

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Executive Director - Commercialisation (S151)

To: Cabinet Tuesday, 11 September 2018

(Author: Sharon Hammond, Head of Service, Revenues and Benefits)

Subject Local Council Tax Support Scheme - 2019/20 (pre-consultation)

Purpose: For each financial year a billing authority must consider whether to revise its Council Tax Support scheme, or replace it with another scheme. This report updates Cabinet on the performance of the current scheme and seeks approval to consult on proposals for 2019/20.

Recommendation(s):

- 1) That Cabinet approves a consultation for: -
 - a) Continuation of the current Council Tax Support scheme, and uprating in line with DWP's annual update of allowances and premiums for housing benefit for 2018/19, and
 - b) The introduction of a new class for Care Leavers aged 18-21 years

1.0 BACKGROUND

- 1.1 The local Council Tax Support (CTS) scheme replaced the former national Council Tax Benefit (CTB) scheme from April 2013.
- 1.2 The Local Government Finance Act 2012 sets out the process by which Councils must approve a local Council Tax Support scheme. Regulations include protection for pensioners but allow Councils to make changes in the way that support is calculated for working age claimants.
- 1.3 War pensioners and War Widowers are protected within South Holland's scheme.
- 1.4 Each year Councils are required to consider reviewing their local CTS scheme. For years 2014/15, 2015/16 and 2016/17 South Holland District Council's scheme provided a maximum amount of 75% support for working age claimants. Some changes were introduced from 2017/18: -
 - The maximum level of support was reduced to 70%, meaning that all working age households receive less CTS in 2017/18, and are now required to pay at least 30% towards their council tax liability.
 - The Second Adult Rebate was reduced to 20% in 2017/18 (with further reduction to 10% in 2018/19 and nil from 2019/20). This affects households where the claimant's own income is too high to receive CTS, but there are other adult(s) living in the household whose combined income is low.

- A minimum level of CTS at £5 per week was introduced. Where the amount of CTS each week would be less than £5, no CTS is now awarded.
- An increase in non-dependent deductions by 10% was implemented. A non-dependent is an adult living with a claimant but who is not dependent upon them, for example an adult son or daughter. Non-dependents are now expected to contribute more towards the household's Council Tax bill.
- Restricted CTS to Band D. This means claimants living in dwellings that are banded E, F, G or H have their entitlement to CTS calculated at the level of Council Tax Band D.
- Reduced the Capital Limit to £8,000. This means claimants with more than £8,000 in capital are no longer entitled to any CTS.
- Reduced the lower capital threshold to £3,000. This lowered the amount that is disregarded in the calculation of CTS.
- Limited backdating to 1 month. This change was in line with the changes made by DWP for Housing Benefit.
- Removed family premium for new claims. This change was in line with changes made by DWP for Housing Benefit.

2.0 FUNDING THE COUNCIL TAX SCHEME

2.1 In 2013/14, the amount of Government grant available to meet the cost of any support was reduced by approximately 10% nationally, although at a local level this equated to an 11.4% cut. From 2014/15 the Government grant has been subsumed within the Revenues Support Grant (RSG), and is not separately identifiable.

2.2 At 30 June 2018 the amount of CTS discount awarded for 2018/19 was £4,110,223. Caseload and expenditure will continue to fluctuate through the remainder of the financial year.

The table below shows the profile of Council Tax Support caseload and expenditure at 30 June 2018. The cost to South Holland being approximately £431,573 (10.5%).

	Total Caseload	Percentage	Amount of CTS
All Groups	5,363		£4,110,223
Elderly	3,099	57.8%	£2,646,037
Working Age	2,264	42.2%	£1,464,186

2.3 2018/19 is the sixth year of the local Council Tax Support scheme. The following table compares in-year collection rates since introduction of the changes in 2013/14. (2012/13 in-year collection performance is also shown for information).

Date	Collectable Debit	In-Year Collection Rate
2012/13	£35.4m	97.90%
2013/14	£36.7m	97.94%
2014/15	£37.8m	97.86%
2015/16	£39.1m	98.05%
2016/17	£41.1m	98.19%
2017/18	£43.3m	98.06%

Current year collection to date remains broadly in line with recent years since the introduction of CTS, and there has been no significant effect on the in-year collection rate following the changes to the CTS scheme that were introduced in 2017/18.

- 2.4 Whilst in-year collection is better than anticipated there is £176,582 outstanding in summonsed arrears in respect of the five previous year's council tax support cases. Recovery and collection continues beyond the end of the year in question, however the prospect of recovery reduces. Provision for bad debt has been made.
- 2.5 The Local Government Finance Act 2012 and subsequent regulations granted billing authorities greater discretion over discounts and exemptions for certain categories of empty dwelling from 1st April 2013.

