

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Cabinet	5 <sup>th</sup> November 2014

Report template revised June 2008



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Technical Updates Localisation of Council Tax Support Scheme	Cllr Hamman	Michael Fisher	

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

In April 2013 South Ribble Borough Council was required to introduce a Council Tax Support Scheme (LSCT) to replace Council Tax Benefit (CTB).

The Local Government Finance Act 2012 requires Local Authorities to approve their Council Tax Support Scheme on an Annual Basis by the 31st January for the following financial year.

**This report supports the corporate priority of being an Efficient, Effective and Exceptional Council**

### **1 BACKGROUND**

- 1.1 In October 2010 the Government announced its intention to replace CTB with a Local Scheme for LSCT. This formed part of the Welfare Reform agenda which will see the merging of all remaining means-tested benefits, including Housing Benefit, into a single benefit called Universal Credit.
- 1.2 The move to a Localised Scheme for Council Tax Support saw responsibility for delivering schemes move from the Department for Work and Pensions (DWP) to the Department of Communities and Local Government (DCLG).
- 1.3 CTB was previously fully funded from central government; as part of this transfer the DCLG reduced the level of funding to Local Government by £500m. This meant that any locally introduced self-funded scheme must be implemented at a level of 10% less than the total cost of the CTB scheme. It was expected by Government that this reduction in funding was recovered from existing/future Council Tax Support Claimants or in conjunction with other subsequently announced technical changes to empty properties. The level of funding for Council Tax Support is no longer identifiable as a separate item within the council's grant settlement and this element of grant has remained fixed at 2012/13 levels.
- 1.4 The Government legislated to ensure that any recipient of CTB who has or will attain pension age must not be worse off under any LSCT scheme. This means that any adjustments resulting from our LSCT Scheme must only affect claimants of Working Age.
- 1.5 The Government believed that this change would incentivise Local Authorities to encourage greater economic activity within their areas.
- 1.6 The implementation of a Localised Council Tax Support Scheme under Section 13A of the Local Government Finance Act 1992 (as amended) was a Statutory Requirement.

## **2 RECOMMENDATIONS**

That Cabinet approves the following:

- 2.1 That delegated authority be granted to the Director of Governance and Business Transformation in consultation with the Cabinet Member for Shared Services and Corporate Support to make all necessary updates to this Council's Council Tax Support Scheme to comply with any prescribed requirements that may be issued by central government. This may be by the making of specific regulations as in 2013 or by amendment to the Local Government Finance Act 1992 and 2012.
- 2.2 That delegated authority be granted to the Director of Governance and Business Transformation in consultation with the Cabinet Member for Shared Services and Corporate Support to make all necessary amendments to the Council's scheme to uprate the allowances and premiums in accordance with Revised HB Circular when it is issued in December 2014/January 2015 by the DWP. This process is a requirement of the prescribed elements of the scheme.
- 2.3 To publish the updated scheme in accordance with the Local Government Finance Act 2012.
- 2.4 That the level of the deduction to be applied to Working Age recipients of Council Tax Support from the 1<sup>st</sup> April 2015 will be finalised and agreed in accordance with South Ribble's Scheme and as part of the Council's Budget and Council Tax Setting at the Council Meeting on the 4<sup>th</sup> March 2015. This figure will continue to be within the range consulted upon during the introduction and implementation of the council's scheme in 2012.

## **3 DETAILS AND REASONING**

- 3.1 The Local Government Finance Act 2012 requires Local Authorities to approve their Council Tax Support Scheme on an Annual Basis by the 31<sup>st</sup> January for the following financial year.
- 3.2 The scheme contains allowances and premiums on which the Prescribed Council Tax Support Scheme relies. South Ribble's scheme where possible mirrors the provisions of the government's prescribed scheme for pensioners.
- 3.3 South Ribble BC's Scheme is relatively easy for all to understand in that it replicates the previous Council Tax Benefit system apart from a flat rate monetary reduction for Working Age Claimants.
- 3.4 South Ribble scheme has been accepted by residents on the whole, including recipients of the support. Collection rates for the first full year exceeded expectations with approximately two thirds of the additional billed amounts being collected in year. Current year council tax collections performance monitoring, indicate a further increase in collection.
- 3.5 Additional support is available for residents suffering hardship via the council's exceptional hardship policy.
- 3.6 The current scheme prescribes a reduction in entitlement to LCTS of £ 3.50 per week for all working age claimants. Pensioners are unaffected by the changes implemented in this policy. The government committed to ensure pensioner recipients could not be worse off under LCTS schemes that under previous CTB regulations.
- 3.7 The council's scheme was introduced after consultation with both stakeholders and a significant number of residents. The residents consulted included all recipients of CTB. This consultation supported the view that the costs of South Ribble scheme should be implemented within the resources provided by the DCLG.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

<b>FINANCIAL</b>	Failure to approve the Council Tax Support Scheme will result in South Ribble Borough Council having to implement the Statutory Prescribed Scheme. This would have to be funded by the Precepting Authorities. This would result in additional expenditure of approximately £600,000 of which South Ribble's contribution would be approximately £80,000. This amount is not contained within the medium term financial strategy of the authority
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<b>LEGAL</b>	<p>The Local Government Finance Act 2012 places a legal requirement to amend and approve schemes by 31<sup>st</sup> January 2015.</p> <p>Any changes to our scheme would be subject to a legislative requirement to consult upon the changes and details of any amended or proposed scheme.</p> <p>Maintaining the existing scheme apart from uprating avoids the need to undertake fresh consultation</p>
<b>RISK</b>	Not approving the Council Tax Support Scheme would mean that the Council would have to either adopt the default scheme or leave itself open to challenge on its current scheme

<b>THE IMPACT ON EQUALITY</b>	A review of the Impact Equality Assessment has been undertaken and no changes have been made. Details of the Assessment are published on the Council Website
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<b>OTHER (see below)</b>	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

## BACKGROUND DOCUMENTS

Local Government Finance Act 1992 as amended,  
 Local Government Finance Act 2012 as amended  
 Council Tax Reduction Schemes (Prescribed Requirements) (England) (as amended)  
 DWP - Revised HB Circular TBC/2014  
 South Ribble Borough Council's Council Tax Support Scheme  
 Council Tax Support Scheme Equality Impact Assessment  
 Council Tax Support Hardship Scheme  
 Local Council Tax Support Public Consultation documentation