

<b>Subject:</b>	Local Council Tax Support Scheme 2018-19	<b>Status:</b>	For Publication
<b>Report to:</b>	Council	<b>Date:</b>	27 <sup>th</sup> February 2019
<b>Report of:</b>	Head of Customer Services & I.C.T.	<b>Portfolio Holder:</b>	Resources
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: No
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached: No
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<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	That Full Council to approve the Local Council Tax Support Scheme for 2019/20 as set out in this report.

**2. PURPOSE OF REPORT**

2.1 To seek approval of Rossendale Borough Council's Local Council Tax Support (CTS) Scheme for 2019/20.

**3. CORPORATE PRIORITIES**

3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
- **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

**4. RISK ASSESSMENT IMPLICATIONS**

4.1 The Local CTS Scheme is subject to annual approval, by full Council. The Local Government Finance Bill states that an Authority must make any revision to its scheme, or any replacement scheme, no later than 11<sup>th</sup> March in the financial year preceding that for which the revision or replacement scheme is to have effect.

**5. BACKGROUND AND OPTIONS**

5.1 Council Tax Benefit, regulated at a national level, was replaced by local schemes of council tax support with effect from 1<sup>st</sup> April 2013. At that time grant funding was reduced by 10%. Whilst individual authorities were granted the freedom to design and implement their own local schemes, these could not leave pension age claimants worse off than under the previous national benefit regulations.

The net effect of these changes was a funding reduction of approximately 20% for working age claimants and after consultation Rossendale duly adopted a local scheme, based on the previous council tax benefit regulations, but with a 20% reduction in entitlement for working age customers

Whilst the local scheme is now technically and legally a discount, the decision to continue

forward with a CTS scheme based on the housing benefit/council tax benefit regulations ensures that in practice the scheme remains effectively a means tested benefit.

5.2 A further consultation exercise was undertaken during 2016 and subsequently amendments were incorporated changes introduced to the housing benefit regulations into the local CTS scheme in order to maintain the link between the two.

5.3 The number of CTS claims changes daily, but a snapshot (October) of the caseload is set out below. To set in context there were 31,999 domestic properties in Rossendale based on the October CTB1 return. Of these 440 were exempt from Council Tax, 155 2<sup>nd</sup> homes and 972 classed as empty. This leaves 30,432 occupied and with a liability to pay Council Tax. A little more than 20% of these properties have residents with an entitlement to council tax support.

Council Tax Support Caseload	2nd Adult Rebate Claims	Council Tax Support	Council Support (Universal Credit)	Total Claims (Pensioner, Working Age, Working Age Other)	Total Claims (Pensioner, All Working Age)
Pensioner Claims	8	2237	N/A	2245	2245
Working Age (employed) claims	0	584	90	674	3565
Working Age (other) claims	7	2647	237	2891	
Total Claims By Type (2AR, CTS, CTS UC)	15	5468	327	5810	5810

5.4 The cost of claims (tax foregone) for 2018/19 is set out below. As at 1<sup>st</sup> November 2018, the total claims for 2017/18 was £4,838,591.90. This year's 14.7% share is £713,208.45. The amount of awards and Rossendale share are therefore broadly consistent with last year and no significant shift is expected. It should be noted that in 2017/18 Council Tax was raised 5.54% overall (including adult social care precept). The Rossendale precept rose by 1.99%, hence the fall in percentage share of the tax retained by Rossendale (15.1% to 14.74%); whilst the overall cost of the scheme has risen, the fall in Rossendale's share and 144 fewer claims means that the direct cost to Rossendale has fallen by around £7k.

There is now no specified grant which covers this amount as had been the case under the former council tax benefit arrangements. Costs are therefore borne locally.

	Total Claims (Pensioner, Working Age, Working Age Other)	Total Claims (Pensioner, All Working Age)	Total Claims (All CTS)	Rossendale Council Share (14.74%)
Pensioner Claims	£ 2,179,101.09	£2,179,101.09		
Working Age (employed) claims	£ 366,989.74	£2,659,490.81	£4,838,591.90	£713,208.45
Working Age (other) claims	£ 2,292,501.07			

5.5 In-year collection rates of Council Tax remain lower for working age claimants than for the wider population. The 2017/18 outturns show that whilst 96.5% of that year's tax had been collected by the end of the year, the figure for those working age claimants not in employment was 74.9%. A clear majority are proving able to meet their increased liability but a significant minority are not. To set this in context, collection for 2013/14, the first year of reduced entitlement, had reached 91.6% by 1<sup>st</sup> October this year; four and a half years after the sums should have been cleared. Collection continues to be resource intensive whilst some customers continue with ongoing and continuous arrears.

	Pensioner Claims	Working Age (employed) claims	Working Age (other) claims	Council Tax Collection Rate 2017/18 All Accounts
Council Tax In-Year Collection Rates	101.8%	82.1%	74.9%	96.5%

5.6 There are no significant changes to the scheme proposed for the current year, aside from any inflationary uprating to benefit entitlement levels/thresholds which may be applied nationally.

5.7 As Universal Credit (UC) is rolled out, the vast majority of working age claimants will be paid a contribution towards housing costs through UC rather than by housing benefit. The impetus for retaining the systems associated with housing benefit as a basis for CTS calculation will therefore weaken over time.

#### **COMMENTS FROM STATUTORY OFFICERS:**

#### **6. SECTION 151 OFFICER**

6.1 Financial implications are noted within the report.

#### **7. MONITORING OFFICER**

7.1 No Additional Comments

#### **8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

8.1 Consultation has been undertaken with Management Team and the Portfolio Holder. There has been no significant policy changes to the scheme, therefore has not been re-assessed for equalities impacts.

#### **9. CONCLUSION**

9.1 It is proposed that the existing scheme of council tax support be retained unchanged, with the exception of any inflationary upgrades to national benefit entitlements.

The full rollout of Universal Credit in Rossendale began 21<sup>st</sup> November 2018 and is scheduled to be completed by the end of 2023. This will necessitate a more fundamental review. The Universal Credit programme itself is still subject to revision at Government level. It would be difficult to significantly renew the scheme to take account of the full service rollout of UC until clear data emerges of the impacts on CTS. In the meantime there is little to commend the implementation of any major changes to the scheme when a full review will be necessary within the next 1-2 yrs.

Background Papers

Document	Place of Inspection
Current scheme 2018/19	<a href="https://www.rossendale.gov.uk/downloads/file/14301/council_tax_support_scheme_201819">https://www.rossendale.gov.uk/downloads/file/14301/council_tax_support_scheme_201819</a>
Draft 2019/20 Scheme (uprated)	S.A.T office, Room 204, Futures Park, Bacup, OL13 0BB