

North Somerset Council

REPORT TO THE COUNCIL

DATE OF MEETING: 7TH JANUARY 2020

SUBJECT OF REPORT: LOCAL COUNCIL TAX SUPPORT SCHEME 2020/21

TOWN OR PARISH: ALL

**OFFICER/MEMBER PRESENTING: COUNCILLOR ASHLEY CARTMAN
EXECUTIVE MEMBER FOR FINANCE & PERFORMANCE**

KEY DECISION: N/A

RECOMMENDATIONS

Council approves the change to the Local Council Tax Support Scheme as detailed in the report for 2020/21, which reduces the minimum contribution for working age households from 27.5% to 24.5%.

1. SUMMARY OF REPORT

The report recommends the approval of a Local Council Tax Support Scheme for North Somerset Council from 1 April 2020 onwards. It is proposed that the detailed framework of the current scheme remains unchanged however, there will be a reduction in the minimum contribution payable by working age households from the current level of 27%, to a lower level of 24.5%, with effect from 1 April 2020.

Financial modelling shows that this represents an increase in the council funded-discount by approximately £240k per annum.

For a council tax liability of £1,130 per year for a Band A property (using 2019/20 values), working-age customers are currently charged a minimum council tax contribution of £310.75. Reducing the minimum contribution to 24.5% would equate to a revised charge of £276.85, a reduction of £33.90 a year.

2. POLICY

The Local Government Finance Act 2012 requires all billing authorities to create their own Local Council Tax Reduction scheme from April 2013 in order to replace the national council tax benefit scheme, and to review these schemes annually thereafter.

3. DETAILS

- 3.1. The Council Tax Support Scheme provides a reduction in council tax for customers who are on a low income.
- 3.2. Councils are required to annually review their own local scheme which has to be formally adopted by 31 January each year, enabling implementation on 1 April.
- 3.3. The Scheme is administered at a local level and offers two separate strands;
 - One for pensioners, which is a nationally prescribed scheme
 - One for working age residents, which is a locally determined scheme
- 3.4. The 2012 Act requires that any local scheme includes protection for pensioners with both the level of award and design of scheme kept as per the previous council tax benefit scheme. The council, therefore, has responsibility for the administration of this element of the overall scheme, as long as it makes sure it “ring-fences” this level of discount to ensure that pensioners are no worse off under the new discount scheme.
- 3.5. The current scheme for working age customers means that they are required to pay at least 27.5% of their council tax bill.
- 3.6. The overall council tax support scheme currently provides support for 12,421 households, of which 44%, or 5,465 customers are of pensionable age, and 56%, or 6,956 are working age customers. The cost of the scheme for 2018/19 was £10.09m, and current modelling shows that the cost for 2019/20 will be £10.29m.
- 3.7. It is proposed that the 2020/21 Scheme is amended to provide additional support to low income working age households by reducing the minimum contribution by 3% to 24.5%. This will represent an increase in the council funded-discount by approximately £240k per annum. For a council tax liability of £1,130 a year for a Band A property in 2019/20, working-age customers are currently charged a minimum council tax contribution of £310.75. Reducing the minimum contribution to 24.5% would equate to a revised charge of £276.85, a reduction of £33.90 a year.

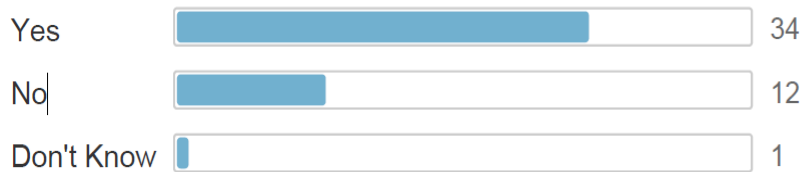
4. CONSULTATION

- 4.1. Public consultation took place between 4th November and 29th November 2019 and was publicised and published using the council’s e-consult system. The following options were presented;
 - 4.1.1. Option 1 - Should the Council lower the minimum contribution to 24.5% from April 2020?
 - 4.1.2. Option 2 - Should the Council lower the minimum contribution over 3 years from April 2020?
 - 4.1.3. Option 3 - Should the council continue with the current scheme with no changes to the minimum contribution?
- 4.2. Respondents were asked to indicate a preference from the options and also to provide comments on the proposals.

