

Report of:	Meeting	Date	Item no.
Councillor Howard Ballard, Chairman of the Localised Council Tax Support task group	Overview and Scrutiny Committee	6 June 2016	6

Localised Council Tax Support task group

1. Purpose of report

- 1.1 To report the findings of the Localised Council Tax Support (LCTS) task group to the committee.

2. Recommendations

- 2.1 That the task group's work and report be noted.

3. Background

- 3.1 An update of the Overview and Scrutiny Work Programme considered at the Overview and Scrutiny Committee meeting on 8 February 2016 referred to Localised Council Tax Support as a potential topic for review.
- 3.2 An independent review, chaired by Eric Ollerenshaw had been commissioned by the Government. Despite the deadline for Mr Ollerenshaw's consultation being 12 January 2016, it was agreed that it would still be valuable for the committee to undertake a scrutiny review which would contribute to developing the council's policy on the subject prior to the scheme for 2017/18 being agreed in October 2016.
- 3.3 The scope of the review was agreed, and the scoping document is attached at Appendix 1.
- 3.4 The task group, comprising six councillors, met on two occasions with Philippa Davies and Pete Mason (Head of Contact Centre) advising the group on both occasions.

4. Key issues and proposals

- 4.1** As part of the 2012 Welfare Reform Act the national Council Tax Benefit (CTB) scheme was abolished and in accordance with the Local Government Finance Act 2012 local authorities were required to introduce Localised Council Tax Support (LCTS) schemes from April 2013.
- 4.2** Support for Council Tax is now offered as reductions within the Council Tax system with claimants of state pension credit age receiving a discount equal to that which they were previously entitled to under the former council tax benefit scheme thereby ensuring that they experience no reduction in support as a direct result of the reform.
- 4.3** Localisation provided local authorities the flexibility to design Council Tax Support schemes for working age claimants taking into account the needs of vulnerable groups and the importance of supporting work incentives. Following a consultation exercise, the Council agreed at their meeting of 29 November 2012 to adopt a scheme which qualified for transitional grant for one year ensuring that:
- Those working age claimants who would be entitled to 100% support under current Council Tax benefit arrangements pay between zero and no more than 8.5% of their net Council Tax liability;
 - The taper does not increase above 25%;
 - There is no sharp reduction in support for those entering work – for claimants currently entitled to less than 100% support, the taper will be applied
- 4.4** At the meeting of the Full Council on 22 October 2015 the Resources Portfolio Holder (Councillor Alan Vincent) and the Corporate Director of Resources submitted a report on proposals for the continuation of the current localised council tax support scheme originally implemented on 1 April 2013 for the 2016/17 financial year. It was resolved:
- i. That the current localised council tax support scheme be continued into 2016/17 financial year with the additional maximum percentage contribution from working age claimants being more than 8.5%, and
 - ii. That the original policy be confirmed recognising that it included a number of specified amounts used to calculate entitlement which might change in line with up ratings published by the Department of Work and Pensions, that there might also be minor adjustments to the scheme should further guidance be received from the Department of Communities and Local Government and that the roll out of Universal Credit would ultimately replace existing benefits.

4.5 The task group considered the value of the council tax debt payable by LCTS claimants and the debt recovery process, which often involves obtaining a Liability Order at a cost of £75 and subsequent attachments to earnings. There were a number of cases that were impossible to collect and the methods for collection were, in reality, very limited.

4.6 Former Member of Parliament for Lancaster and Fleetwood, Eric Ollerenshaw, undertook a review, at the request of the Government, into how local Council Tax support schemes were working across the country and how LCTS might be incorporated within Universal Credit. The review team published its report in March 2016, and councillors considered the report and its recommendations.

4.7 The report recommended:

“I conclude that LCTS should not be moved into Universal Credit at this time. No-one has prepared for such a move, which would be complex and disruptive to both central and local government at this critical phase in the Universal Credit timetable. I also believe it would cause unnecessary financial risk to councils and bring confusion and disruption to LCTS recipients”.

4.8 Members noted that the report made it clear that councils had implemented the government’s localisation of council tax support effectively and professionally. All councils had schemes in place and running by April 2013 despite initial tight deadlines and the ongoing problem of late announcements from government.

4.9 The report made three recommendations to councils:

1. Where possible, councils should work in partnership in designing future schemes. Councils should consider options around joint procurement of software providers, and joint schemes with neighbouring councils, where appropriate.

