

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

3 OCTOBER 2019

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| Report Title | LOCAL COUNCIL TAX SUPPORT SCHEME |
| Purpose of Report | To set a Council Tax Support Scheme for the period 1 April 2020 to 31 March 2021. |
| Decision(s) | The Committee RECOMMENDS to Council that it adopts the current default scheme for 2020/21, keeping the scheme unchanged. |
| Consultation and Feedback | Consultation took place between 22 July 2019 and 30 August 2019. |
| Financial Implications and Risk Assessment | The current costs of the default scheme are included within the Medium Term Financial Plan. Andrew Cummings – Interim Director of Resources (Section 151 Officer) Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk |
| Legal Implications | Since 1 April 2013 local authorities in England have been responsible for administering their own Council Tax Reduction Schemes subject to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012. An authority is able to adopt the default scheme provided for in the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) Regulations 2012 (SI 2012/2886). Patrick Arran, Interim Head of Legal Services Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk |
| Report Author | Simon Killen – Revenue and Benefits Manager Tel: 01453 754013 Email: simon.killen@stroud.gov.uk |
| Options | Council could choose to adopt a local scheme that reduces the Council Tax support that working age claimants receive. |
| Performance Management Follow Up | Scheme impact and costs will be monitored on an on-going basis and any significant changes will be report to the committee. |
| Background Papers/ Appendices | Appendix A – Summary of Scheme |

1. BACKGROUND

- 1.1 The Welfare Reform Act 2012 abolished Council Tax benefit. Section 10 of the 2012 Act added a new section 13A to the Local Government and Finance Act 1992 so that, in respect of dwellings in England, a person's liability to pay Council Tax is reduced in accordance with the billing authority's Council Tax Reduction Scheme. Liability may be reduced "to such an extent as the billing authority thinks fit." Billing authorities can apply a reduction in particular cases or by determining a class of case. Liability for Council Tax can be reduced to nil.
- 1.2 Each billing authority is required to develop a local Council Tax Support scheme each year for working age people.
- 1.3 Since 2013/14 the Council has adopted the Governments default scheme which has meant no changes or reduction in the support we provide.
- 1.4 Council Tax Support is provided to around 5.700 households at an annual cost of £5.8m which includes both working age and pension age claimants.
- 1.5 Within Gloucestershire some of our neighbouring authorities have reshaped their schemes to an income banded scheme whilst others are consulting on changes for 2020/21 to include a minimum payment.
- 1.6 As the billing authority we must consult with our major preceptors, as the majority of Council Tax collected is on their behalf, they are most affected by any changes.
- 1.7 Between 22/07/19 and 30/08/19 a consultation was carried out on the council's website. This was seeking views from residents, as well as interested parties such as Citizens Advice, on the Council Tax support scheme and banded scheme. The consultation provided very little feedback.
- 1.8 Residents over state pension age are protected from any changes.

2. ISSUES FOR CONSIDERATION

- 2.1 Since 2013/14 the funding from central government to support the local working age scheme has continued to reduce in line with other central funding cuts. The council has so far absorbed any shortfall in funding assisted by utilising our local powers to reduce council tax discounts on empty properties, along with a premium charge.
- 2.2 To reduce costs to the council, changes would have to be made to the level of support provided to working age claimants.
- 2.3 There is a need to modernise and make changes to the current scheme so that it works together with the changes that are being made at national level with Universal Credit. Currently those claimants may have their entitlement recalculated each month taking into account fluctuations in income. This

results in revised changes to council tax instalments every month which can be confusing and make budgeting difficult.

- 2.4 There is a risk that the cost on maintaining the current local scheme will increase if the number of claimants increases due to the state of the local and national economy.

3. RECOMMENDATION

- 3.1 The report recommends that the council continues with the existing scheme for 2020/21. This will allow the council to continue to provide up to a maximum 100% support, whilst protecting the most vulnerable residents in the district.
- 3.2 The wider introduction of Universal Credit will impact on how Council Tax support is administered and consideration should be given to an alternative scheme for futures years.
- 3.3 During 2020/21 a full review and modelling will be carried out and new proposals brought forward for consideration to change the scheme from 2021/22. Any future scheme will need to provide protection for the most vulnerable claimants as well as aim to be cost neutral.