

Decision Maker: EXECUTIVE

Date: Wednesday 15 July 2015

Decision Type: Non-Urgent Executive Key

Title: COUNCIL TAX SUPPORT/REDUCTION SCHEME - 2016/17

Contact Officer: John Nightingale, Head of Revenues and Benefits
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Chief Officer: Director of Finance

Ward: All Wards

1. Reason for report

- 1.1 To provide information regarding the financial effect on the Authority of increasing the minimum contribution that working-age claimants are required to pay towards their Council Tax liability. This information was requested at the November 2014 meeting of the Executive.
- 1.2 For a decision as to the Council Tax Support/Reduction scheme to be forwarded for public consultation.
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2. RECOMMENDATION(S)

- 2.1 **Members to consider whether they wish to propose a change to the percentage (%) of the liability on which working-age claimants entitlement would be calculated in 2016/17 and 2017/18. The proposed percentage(s) would then be forwarded for public consultation.**

Members to consider whether any other elements of the scheme should be amended, other than those resulting from a legislative change and/or the annual uprating.

Corporate Policy

1. Policy Status: New Policy:
 2. BBB Priority: Excellent Council:
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: 400002
 4. Total current budget for this head: £3.4m
 5. Source of funding: Government Grant
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Staff

1. Number of staff (current and additional): 1 plus Liberata staff
 2. If from existing staff resources, number of staff hours: Not Applicable
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Legal

1. Legal Requirement: Statutory Requirement: Local Government Finance Act 2012
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 18,000 households (approximately 10,500 working- age households are receiving Council Tax Support)
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 At the November 2014 meeting of the Executive, the recommendation in respect of the CTS scheme was agreed and forwarded for adoption at Full Council. At the time of agreeing the recommendation, officers were requested to prepare a report on the implications of increasing the percentage of Council Tax that claimants have to pay themselves from 2016/17.

Schemes operated by other London Borough's

The minimum liability for working-age claimants in 2015/16 varies as follows; however it should be noted that all these schemes vary in other ways, including specific exemptions and/or availability of a hardship fund.

- 10 London Authorities have no minimum liability (However, 2 have support capped at "band E", one of which has a minimum award of £5.00pw and another has a minimum liability of £3.65 pw)
- 1 London Authority has a minimum liability of 3%
- 1 London Authority has a minimum liability of 5%
- 3 London Authorities have a minimum liability of 8.5%
- 1 London Authority has a minimum liability of 10%
- 7 London Authorities have a minimum liability of 15%
- 1 London Authority has a minimum liability of 16%
- 1 London Authority (Bromley) has a minimum liability of 19%
- 1 London Authority has a minimum liability of 19.5%
- 1 London Authority has a minimum liability of 19.8%
- 4 London Authorities have a minimum liability of 20%
- 1 London Authority has a minimum liability of 25%
- 1 London Authority has a minimum liability of 30%

Financial Effect on the claimant of increasing the minimum Council Tax liability

Below is tabled the minimum contribution for working-age claimants payable on the basis of 19%,20%, 25% and 30% minimum liability. These amounts are based on the Council Tax rates for 2015/16 and will be reduced should a Single Person Discount (SPD) of 25% be applicable.

Band	19% Weekly Liability	20% Weekly Liability	25% Weekly Liability	30% Weekly Liability
A £883.43	£3.22	£3.39	£4.24	£5.08
B £1030.66	£3.76	£3.95	£4.94	£5.93
C £1177.90	£4.29	£4.52	£5.65	£6.78
D £1325.14	£4.83	£5.08	£6.35	£7.62
E £1619.62	£5.90	£6.21	£7.77	£9.32
F £1914.09	£6.97	£7.34	£9.18	£11.01
G £2208.57	£8.05	£8.47	£10.59	£12.71
H £2650.28	£9.66	£10.17	£12.71	£15.25

Financial Impact on the Authority by increasing the minimum Council Tax liability

The following information is based on the caseload at the time of drafting the report and the 2015/16 Council Tax liability. The estimates in respect of reduced collection rate and additional administration costs as compared to the current position have been provided by the Revenues contractor (Liberata).

Minimum Liability	20%	25%	30%
Reduction in Council Tax Support	£105,151	£629,023	£1,147,912
Less — Estimate not collected (12.2%) **	£12,828	£76,741	£140,045
Less — Additional Collection Costs (Liberata)	£17,460	£90,684	£156,465
Net reduction in expenditure – GLA share	£20,551	£122,938	£224,351
Net reduction in expenditure – LBB share	£54,312	£338,660	£627,051

** The 12.2% non-collection is based on current in-year recovery rate in respect of those receiving Council Tax Support. This figure is likely to increase as the household's "contribution" rises.

