

REPORT TO	ON
CABINET	23 January 2019



TITLE	PORTFOLIO	REPORT OF
Council Tax Support Scheme 2019/20	Finance	Deputy Chief Executive (Resources and Transformation)/Section 151 Officer

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	<b>Yes</b>
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>Yes</b>
Is this report confidential?	<b>No</b>

## 1. PURPOSE OF THE REPORT

- 1.1 To review the Council Tax Support Scheme for 2019/20.
- 1.2 To clarify the legal position in respect of the Council Tax Support Scheme. This is with particular reference to the decision that full Council made at its Budget Council on 28<sup>th</sup> of February 2018.

## 2. PORTFOLIO RECOMMENDATIONS

- 2.1 That Council notes the legal position regarding the decision taken at Budget Council on 28<sup>th</sup> February 2018.
- 2.2 We propose to Council that the Council Tax Support Scheme remains unchanged for 2019/20.
- 2.3 That Council agrees the level of the deduction to be applied to Working Age recipients of Council Tax Support from 1st April 2019 and that this level be finalised and agreed in accordance with South Ribble's scheme as part of the Council's Budget and Council Tax Setting at the Council Meeting on 27th February 2019. This figure will continue to be within the range (between £3.00 and £5.00 per week) which was consulted upon during the introduction and implementation of the council's scheme.
- 2.4 That delegated authority be granted to the Director Customer and Digital in consultation with the Cabinet Member for Finance 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, or by amendment to the Local Government Finance Acts of 1992, 2012 and 2017 and Government funding formulae.

- 2.5 That delegated authority be granted to the Director Customer and Digital in consultation with the Cabinet Member for Finance to make all necessary amendments to the Council's scheme to uprate the allowances and premiums in accordance with the revised Housing Benefit Circular. We have received both the HB circular and the CTS Statutory Instrument for 2019/20. The CTS scheme is updated for us by external consultants and we usually receive this at the end of April. This process is a requirement of the prescribed elements of the scheme and will also take into consideration inflationary requirements.
- 2.6 To publish the updated scheme in accordance with the Local Government Finance Act 2012 and any regulation amendments.

### 3. **REASONS FOR THE DECISION**

- 3.1 The purpose of this report is to approve the Council's Council Tax Support Scheme (CTSS) which serves to assist citizens on a low income with the cost of Council Tax. From 2013 the Coalition Government abolished the national scheme of Council Tax Benefit (CTB), which previously provided help to low income households with the costs of Council Tax.
- 3.2 Up until the abolition of Council Tax Benefit all low income households could get a Council Tax rebate of up to 100% on their bill. Under Council Tax Benefit councils were able to claim back every pound of expenditure on the Council Tax Benefit paid via direct Government grant. When CTB was abolished the Government immediately cut support for Council Tax Support by 10%. Local authorities were required to introduce their own Council Tax Support schemes for working age citizens, but were not allowed to change the rules for pension-age customers (who continued to qualify for rebates of up to 100%).

### 4 **CORPORATE PRIORITIES**

- 4.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	<b>X</b>
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### 5. **BACKGROUND TO THE REPORT**

- 5.1 Council decided at the Council Tax Setting meeting in February 2018 to remove any budget forecast for the Council Tax Support Scheme for the years 2019/2020 onwards in the Medium Term Financial Strategy (MTFS). As advised on a number of occasions the Council Tax Support Scheme may only be amended, varied or abolished after a lengthy consultation period has taken place. Consultees would include beneficiaries as well as the major preceptors such as Lancashire County Council. Following the decision in February 2018 considerable work has taken place with external advisers to pull together an appropriate model to consult on. Unfortunately this is a very lengthy process and has been further complicated by Central Government announcements, changes in the implementation of Universal Credit and other financial factors which will affect the potential scheme. Most recent activity has been to reflect the decisions made in the Government's Budget

Statements. The modelling work is ongoing and as such we will not be in a position to consult until the first quarter of 2019/20. Obviously when we do consult we would need to have some specific proposals supported by robust demographic information, equality impacts and financial modelling. This will enable Members to take a robust transparent decision on the future scheme.