4.3. The consultation results were as follows and overall supported option 1.

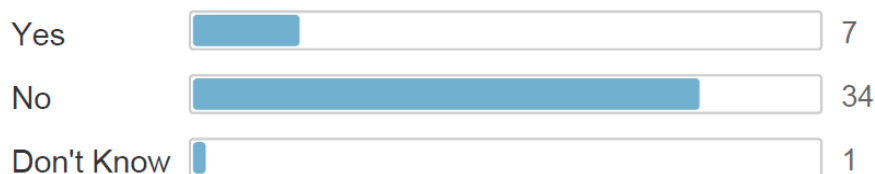
Question 1

Should the Council lower the minimum contribution to 24.5% from April 2020?



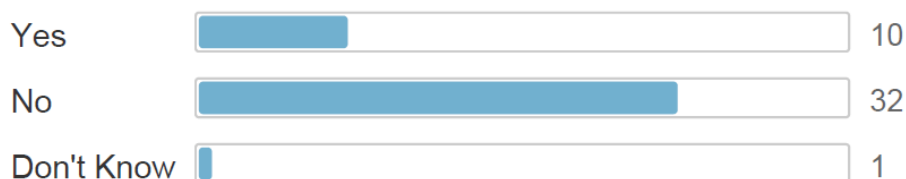
Question 2

Should the Council lower the minimum contribution over 3 years from April 2020, to 26.5% in 2020/21, 25.5% in 2021/22 and 24.5% in 2022/23?



Question 3

Should the council continue with the current scheme with no changes to the minimum contribution of 27.5%?



5. FINANCIAL IMPLICATIONS

5.1. The financial implications of the proposed changes to the scheme are included within the report.

6. LEGAL POWERS AND IMPLICATIONS

6.1. The Local Government Act 1972 lays down the fundamental principle by providing that every local authority shall make arrangements for the proper administration of their financial affairs, although further details and requirements are contained within related legislation.

6.2. The Local Government Finance Act 2012 requires all billing authorities to create their own Local Council Tax Reduction scheme from April 2013 and to review these schemes annually thereafter.

7. CLIMATE CHANGE & ENVIRONMENTAL IMPLICATIONS

- 7.1. There are no specific adverse climate change or environmental impacts arising from this proposal.

8. RISK MANAGEMENT

- 8.1. Welfare Benefit Reforms continue to reduce some resident's income, which could create a demand for the Council Tax Support Scheme.
- 8.2. In addition there are a number of factors that also create the potential risk, these are primarily:
- 8.2.1. an economic downturn may create more take-up;
 - 8.2.2. the council's ability to collect council tax from individuals awarded council tax support; and
 - 8.2.3. future increases in council tax will affect the cost of the scheme.
- 8.3. All of these factors have been taken into account in establishing the 2020/21 Council Tax Base and draft budget and will also be reflected within the Risk and Robustness Statement in support of the 2020/21 budget.
- 8.4. The financial impact of the council tax support scheme for next year will be monitored through the council's ongoing financial monitoring framework, although will not appear as a direct charge within the revenue budget, scheme costs are accounted for within the council's Collection Fund Accounts.

9. EQUALITY IMPLICATIONS

- 9.1. The council tax support is a means tested discount, as the report is proposing an increase in entitlement it is not considered that there will be any detrimental financial impacts.
- 9.2. The council operates a #First Step scheme which offers support for customers who are in arrears with their council tax, in receipt of Council Tax Support and are struggling to pay. The scheme promotes early intervention to a cohort of customers and signposts to debt advisors and services.

10. CORPORATE IMPLICATIONS

- 10.1. The impact of the changes to council tax support will positively impact on all working age individuals claiming support.

AUTHOR

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BACKGROUND PAPERS

Council Tax Support Scheme 2019/20, Council Report, January 2019
Consultation Results, Report, December 2019