

LOCAL COUNCIL TAX SUPPORT SCHEME 2014/15

Council – 17 December 2013

Report of Chief Finance Officer

Status: For Decision

Key Decision: No

Executive Summary: Through the Local Government Finance Bill the Government abolished council tax benefit and placed a requirement on local authorities to introduce their own local council tax support schemes with effect from 1 April 2013.

In November 2012 Council agreed the form of the local council tax support scheme to be administered for three years from 1 April 2013. However, the Government recently announced that they would be making changes to Prescribed Requirements for pension age claimants within the scheme and would require local authorities to update their own schemes in light of these changes.

This report sets out the changes being required by Government and sets out recommendations for the adjustment of the Council's local council tax support scheme to take effect from 1 April 2014.

This report supports the Community Plan priority of caring communities.

Portfolio Holder Cllr. Brian Ramsay

Contact Officer(s) Meryl Young, Head of Revenues and Benefits. Ext. 7397

Recommendations to Council:

- (a) Members note that as resolved by Council on 27 November 2013 that from 1 April 2014 all residents of working age receive a deduction on the amount of council tax support they are entitled to, calculated on the basis of the previous council tax benefit scheme, of 18.5%.
- (b) Note that the Council's local council tax support scheme will be amended for pension age claimants as required by Government regulations; and
- (c) The Council amends its local council tax support scheme from 1 April 2014 to ensure that figures used in the calculation of council tax support for work age claimants are updated in line with Government regulations for pension age claimants.

Reason for recommendation: The Council has implemented a local council tax support scheme to replace the previous council tax benefit scheme as required by the Local

The decision on any amendments to the council's local scheme must be taken by Council and to meet the requirements of legislation the decision of Council must be made by 31 January 2014 for those amendments to take effect from 1 April 2014.

The recommendations in this report will ensure that the Council's scheme takes account of new regulations from Government and seeks approval to ensure the amendments proposed by Government to protect claimants of pension age are also applied to working age claimants.

Introduction and Background

- 1 In November 2012 the Council agreed the local council tax support scheme for Sevenoaks District Council that took effect on 1 April 2013. The scheme that was agreed was one that had been developed across Kent and included the following criteria:
 - The District accepts a standard deduction of 18.5% on all non-pensioner claimants (i.e. if a claimant currently receives 100% benefit, they will receive 81.5% discount under this scheme);
 - and agrees to reduce the exemption on Class C empty properties from 6 months to 3 months;
 - then Major Precepting Authorities will agree to reimburse the district if it incurs a cost on new council tax discounts from the local scheme that is higher than the grant receivable from the government;
 - and pay £125,000 to each district each year as a contribution to the increased administration, collection and recovery costs of the new scheme;
 - and reimburse each district reasonable increased administrative costs necessarily incurred if the case load on the local scheme (during the period of this agreement) exceeds the case load of the council tax benefit scheme (as at 31 March 2013) by more than 15%.
- 2 In year 1 of the scheme, from 1 April 2013 to 31 March 2014 the Council also applied transitional protection for all residents of working age eligible to receive council tax support. This transitional protection ensured that in year 1 only all residents of working age received a deduction of 8.5% on the amount of council tax support they are entitled to, as calculated on the basis of the previous council tax benefit scheme.
- 3 Members should note that the agreed scheme applies for three years before it will be subject to a detailed review.
- 4 The Government recently announced that it would be making amendments to Prescribed Requirements. Prescribed Requirements are those elements of the Council's local scheme which legislation requires it adopts. As a result it is considered appropriate to inform Members of the amendments required.

