Report Title: Council Tax Support Scheme 2014-15

Key Decision Yes ☑ No ☐
Recommendation to Council Yes ☑ No ☐
Is this report exempt or confidential Yes ☐ No ☑

Council Meeting Date: 30 January 2014

Purpose of Report
To propose a revision to the current Council Tax Support scheme for 2014/15 financial year which must be approved by Full Council before 31st January 2014 to meet the statutory deadline after consultation with major preceptors and other stakeholders.

Summary
- A new Council Tax Support (CTS) scheme was introduced by the Government in April 2013.
- A funding gap of £700,000 was identified for the first year of the scheme due to the withdrawal of Government Grant. This shortfall was met by making changes to Council Tax Empty Property Discounts and also by reducing the scope of the CTS scheme itself. The Council also received Transitional Grant of £135,000 for the first year only.
- Further changes are required to the CTS scheme for 2014/15 due to the withdrawal of the Transitional Grant and also the fact that the main CTS grant from the Government has now been subsumed within the Council’s Settlement Funding Assessment. It is almost impossible to accurately predict what the funding gap will be for 2014/15.
- The cost of the CTS scheme in the current year is likely to be around £70,000 less than originally anticipated. It is expected that this will continued into 2014 together with a further 5% reduction in working age claimants and 2.5% reduction in pensioner claimants.
- Consultations have taken place with the major precepting authorities and other interest groups on options for reducing the CTS scheme for 2014/15. Further changes are therefore recommended to the scheme as a result of those consultations, which amount to £138,750.
- Taking all these changes into account, it is anticipated that the cost of the CTS scheme for 2014/15 will be around £200,000 less than in 2013/14. However, this does not take into account any increase in the level of Council Tax for next year, which would inevitably increase the cost of the scheme.

Recommendations
1. That the Board notes the implications of the revised funding regime upon the cost of the Council Tax Support Scheme in 2014/15.
2. That the Board approves the Council Tax Support scheme for 2014-15 based on the amendments to the current scheme outlined in the table at paragraph 7.2.
3. That the Board considers that a transitional scheme is not required to assist any class of person affected by reduced entitlement.
4. The Exceptional Hardship Scheme continues annually at £10,000 to assist those households entitled to Council Tax Support who still struggle pay their Council Tax.
### IMPLICATIONS

#### Relationship to Community Strategy

**Community Wellbeing** – supporting older people and the vulnerable and public consultation on proposed changes  
**A Vibrant Economy** – supporting those in and out of work, incentivising work.

#### Customer Impacts

Potentially about 1,650 working-age households will be affected by changes to Council Tax Support in North Kesteven. The majority may have to pay more Council Tax as a result of the changes to reduce council tax support and they may have low incomes, however, the approach taken has been to protect the poorest from severe cuts and ensure changes seem fair to others who have to pay their Council Tax without this support.

The proposed scheme changes do not affect pensioners, carers, war pensioners and the sick and disabled as these groups have been classed as vulnerable under the current scheme and this protection continues. An Exceptional Hardship Fund is available to help those in most need or adversely affected by changes to the CTS scheme.

#### Financial Impacts

The current scheme costs over £5.6 million via a discount in the Council Tax taxbase. There is no specific CTS grant for 2014-15 as it is subsumed into Revenue Support Grant and the Settlement Funding Assessment for the Council and major preceptors. SFA has been significantly reduced for both North Kesteven (13.6%) and Lincolnshire County Council (8.5%) for 2014-15. The Government has assumed that the expenditure on CTS will decline as economic recovery takes place and caseloads reduce. It is not known by how much Council Tax might increase but an increase of up to 2% would add £131,000 to the cost of the scheme. Proposals in this report reduce CTS scheme expenditure by up to £140,000 per year from changes to the scheme rules and assumes that caseload reductions from fewer households claiming by March 2015 will save a further £200,000.

#### Impact on Performance and data quality

Some of the poorer households have to pay some more Council Tax from April 2014 whereas before they paid just 5%. This may affect the amount of unpaid Council Tax outstanding and the rates of recovery. Council Tax collection rate may be adversely affected. This has been taken into account in the calculation of the council tax taxbase. However, increasing households incomes and falling numbers of claimants as a result of economic growth when it materialises will help address this.

#### Human Resources

No changes are expected in 2014/15 financial year. Some training for staff in the shared Revenues and Benefits Service and other departments dealing with the public might be required.

#### Sustainability Impact Assessment

Not applicable.

#### Equality Impact Assessment

An EIA has been prepared in Appendix 6.
Value for Money
The proposed CTS scheme has applied principles to ensure that those with more income lose more support to ensure that money available in this support scheme is focussed on the poorest households. Vulnerable households like the disabled, carers, and War Disabled and War Widows are protected from change like pensioners. Some households may lose support completely where they qualify for small amounts but this will allow the Council to direct most help to those in most need and increase efficiency.

Risk Management
Financial risks emerge from this funding regime for CTS. There is a greater risk from the Council having to bear the cost of significant caseload and expenditure changes. The Council must decide its new CTS scheme by 31st January 2014 but there are risks in that the assumptions that any decision is made might not be correct in the light of the national and economic situation and local funding and growth assumptions.

Legal Considerations
Legal advice will be taken on amending the scheme regulations to meet the local policy decisions prior to adoption by the full Council.

Ethics and Probity
Not applicable.

Communications
Recipients of council tax support will be informed of the changes during the consultation period and where new data is required from them it will be requested. Information will be made available on the Council’s website and in Council publications. A media release will be issued.

REASON FOR RECOMMENDATION
Full Council must consider and approve any changes to the current Council Tax Support scheme by 31st January 2014. There are financial changes by losing Transitional Grant and also the Council’s reduced Financial Settlement the pressure to find further savings to enable the CTS scheme to remain sustainable. The Board has invited comments from major preceptors and other interested stakeholders to inform its consideration and decision.

OTHER OPTIONS CONSIDERED
The Board has considered various options to fill the funding gap arising from the proposed changes to Council Tax Support funding including:-

NO CHANGE
If the number of claimants is expected to fall then the cost of the scheme could reduce the cost of the current scheme without amendment apart from amending it in respect of technical amendments and legislative requirements. However, this is likely to lead to the cost of the scheme affecting revenue generation and will adversely impact on other services and the Council’s long-term financial sustainability.

PARTIAL FUNDING
A lower amount of savings arising from proposed changes to the scheme alongside a faster reducing caseload might be able to fund the scheme for 2014-15. However, higher caseload savings would not be realistic and this places significant pressure on the future sustainability of the scheme and adversely affects future revenue generation.
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**BACKGROUND PAPERS**

The following background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report but if none were used then please state

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