Consultation

Prior to the adoption of a new scheme, the Authority is obliged to undertake a public consultation exercise, seeking the views of both those in receipt of Council Tax Support as well as those meeting their full liability. The exercise to be undertaken will be more comprehensive than last year's exercise, where a poor response was received. It is planned to forward a consultation document to a sample of resident households, these will include those receiving Council Tax support as well as those meeting their liability from their own means.

Impact Assessment

Appendix 1 is the Impact Assessment based on an increase in the minimum contribution.

4. LEGAL IMPLICATIONS

The Local Government Finance Act 2012 amended Section 13A of the Local Government Finance Act 1992 and imposed a statutory duty on the Council to make a Council Tax Reduction Scheme specifying the reductions which are to apply to amounts of Council Tax payable, in respect of dwellings situated in its area, by:

- Persons whom the authority considers to be in financial need; or
- Persons in classes consisting of persons whom the authority considers to be, in general, in financial need.

The Council is required to design and implement its own Council Tax Reduction Scheme by 31 January to take effect from 1 April of the same year. The first scheme introduced by Bromley took effect on 1st April 2013. By law each financial year the Council must consider whether to revise or replace its scheme and again decisions need to be made by 31 January for the year the scheme is to take effect.

When revising or replacing a scheme the Council must (in the following order):

- consult major precepting authorities;
- publish a draft scheme in such a manner as it sees fit; and
- consult other persons as it considers likely to have an interest in the scheme

The enabling provisions set out in the 2012 Act allow the authority to use its discretion to design schemes for support for those not of pension age but contain requirements that certain elements must be included in all schemes. These include:

- The classes of person who are entitled to a reduction;
- The reduction to which persons in each class are to be entitled; and different reductions may be set out for different classes;
- The procedure by which a person may apply for a reduction;
- The procedure by which a person can appeal against a decision of an authority which affects the amount of any entitlement or reduction;
- The procedure by which a person can apply for a discretionary reduction under section 13A(1)(c)(discretionary reductions)
- Such other matters as prescribed by Regulations

The public sector equality duty, as set out in section 149 of the 2010 Equality Act, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected

characteristic. The “protected characteristics” are: age, disability, race (including ethnic or national origins, colour or nationality), religion or belief, sex, sexual orientation, pregnancy and maternity, and gender reassignment. Marriage and civil partnership are also a protected characteristic for the purposes of the duty to eliminate discrimination

The Council must pay due regard to any obvious risk of such discrimination arising in respect of the decision before them. There is no prescribed manner in which the equality duty must be exercised, though producing an EIA is the most usual method. For this reason these matters are examined in the EIA appended to this report. Where it is apparent from the analysis of the information that the policy would have an adverse effect on equality, then adjustments should be made to seek to reduce that effect and this is known as “mitigation”.

The public sector equality duty is not to achieve the objectives or take the steps set out in section 149 of the Equality Act 2010. The duty on the Council is to bring these important objectives relating to discrimination into consideration when carrying out its public functions. The phrase “due regard” means the regard that is appropriate in all the particular circumstances in which the Council is carrying out its functions. There must be a proper regard for the goals set out in section 149 of the 2010 Act. At the same time, when making their decision on what scheme to adopt for localised council tax support, councillors will also need to pay regard to other factors which it is proper and reasonable for them to consider. Budgetary pressures and economic and practical factors will also be relevant. The amount of weight to be placed on the same countervailing factors in the decision making process will be for councillors to decide when the final decision on the scheme is made.

In addition to the Public Sector Equality Duty, the Department for Communities and Local Government has provided the following guidance to local authorities in its May 2012 document entitled: “Localising Support for Council Tax: Vulnerable people – key local authority duties” which reminds local authorities of the need to take other duties into account when setting up a Council Tax Reduction Scheme: Child Poverty Duty under the Child Poverty Act 2010; Homelessness Act 2002; Armed Forces Covenant; Chronically Sick and Disabled Persons Act 1970; Disabled Persons (Services, Consultation and Representation) Act 1986, and the Children Acts 1989 and 2004.

Non-Applicable Sections:	Policy, Legal and Personnel
Background Documents: (Access via Contact Officer)	