- 5.2 The Local Government Finance Act 2012 as amended requires Local Authorities to approve their Local Council Tax Support (LCTS) Scheme on an annual basis by the 11<sup>th</sup> March for the following financial year. Therefore there is insufficient time to complete a robust consultation before the statutory date to set the CTSS for 2019/20. Modelling on a potential revised scheme is continuing.
- 5.3 The scheme contains allowances and premiums upon which the Prescribed Council Tax Support Scheme relies. Where possible, South Ribble's scheme mirrors the provisions of the Government's prescribed scheme for pensioners. Clearly any changes or amendments to the Government Scheme will be considered
- 5.4 As at the date of this report around 5,808 (11.7%) households out of 49,470 in the borough receive this support, this is at a cost of £5,012,526 of which £611,528 is South Ribble's share. Of those benefitting 3,021 households (6.1%) are working age and 2,787 (5.6%) are pensioners (who continue to qualify for rebates of up to 100%). At this point we do not have the analytical data to understand the spread of these claimants across wards or other demographic information.
- 5.5 Government have indicated a change to Local Government Financing to take effect from 2020/21 through a revised funding formula. The Council continues to engage in the consultation process for this significant financial change. These funding changes may further impact on the CTSS.

## **6. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**

- 6.1 South Ribble's scheme is relatively easy for all to understand in that it replicates the previous Council Tax Benefit system apart from including a flat rate monetary reduction for working age claimants.
- 6.2 South Ribble's scheme has been accepted by residents on the whole, including recipients of the support. Collection rates suggest that approximately 78% of the additional billed amounts are collected in the year that they become due, with collection of outstanding amounts continuing in subsequent years.
- 6.3 Additional support is available for residents suffering hardship via the Council local support funds.
- 6.4 The current scheme prescribes a reduction in entitlement to LCTS of £3.50 per week for all working age claimants and there are no proposals for this to change other than inflationary impacts. Pensioners are unaffected by the changes implemented in this policy as the government has legislated to ensure that pension age recipients cannot be worse off under LCTS schemes than under previous CTB regulations.
- 6.5 If the recommendations contained in this report are adopted, the Council Tax Support scheme for 2019/20 will be the unchanged from the 2018/19 scheme, subject to the incorporation of prescribed changes from central government and the annual uprating of allowances and premiums.

## **7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

- 7.1 The council's scheme was introduced after consultation with stakeholders and a significant number of residents. The consultation included all recipients of Council Tax Benefit. This consultation supported the view that the costs of South Ribble scheme should be implemented according to the resources provided by the MHCLG.
- 7.2 The Council have committed to consult and review on the scheme for 2020/21. In support of this officers have undertaken several modelling activities during financial year 2018/19. The results of the latest analysis following the Chancellor's Budget Announcement will be presented to Cabinet and Council in February 2019. Detailed proposals regarding consultation including process, methodology and timetable will be presented to Cabinet post Election in May 2019.

## **8. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 8.1 The original consultation exercise considered a number of alternatives to reducing the amounts that claimants received in their council tax support. These included reducing council services and increasing levels of council tax.

## **9. FINANCIAL IMPLICATIONS**

- 9.1 The continuation of the current scheme into 2019/20 will have no financial impact on the authority. However, there would be a financial impact on South Ribble and other precepting authorities if the council decided not to adopt or to amend the scheme

## **10. LEGAL IMPLICATIONS**

- 10.1 Please see Monitoring Officer comments.

## **11. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

- 11.1 None

## **12. ICT/TECHNOLOGY IMPLICATIONS**

- 12.1 None

## **13. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

- 13.1 None

## **14. RISK MANAGEMENT**

- 14.1 None

## **15. EQUALITY AND DIVERSITY IMPACT**

- 15.1 A review of the Impact Equality Assessment has been undertaken and no changes have been made which reflects no change to the scheme.

## **16. COMMENTS OF THE STATUTORY FINANCE OFFICER**

- 16.1 There report makes no changes to the 2018/19 scheme which is required to be approved within given timescales. The Council's budget is approved for one year only annually, the MTFs is also updated to reflect future year's forecasts which are then approved at future budget setting council meetings.

- 16.2 A failure to approve the Council Tax Support Scheme will result in South Ribble Borough Council having to implement the Statutory Prescribed Scheme which would have to be funded by all precepting authorities. This would result in additional expenditure of approximately £549,822 of which South Ribble's contribution would be approximately £67,078. This amount is not contained within the proposed medium term financial strategy of the authority.
- 16.3 Given the proposed changes to Local Government Finances there is a risk that any policy change by the authority this year may have an impact on future allocations of funding to the Council

## **17. COMMENTS OF THE MONITORING OFFICER**

- 17.1 The Council is under a legal duty by virtue of Schedule 1A to the Local Government Finance Act 1992 to consider each year whether to revise its council tax reduction scheme or to replace it with another scheme.
- 17.2 Schedule 1A also provides that any revision to the scheme, or any replacement scheme must be made no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.
- 17.3 Cabinet should note that the recommendation for 2019/2020 is that there should be no change to our existing scheme.
- 17.4 An extensive consultation process must be carried out prior to the making of any changes to a Council tax reduction scheme.

## **18. Background papers to this report**

List of changes as per Autumn Budget announcement.

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