is part of how we assess the 'needs' (Applicable Amounts) of any applicant which is compared with their income. Family Premium is normally given when an applicant has at least one dependant child living with them. Removing the family premium will mean that when we assess an applicant's needs we will not include the family premium (currently £17.45 per week).

Whilst it is difficult to identify potential customers from 2017, analysis from 2015/16 has been undertaken:

In 2015/16, there were 366 new claims for Council Tax Support where the family premium was awarded. It is estimated that 250 cases would be affected as "passport benefit" cases would not be affected. Passport benefits include those in receipt Universal Credit, Income Support, Income Based Jobseekers Allowance, Income Related Employment and Support Allowance. They will tend to be the higher weekly awards.

Of the 366 cases, the customers average weekly CTS was £15.09. Applying the 20% taper to this "additional income" means that customers would lose £3.49 per week. Therefore, the average weekly CTS would be £11.60 per week.

Of the 366 cases from 2015/16, 48 would no longer receive any award (i.e. their weekly CTS was below £3.50).

13 **Reducing the maximum period for backdating to one month**

Currently claims for Council Tax Support from working age applicants can be backdated for up to 3 months where an applicant shows they could not claim at an earlier time. Central Government has reduced the period for Housing Benefit claims to 1 month. It is proposed that the Council's Council Tax Support Scheme be aligned with the changes for Housing Benefit. Analysis from 2015/16 has been undertaken:

In 2015/16 461 cases were backdated, however it is estimated that 345 would be protected from the changes. 116 would be affected.

Of the 461 cases, 120 were for a period greater than 30 days. The average period of backdated award was 29 days (i.e. less than one month) and the average weekly award was £13.67.

56 cases were backdated for a period greater than 60 days

14 Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Support to four weeks

Within the current scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting the Council Tax Support. This replicated the rule within Housing Benefit. Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, their benefit will cease. It is proposed that the Council's Council Tax Support scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations such as mariners and the armed forces.

- 15** Under the Local Government Act 2012, Councils are required to consult with customers and key stakeholders prior to making changes to their LCTS schemes. Any changes to the scheme has to be agreed by Council before 31 January for implementation from the following April. In line with this requirement, a consultation exercise has been undertaken over the months September to November (inclusive). The results of the consultation exercise are shown at appendix 2.

Appendices

- 16** Appendix 1 – Instances where LCTS can be awarded where the claimant is temporary absent from their home
- 17** Appendix 2 - Results of consultation exercise.

Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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