

Shadow Dorset Council

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| Date of Meeting | Shadow Overview & Scrutiny Committee - 8 January 2019 Shadow Executive Committee – 11 February 2019 |
| Lead Member | Councillor Tony Ferrari, Lead Member for Finance |
| Officer | Jason Vaughan, Interim Section 151 Officer |
| Subject of Report | Local Council Tax Support Scheme |
| Executive Summary | <p>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.</p> <p>The Shadow Overview and Scrutiny Committee considered the process followed and recommended that Option B is adopted, with the amendment that the maximum support provided to those that are not protected be limited to 91.5%.</p> <p>Shadow Executive Committee is asked to consider the decision of the Shadow Overview and Scrutiny Committee and make a recommendation to Shadow Authority on the proposed Local Council Tax Support scheme for 2019/20.</p> |
| Impact Assessment: | <p>Equalities Impact Assessment:</p> <p>An Equalities Impact Assessment has been undertaken and is attached at Appendix 1</p> <hr/> <p>Use of Evidence:</p> <p>This report reviews the Local Council Tax Support Scheme arrangements in place within the predecessor councils, takes account of the evidence contained within the appendices and makes a recommendation from amongst alternative options detailed below.</p> <hr/> <p>Budget:</p> <p>Any costs can be met from existing budgets</p> |

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| | <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 Shadow Executive recommend to the Shadow Authority that Option B be adopted as the LCTS scheme for Dorset Council |
| 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 | <p>Appendix 1 – Equalities Impact Assessment</p> <p>Appendix 2 – Details of existing Local Council Tax Support schemes</p> <p>Appendix 3 – Proposed options for the Dorset Council Local Council Tax Support scheme</p> <p>Appendix 4 – Consultation report summary</p> |
| Background Papers | Existing Local Council Tax Support schemes for East Dorset, North Dorset, Purbeck, West Dorset and Weymouth & Portland Councils |
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| Date agreed by Lead Member | |
| Date agreed by Statutory Officers | <p>Matt Prosser – Chief Executive (Designate)</p> <p>Jason Vaughn – Interim Section 151 Officer –</p> <p>Jonathan Mair – Interim Monitoring Officer –</p> |

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 2.
- 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 2. 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 an estimated 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 At its meeting on 17 September 2018, the Shadow Executive Committee agreed that a review of LCTS take place and that customers and key stakeholders be consulted, over the period 15/10/18 to 10/12/18, on the following options.

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 an estimated 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%.

Further information about the options is shown at Appendix 3.

2.6 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 |

- 2.7 Those working age claimants who are not protected would see their LCTS reduced by (on average) 25p per week if Option B was implemented and by (on average) £1.09p per week if Option C was implemented.

3. Consultation results

- 3.1 The Consultation Report Summary is attached at Appendix 4, with the detailed consultation response available by request from the Consultation Team.
- 3.2 In summary, 382 overall responses were received of which 214 (57%) were from LCTS recipients and 156 (41%) were from Council Taxpayers. The remaining 12 responses were from people representing an organisation or from people who preferred not to say. Overall responses are as follows:

| Option | Agree | Neither/don't know | Disagree |
|----------|-------|--------------------|----------|
| Option A | 50% | 24% | 26% |
| Option B | 46% | 25% | 29% |
| Option C | 20% | 29% | 51% |

- 3.3 Other key findings from the exercise are:

- I. The majority of those that supported Option A are current LCTS recipients.
- II. The majority of those that supported Option B are not current LCTS recipients.
- III. The majority of those that felt strongly opposed to Option C are current LCTS recipients.
- IV. The majority of those that provided further comments felt that there was a need for one system for efficiency, regardless of where you live.

4. Proposal

- 4.1 The proposal is that Option B be adopted as the LCTS scheme for Dorset Council for the following reasons.
- I. As Option B is an aligned scheme everyone will be treated consistently regardless of where they live in the Council area (unlike Option A).
 - II. Protection will continue to be provided to those of pensionable age and those of working age who are in receipt of prescribed disability benefits or premiums.
 - III. Those who are protected will continue to receive maximum support of up to 100%. Those who are not protected will receive maximum support of up to 90%. On average, working age claimants would see their entitlement reduced by 25p per week compared with a reduction, on average, of £1.09p per week if Option C was adopted.
 - IV. Those who are in receipt of Universal Credit (UC) will have their LCTS entitlement calculated on an estimated average, rather than actual, UC over a six month period. This will simplify the process from the customer perspective and provide greater certainty over their entitlement. Under the protection arrangements, claimants will be able to request a review of their entitlement if their circumstances have significantly changed.
 - V. Option B is, by far, the more efficient to administer out of all of the options considered.

5. Overview & Scrutiny Committee feedback

- 5.1 This report was considered by the Shadow Overview & Scrutiny Committee at its meeting on 8 January 2019. Committee preferred Option B as this was an aligned scheme which would look to treat everyone consistently, regardless of where they lived in the Council area, as well as helping those on UC to budget more easily. However, Committee felt that reducing the maximum entitlement, for those that are not protected, from 91.5% to 90% would impact on those on low income. It, therefore, recommended that Option B be adopted but that the maximum support for those of working age (not protected) be limited to 91.5%.

In addition, some Members of Committee were concerned that the new scheme may penalise foster carers and kinship carers. Officers have reassured those Members that this is not the case and that the allowances and fees paid to foster carers and kinship carers by a local authority will continue to be disregarded for the purposes of calculating Local Council Tax Support (LCTS).