2. Councils should ensure their debt collection practices remain in line with latest Government guidance, and that their processes are proportionate to the debt involved. Councils should consider signing up to the Citizens Advice “Council Tax Arrears: Good Practice Protocol”, developed in partnership with the Local Government Association.

3. Departments and teams within councils should work closely with each other and with partner organisations to develop a holistic approach to LCTS council tax collection, identifying and supporting people who are struggling to pay.

4.10 Members considered the following options for modifying the council's scheme:

1 Introduce a band cap.

By capping at, for example, Band F, only 9 claimants currently living in Band G properties would no longer be eligible for LCTS, saving £1,787 for Wyre Council. Having viewed the snapshot of data at 18 April 2016, most claimants (82%) are in Bands A and B.

2 Increase the minimum payment to a level comparable with other Lancashire authorities.

Working age Wyre residents currently pay a minimum 8.5%. If that was increased in line with Fylde's rate of 22.7%, for example, there would be the potential to collect an additional £602,000, £69,000 of which would be Wyre's share. However, it was noted that there are already difficulties in collecting the current 8.5%.

3 Implement a minimum or maximum award

There are currently 72 claimants who receive less than £100 and the introduction of a minimum award of £100 would save the council £488. If a maximum award of, say £2,000 was introduced this would only affect 7 claimants and save a total of £252 for Wyre.

4 Implement a reduced savings value (currently £16,000)

There are 7 claimants with capital in excess of £15,000 so capping eligibility to those with below £15,000 in savings would save Wyre £637.

5 Removal of the Second Adult Rebate

There are currently 75 claimants who receive a total of £21,830.13 council tax support. Of these, 38 are of pensionable age receiving a total £11,605.96 council tax support. Therefore, it is estimated that the removal of the Second Adult Rebate for working age claimants would save £10,224.17 with the Wyre element at 11.6% being £1,186.

It was noted that some other modifications would not be able to be modelled without the purchase of additional software. The task group took the view that the council's scheme is as good as it can be at the current time. There is a danger of reducing eligibility for LCTS which then increases the council tax payable and ultimately results in increased write offs meaning the council is no better off.

4.11 Members were concerned about residents who already have difficulty in paying and they did not want to recommend changes that might unreasonably exacerbate that situation. The council operates a hardship scheme, employs two debt advisors and offers Discretionary Housing Payments.

4.12 There have been many changes to the regulations for Housing Benefit in the past year. There are benefits in amending the council tax support scheme to mirror the Housing Benefit changes, essentially bringing the two schemes more closely together again and ensuring that the council administers one scheme using the existing software. In order to make those changes there will need to be a consultation process commencing in June/July, providing consultees with a number of alternatives.

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List of appendices

Appendix 1 Localised Council Tax Support task group scoping document

arm/o&s/cr/15/0606pf1

Task Group - Scoping Document**Localised Council Tax Support Scheme (LCTS)**

Review Topic	Localised Council Tax Support	
Chairman	Councillor Howard Ballard	
Group Membership	Councillors Ian Amos, Rita Amos, John Hodgkinson, Ann Turner and Shaun Turner	
Officer Support	Peter Foulsham, Scrutiny Officer	
Purpose of the Review	To consider Wyre's localised council tax support (LCTS) scheme and in particular the minimum level of contribution, with a view to identifying potential options for change.	
Role of Overview and Scrutiny in this Review (mark all that apply)	Holding Executive to account – decisions	<input type="checkbox"/>
	Existing budget and policy framework	<input type="checkbox"/>
	Contribution to policy development	<input checked="" type="checkbox"/>
	Holding Executive to account – performance	<input type="checkbox"/>
	Community champion	<input type="checkbox"/>
	Statutory duties / compliance with codes of practice	<input type="checkbox"/>
Aims of Review	<ul style="list-style-type: none"> ○ To understand the current scheme ○ To review the key differences between Wyre's scheme and the other Lancashire authorities ○ To consider the impact of the scheme on individuals in Wyre ○ To consider future options and their implications 	
Methodology	Interview witnesses Website research	

Scope of Review	Any benchmarking undertaken should be with Lancashire authorities only.
Potential Witnesses	Corporate Director of Resources Head of Contact Centre
Documents to be considered	LCTS scheme Website information LCTS case law
Risks	
Level of Publicity	Low
Indicators of a Successful Review	Councillor 'ownership' of the scheme.
Intended Outcomes	Scheme reviewed – first implemented 2013/14.
Approximate Timeframe	2 months
Projected Start Date	February 2016

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