Proposed changes to the 2014/15 local council tax support scheme

- 5 On 27 November 2013 the Government confirmed that necessary legislation will be put in place to amend the prescribed matters which must be included in each Council's local council tax support scheme. The amendments increase certain figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction.
- 6 The changes being proposed by Government are in line with the arrangements that had always been applied to the previous council tax benefit scheme and are correcting what may have been an oversight in the initial design of the default scheme which the Council chose to adopt.
- 7 The up-rated figures relate to:
 - non-dependant deductions, which are adjustments made to the maximum amount of reduction a person can receive to take account of adults living in the dwelling who are not dependants of the applicant;
 - the applicable amount in relation to an applicant for a reduction, which is the amount against which an applicant's income is compared in order to determine the amount of reduction to which he or she is entitled; and
 - the income bands in relation to which the amount of a person's alternative maximum council tax reduction is calculated.
- 8 The Government amendments are limited to pension age claimants and are in the main intended to benefit the claimant to ensure that up-rated allowances in other aspects of the welfare system are accounted for in the calculation of council tax support and maintain a balance between benefit changes and the council tax support available.
- 9 It is recommended that allowances, premiums and income bands are increased in line with the government's figures for similar allowances from 1 April 2014 and in future years. This would ensure that the Council remains true to its original decision that its own local scheme is based on the previous council tax benefit scheme, providing for a consistent and equitable approach for residents of all ages that require support in paying their council tax bill.
- 10 To illustrate the impact of the changes being proposed, a single customer in receipt of Jobseeker's Allowance receives £71.70 a week and their personal allowance is currently £71.70 a week. This means that they are entitled to receive the maximum amount of council tax reduction. If their Jobseeker's Allowance is increased by the government as a result of the annual up-rating of benefits to £72.42 a week, the assistance towards council tax will be reduced because it is now more than the personal allowance. Unless the personal allowance is increased the customer will be worse off.
- 11 In addition, the gross income and non-dependant deductions used in the calculation of support received by households that have another adult living within them should be increased in line with the government's figures for similar

allowances. This is again to maintain a balance between benefit changes and the council tax support available.

Other Options Considered and/or Rejected

- 12 The Council may chose not to up rate allowances, premiums and income bands for working age claimants of council tax support. It is not recommended that this course of action is taken as it would create a variation in the balance between other benefit changes and the council tax support available and lead to different calculations being applied to the level of entitlement to council tax support between working age and pension age claimants.

Key Implications

Financial

- 13 The Council currently pays approximately £6.8m in Council Tax Benefit and this is fully reimbursed as Government grant. From April 2013 the grant was reduced by 10% to £6.1m. This grant will be shared by the billing and major precepting authorities. This council's share is approximately 12% which equates to about £700,000.
- 14 The Government grant for council tax support is not expected to be separately identified in 2014/05. The Council will be required to estimate the cost of its scheme in 2014/15 and allocate funding to it from its Revenue Support Grant.
- 15 However, by adopting a Kent-wide scheme, a significant proportion of financial impact for the first three years will be borne by the three major precepting authorities instead of this council.

Legal Implications and Risk Assessment Statement.

- 16 The scheme is governed by the Local Government Finance Act and the Council will required under new legislation to amend Prescribed Requirements within its scheme for pension age claimants.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	Yes	A full impact assessment is required to be completed to fully understand the impact of up-rating allowances, premiums and disregards. The Government are yet to finalise the legislation which will set out the detailed financial information required and therefore it is not possible to complete this exercise until that time.
b. Does the decision being made or recommended through this paper have the potential to promote	Yes	An impact assessment was completed for the Council's Local Support for Council Tax Scheme adopted by Council on 27 November 2012,

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
equality of opportunity?		which is available at: http://cds.sevenoaks.gov.uk/documents/s8499/Local%20Council%20Tax%20Support%20Scheme%20-%20Appendix%20B.pdf
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Conclusions

- 17 The Council adopted its local support for council tax scheme in November 2012 and took effect from 1 April 2013. The scheme calculates entitlement to support with their council tax bill based on the previous council tax benefit scheme and applies and 18.5% reduction for working age claimants which the Council reduced to 8.5% in the first year to provide transitional support.
- 18 It is recommended that allowances, premiums and income bands are increased in line with the government's figures for similar allowances from 1 April 2014 and in future years. This would ensure that the Council remains true to its original decision that its own local scheme is based on the previous council tax benefit scheme, providing for a consistent and equitable approach for residents of all ages that require support in paying their council tax bill.

Appendices

None

Background Papers:

[Local Support for Council Tax scheme – Report to Council \(27 November 2013\)](#)

<http://cds.sevenoaks.gov.uk/ieListDocuments.aspx?Cld=121&MId=1464>

[Local Support for Council Tax Scheme rules](#)

Adrian Rowbotham
Chief Finance Officer