Changes decided by Council in January 2013, were introduced from 1st April 2013, to increase the council tax base and potential revenue to help fill the funding gap arising from the cut to grant in respect of CTS.

3 ESTABLISHING A COUNCIL TAX SUPPORT SCHEME FOR 2019/20

- 3.1 For each financial year, the billing authority must consider whether to revise its scheme, or replace it with another scheme. Council Tax Support schemes cannot be changed mid-year.
- 3.2 It was the intention to carry out a more fundamental review of the Council Tax Support scheme for 2019/20 taking into account the impacts of Universal Credit, however due to delays in the national roll-out programme there is presently insufficient information to inform such a review.
- 3.3 The majority of South Holland district is covered by the Spalding Jobcentre. Under the revised timescales, Spalding Jobcentre has only been operating full Universal Credit service since 11th July.
- 3.4 Whilst it is too early to understand the impact and effect of Universal Credit in South Holland, Housing Benefit caseload is anticipated to reduce during 2018/19, and there is likely to be an increase in the number of changes to be processed for Council Tax Support. In turn, this will mean Council Tax bills will be reassessed, with instalments being re-profiled for future dates with possible impact on collection and recovery in these cases.
- 3.5 It is equally recognised that the inbuilt delay in claimants receiving their first Universal Credit payment might impact on the ability of households to manage their finances. Consequently it is felt that to make changes to the current CTS scheme in 2019/20 could add further pressure on these households.
- 3.6 South Holland District Council was one of the first Lincolnshire authority's to introduce a discount for Care Leavers in 2018/19. Presently this is administered under discretionary provisions, with the full cost borne by this Council. It was suggested at the time of introduction that consideration would be given to bringing this into the Council Tax Support scheme for 2019/20 onwards. In conjunction with Lincolnshire County Council and Barnado's Leaving Care Service, potential applicants will be identified. As at July 2018, there have been no applications yet. Under the present discretionary arrangements, the full cost of any award would be met by South Holland DC. If this scheme were to move into the

CTS scheme any cost would be shared by the major Precepting authorities, (with approximately 10.5% borne by South Holland).

3.7 The Local Government Finance Act requires that before a scheme can be adopted by the billing authority, it must (in the following order): -

- (a) Consult any major precepting authority which has power to issue a precept to it,
- (b) Publish a draft scheme in such manner as it thinks fit, and
- (c) Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

4. SCHEME OPTIONS FOR CONSULTATION

4.1 Option 1

No change.

This option would see the current scheme retained for 2019/20, uprated in line with DWP information.

4.2 Option 2 – Recommended

Retain the current scheme and introduce a new class for Care Leavers aged 18-21 years.

This option would see the current scheme retained for 2019/20, uprated in line with DWP information, and would provide a new class for up to 100% discount for care leavers aged 18-21 years.

5 REASONS FOR RECOMMENDATION(S)

5.1 The recommended option for consultation would provide continuity for customers at a time when they might be experiencing change through the introduction of Universal Credit. This option will also seek views on the proposal to introduce a new class for Care Leavers into the main Council Tax Support scheme.

5.2 This approach will continue to see South Holland's scheme modelled on the previous national Council Tax Benefit scheme, keeping administration simple and broadly consistent with administration of Housing Benefit. However with the implementation of Universal Credit in 2018/19, there will begin a reduction in working age Housing Benefit claimants over the next few years, and in turn a reduction in government funding. It is therefore timely that whilst consulting on a proposal for no change to the Council Tax Support scheme for 2019/20, that work begins on looking to develop a simplified scheme.

5.3 Exploratory work will begin in 2018/19 to consider various scheme options and approaches, with a view to recommendations coming to Cabinet early in 2019/20 followed by consultation and then final decision making to achieve implementation of a new, simplified scheme for introduction in 2020/21.

6 EXPECTED BENEFITS

- 6.1 Continuity for Council Tax Support claimants through 2019/20, and the transfer of provision for Care Leaver discount into the main CTS scheme, with the full cost of any award being shared between major Precepting authorities.

7 IMPLICATIONS

7.1 Financial

- 7.1.1 Council Tax Support scheme costs in 2018/19 are forecast to be approximately £4,110,223, of which £431,000 (10.5%) would be borne by this Council.

7.2 Stakeholders / Constitution / Timescales

- 7.2.1 Legislation requires consultation to be carried out with major Precepting authorities and the public where changes to the scheme are proposed. This report seeks the approval of Cabinet to proceed with consultation based on the recommendation made.

8 WARDS/COMMUNITIES AFFECTED

- 8.1 All

9 ACRONYMS

- 9.1 DWP – Department for Work and Pensions
9.2 CTS – Council Tax Support

Background papers:-

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Key Decision: N

Exempt Decision: N

This report refers to a Mandatory Service Appendices attached to this report: