

# Gloucester City Council

<b>Meeting:</b>	<b>Cabinet Council</b>	<b>Date: 7 December 2016 Date: 26 January 2016</b>
<b>Subject:</b>	<b>Local Council Tax Support scheme review 2017/18</b>	
<b>Report Of:</b>	<b>Cabinet Member for Performance &amp; Resources</b>	
<b>Wards Affected:</b>	<b>All</b>	
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework: Yes</b>
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<b>Appendices:</b>	<b>1. Housing Benefit circular HB A3/2016 2. Housing Benefit circular HB A7/2016 3. LCTS forecasting- summary 4. Consultation results report</b>	

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 To advise members of the requirement to review the Local Council Tax Support scheme (LCTS) 3 years of the Act taking effect and consider its impact locally, following the consultation results.

### 2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE TO RECOMMEND TO COUNCIL** that:

- (1) The current Local Council Tax Support scheme be reviewed and considered to be brought in line with recent welfare reforms and changes to Housing Benefit legislation. **(Appendix 1 and 2).**
- (2) That the recommendations relating to limiting the support for families to two children for new claims and births after 1<sup>st</sup> April 2017, (mirroring the changes to Tax Credits) so that any subsequent children born after April 2017 will not be eligible for further support, be adopted into the Local Council Tax Support scheme from 1<sup>st</sup> April 2017. This is alongside changes to Housing Benefit legislation.

- 2.2 Council is asked to **RESOLVE** that:

- (1) The current Local Council Tax Support scheme be reviewed and considered to be brought in line with recent welfare reforms and changes to Housing Benefit legislation. **(Appendix 1 and 2).**
- (2) That the recommendations relating to limiting the support for families to two children for new claims and births after 1<sup>st</sup> April 2017, (mirroring the changes to

Tax Credits) so that any subsequent children born after April 2017 will not be eligible for further support, be adopted into the Local Council Tax Support scheme from 1<sup>st</sup> April 2017. This is alongside changes to Housing Benefit legislation.

### 3.0 Background and Key Issues

- 3.1 The rationale behind localising council tax support was to give local authorities a greater stake in the economic future of their local area, and support the government's wider agenda to enable stronger, balanced economic growth across the country.
- 3.2 It was designed to provide local authorities with the opportunity to reform the system of support for working age claimants, in particular enabling local authorities to align the system of support for working age households much more closely with the existing system of council tax discounts/exemptions and simplifying the complex system of criteria and allowances.
- 3.3 The localisation was to give local authorities a significant degree of control over how the 10 per cent reduction in expenditure on the current Council Tax Benefit bill is achieved, allowing councils to balance local priorities and their own financial circumstances.
- 3.4 When the reforms were first introduced they were to create stronger incentives for councils to get people back into work and so support the positive work incentives that will be introduced through the Government's plans for Universal Credit.
- 3.5 A review of the number of claimants has continued to be kept and it reflects the sustained reductions for this financial year.

Year	Number
2013/14	10,679
2014/15	10,177
2015/16	9,866
2016/17 (June '16)	9,560

- 3.6 However, the steady reduction in the number of claimants of Council tax Support and the reduced government funding will not be sustainable in the long term at absorbing the cuts, or is reliable due to the welfare reforms to be implemented in April 2017.
- 3.7 **War pension's income:** To note, we will continue to disregard £10 of the War disablement pensions and war widows pensions and in addition will disregard the remainder of the War disablement element of a war pension and the war widow's element of a war widows pension, when assessing a reduction under the local Council Tax Support scheme.

### 4.0 Impact of the reduction in funding

- 4.1 We are now in the fourth year since implementing a Local Council Tax Reduction Scheme. Research shows that 259 (of 326) of English authorities now require everyone to pay at least some Council Tax regardless of income, 9 more than in 2015/16 and 30 more than in 2013/14.

- 4.2 For the last 4 years the council has absorbed the reduction in Revenue Support Grant to provide LCTS. The scheme is based on the Council Tax Reduction scheme (Default scheme) and a reduction in the number of claimants and expenditure, alongside changes to council tax class exemptions, has helped to offset the reduced funding since implementation.
- 4.3 However the council continues to be faced with having to make difficult financial decisions, and although the intentions of the rest of the district councils have been considered, Gloucester City is a large authority with individual financial burdens and necessary savings to make. Gloucester holds the largest number of working age households across the 6 districts.
- 4.4 As the billing authority, we must consult with our major preceptors, the Police & Crime Commissioner and Gloucestershire County Council on our proposed scheme.
- 4.5 The measures which we propose to introduce are circumstantial and will not apply to every working age current claim from 1<sup>st</sup> April 2017. The changes will generate savings and reduce the pressure on the government funding which will help to offset the loss in coming years.

## **5.0 Reasons for Recommendation**

- 5.1 Bringing the Local Council Tax Support scheme in line with reforms to Housing Benefit and Universal Credit helps to simplify the system; staying up to date with the governments work incentives, alongside making it fairer and more sustainable for the claimant and the council.
- 5.2 This in turn will help prepare the council and the claimants of Council tax Support for potential further welfare cuts and reforms without the need to make significant changes to the scheme in future years in order to make necessary savings.
- 5.3 Simplified administration processes and streamlined procedures will ensure the customer experience is enhanced and waiting times for the administration of LCTS are kept to a minimum.
- 5.5 Regarding administration and streamlined processes for our contractors, staying in line with the government's welfare changes ensures a minimal impact on the speed of processing claims due to maximising simplicity.

## **6.0 Alternative options considered**

- 6.1 We have consulted on multiple potential changes to the LCTS scheme (**Appendix 3**) and the responses to the consultation (**Appendix 4**) have shown strong support for the changes proposed in this report.
- 6.2 The council consulted on implementing changes which would affect all working age claimants of LCTS as many local authorities have introduced more significant reductions due to the need to make savings (**Appendix 3**). The council does not propose to make changes to working age claimants unnecessarily. We propose that with these changes the impact on the claimant will be reduced and be implemented steadily in line with housing benefit.

6.3 Our neighbouring districts' plans have been considered whilst drafting this report, with Cotswold consulting on very similar proposals to us.

## **7.0 Financial Implications**

7.1 The financial implications are contained in the body of the report

(Financial Services have been consulted in the preparation of this report)

## **8.0 Legal Implications**

8.1 The Local Government Finance Act 2012 abolished Council Tax Benefit and instead required each authority to design a scheme specifying the reductions which are to apply to amounts of Council tax. The prescribed regulations set out the matters that must be included in such a scheme.

The Local Council Tax Support 'LCTS' scheme is required under Section 9 of the Local Government Finance Act 2012.

Any review of the LCTS scheme must focus on effectiveness, efficiency, fairness and transparency. It will also consider their impact on the localism agenda, and will make recommendations as to whether or not the schemes should be brought within Universal Credit.

8.2 Pensioners (those over state pension age) are protected from any changes, but otherwise the Council has discretion to decide how it wishes to design its scheme to cover any shortfall, in accordance with the prescribed requirements.

(One Legal have been consulted in the preparation of this report)

## **9.0 Risk & Opportunity Management Implications**

9.1 Potential opportunity as a result of this report is income (Revenue Support Grant) will cover the cost of LCTS and Gloucester City Council will be able to prevent income shortfalls/offsetting potential further reductions in grants/funding.

## **10.0 People Impact Assessment (PIA):**

10.1 None

## **11.0 Other Corporate Implications**

### Community Safety

11.1 None

### Sustainability

11.2 None

### Staffing & Trade Union

11.3 None

**Background Documents:** None