

## ASSEMBLY

31 January 2018

<b>Title:</b> Council Tax Support Scheme 2018/19	
<b>Report of the Cabinet Member for Finance, Growth and Investment</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Accountable Director:</b> Kathy Freeman, Finance Director	
<b>Accountable Strategic Director:</b> Claire Symonds, Chief Operating Officer	
<b>Summary</b> <p>The Council has a statutory duty to consider annually whether to revise its Local Council Tax Support Scheme (CTSS) or replace it with another scheme. This report recommends keeping the current scheme for use in 2018/19. The Assembly has a legal duty to approve the CTSS by 31 January 2018.</p> <p>The Cabinet is to consider this report at its meeting on 23 January 2018. Any issues arising from the Cabinet's consideration will be reported at the meeting.</p>	
<b>Recommendation(s)</b> <p>The Assembly is recommended to resolve that the Council Tax Support Scheme implemented for 2017/18 be retained for 2018/19.</p>	
<b>Reason</b> <p>It is proposed that the Council continues with the scheme it implemented last year to avoid further financial pressures and an increase in its budget gap.</p>	

### 1. Introduction and Background

- 1.1. As part of the 2010 Comprehensive Spending Review, the Government announced that it would localise support for Council Tax from April 2013. The proposals are part of a wider policy of localism which aims to give local authorities increased financial autonomy and be part of the reform of the Welfare System to improve incentives to work whilst protecting the most vulnerable in society.
- 1.2. The Welfare Reform Act in 2012 abolished Council Tax Benefit (CTB) from April 2013 and, in its place, support took the form of a local Council Tax Support Scheme (CTSS). The scheme is now in its second year and helps low income households by reducing the amount of Council Tax that they have to pay.

- 1.3. CTSS has been funded by a fixed grant for the years 2013/14 and 2014/15. The funding has been based on expenditure in 2012/13 but with a factored reduction of 10%.
- 1.4. The Local Government Finance Act 2012 contains provisions for the setting up of local support schemes. The current scheme in Barking and Dagenham has been based on the Default Council Tax Reduction Scheme and was previously approved by Assembly. The scheme has included and replicated annual uprating of social security rates for Housing Benefit. This will continue in 2018/19.
- 1.5. The current scheme in operation ensures that:
  - The scheme is means tested
  - Pensioners are protected, i.e. they must be able to receive up to a 100% reduction (a provision of the national pension age scheme).
  - Everyone of working age contributes something towards their Council Tax. A “minimum payment” of 25%. There is a 75% maximum on which any entitlement to CTSS is based.
  - Those who are not pensioners and with capital in excess of £6,000 are not eligible for a Council Tax reduction under this scheme.

## **2. Proposals and Issues**

- 2.1. Like many local authorities, the Council has faced unprecedented financial challenges and it is proposed to continue with the scheme implemented last year to avoid any additional financial pressures.

## **3. Financial Implications**

Implications completed by: Lance Porteous, Finance Business Partner (Corporate Finance)

- 3.1. Keeping the Council Tax Support Scheme will have no impact on the amount of collectable Council Tax.
- 3.2. The Council has set aside a discretionary fund for those in circumstances of exceptional hardship of £50,000. This is monitored and reviewed quarterly, although case law does suggest that if exceptional hardship is shown the Council must grant a discretionary reduction and cannot refuse due to a “depleted budget”. Therefore, a clear policy has been implemented with the Council setting its own criteria of who qualifies for a discretionary reduction. The cost of the discretionary fund will reduce the overall Council Tax collected by £50,000.

## **4. Legal Implications**

Implications completed by Dr. Paul Feild, Senior Governance Lawyer

- 4.1 The CTSS is a continuation of the scheme as approved by the Assembly last year following consultations as required by the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012. Maintaining the current scheme will bring no specific legal implications.

## **5. Other Implications**

- 5.1 **Risk Management** - It is considered likely that keeping the current scheme will continue to make it difficult to collect Council Tax from those entitled to a reduction under the scheme. Presently there are 74,877 properties with a Council Tax Charge in this borough, as of 30<sup>th</sup> November 2016, and 18,212 Council Tax Support claims against these properties.

**Public Background Papers Used in the Preparation of the Report: None**

**List of appendices: None**