


<p style="text-align: center;">Cabinet</p> <p style="text-align: center;">9 January 2018</p>		 <p style="text-align: center;">TOWER HAMLETS</p>
Report of: Zena Cooke – Corporate Director Resources		Classification: Unrestricted
Local Council Tax Reduction Scheme 2018/19		
Lead Member	Councillor David Edgar Cabinet Member for Resources	
Originating Officer(s)	Steve Hill, Head of Benefits Services	
Wards affected	All wards	
Key Decision?	Yes	
Community Plan Theme	One Tower Hamlets	

Executive Summary

The council made changes to its Local Council Tax Reduction Scheme (LCTRS) with effect from 1 April 2017. The decision to change the scheme was made by Council and followed a comprehensive public consultation. The feedback from the consultation was taken into account and the revised LCTRS retained many elements of the previous scheme including provisions to ensure the level of reduction is based on household income and retaining a 100% scheme so that those in most need received the maximum 100% reduction on their council tax liability.

Recommendations:

The Mayor in Cabinet is recommended to:

- Agree that the existing LCTRS remains for 2018/19 including the hardship provision in the scheme
- Note the package of support that has been put in place for self-employed residents and disabled non-dependants.

1. REASONS FOR THE DECISIONS

- 1.1 This is to formally confirm the Local Council Tax Reduction Scheme for 2017/18 will continue through to 2018/19 together with the packages of support as for residents as set out below.

2. ALTERNATIVE OPTIONS

- 2.1 Given the requirement to consult fully on any changes to the LCTRS for 2018/19, there are no alternative options.

3. DETAILS OF REPORT

- 3.1 In April 2013 the Government replaced the national Council Tax Benefit scheme with a requirement for each Local Authority to develop its own Local Council Tax Reduction Scheme (LCTRS). At the same time, the Government reduced its funding contribution to Local Authorities nationally by £500 million (10%) and put in place mandatory protections for some groups of recipients such as pensioners.
- 3.2 Since that time, the funding made available to support LCTRS schemes has formed part of the Council's formula funding arrangements, the Revenue Support Grant (RSG) and consequently from 2014/15 there has been no visibility over the actual level of funding for LCTRS. However, the Government has transacted its austerity savings programme for local government through reducing the level of support through RSG and it is reasonable to conclude that a proportion of the resources received through RSG have been subject to those reductions. Between 2014/15 and 2017/18 the overall reduction in RSG was 54%. Based on the current cost set out below a pressure of c£13m could be considered to be falling on council tax payers or being met through service reductions.
- 3.3 The cost of the former LCTRS scheme prior to April 2017 was around £26.2m, this represents a significant on-going cost to the council. The changes introduced in April 2017 have reduced the year to date LCTRS scheme cost to £24.7m.
- 3.4 Councils have discretion over their LCTRS within certain constraints; the Government requires pensioner households in receipt of LCTRS to be protected, but councils can determine the level of support provided for working age households. The current Tower Hamlets LCTRS also includes protection for war widows.
- 3.5 In order to fully explain the current LCTRS, it should be noted that it is similar to the national Housing Benefit scheme whereby the income of the claimant and their partner is compared to a nationally defined set of allowances designed to reflect needs; these include amounts for each dependent child. Deductions are then applied to entitlement in respect of non-dependants (adults in the household other than the claimant and partner). The level of deduction is based on the non-dependant's income and circumstances.
- 3.6 The current scheme is based on an applicant's council tax liability and their entitlement to a reduction is assessed by comparing the claimant and partner's income with a national set of amounts designed to reflect their circumstances. A reduction of up to 100% of the council tax liability is possible. Deductions are then made in respect of other adults residing in the

household. The nationally set amounts are also used to assess entitlement to Housing Benefit.

- 3.7 The current scheme retains the same exemptions from non-dependant deductions included in the previous scheme in so far as claimants who receive the daily living component of Personal Independence Payments, the care component of Disability Living Allowance, Attendance Allowance or are registered blind do not incur non dependant deductions regardless of the non-dependant's circumstances and income. Some non-dependants who did attract deductions under the former scheme such as full time students and those aged under 18 remain exempt under the new scheme.
- 3.8 To acknowledge that some residents affected by the changes may experience hardship the LCTRS includes discretionary provision derived from S13A of the Local Government Finance Act 1992. This allows the council to reduce council tax liability where it considers the claimant may experience hardship due to the scheme changes. This provision has been used to reduce the council tax due as part of a more comprehensive offer of support to self-employed residents and also for households with disabled non dependants.
- 3.9 The LCTRS hardship provision has resulted in additional support being offered to 161 self-employed residents and 239 households with disabled non-dependants. The total value of this support is approximately £85k to date.
- 3.10 In addition to the LCTRS hardship provision, on 28th November 2017 as part of the Tackling Poverty Mayoral priority, the Mayor in Cabinet approved more comprehensive packages of support for residents including Universal Credit and Local Council Tax Reduction Scheme – Support for Residents and the Resident Support Scheme. These new initiatives included the creation of a new advice and support service with additional specialist services commissioned from organisations with specialist knowledge, such as advice in community languages, support for those with mental health conditions and those affected by domestic abuse.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 The cost of the former LCTRS scheme was £26.2m (2016/17). Following changes introduced in April 2017, current estimates indicate that costs in 2017/18 will be approximately £24.7m.
- 4.2 This report proposes no changes to the scheme introduced in April 2017 and therefore costs in 2018/19 are expected to be broadly similar to current levels.
- 4.3 Historically funding for the LCTRS scheme was rolled into Revenue Support Grant (RSG), however, following recent government cuts and reductions to RSG the LCTRS scheme is now funded through a mixture of retained business rates, RSG, income council tax payers and service reductions.

- 4.4 There are a number of proposals that will change the way local government is funded going forward, including Business rates retention and the fair funding review, all of which may have an impact on the funding of LCTRS schemes in the future.

5. LEGAL COMMENTS

- 5.1 The Council has made a Local Council Tax Reduction Scheme (LCTRS) in accordance with powers contained in section 13A of and Schedule 1A of the Local Government Finance Act 1992. The current LCTRS is for the financial year 2017/18.
- 5.2 For each financial year, the Council must consider whether to revise its scheme or to replace it with another scheme. Any revision to its scheme, or any replacement scheme, must be made no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect. Any changes to or replacement of the scheme will require public consultation.
- 5.3 If however the existing Scheme is to remain in force then no public consultation is required. Further, the decision for the Scheme to remain is one for the Mayor in Cabinet to make and approval of Council is not required. The reason for this is that the Council is not making or revising the council tax reduction scheme but is merely continuing the existing Scheme.
- 5.4 When deciding whether or not to proceed with the proposals, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). A proportionate level of equality analysis is required in order to enable the Council to adequately discharge this duty. Section 6 of this report provides information relevant to this duty.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The vision and priorities expressed in the Tower Hamlets Community Plan are to increase opportunity, prosperity and mobility in Tower Hamlets. Welfare reform, of which LCTRS is one element, could have a significant impact for each of these priorities for residents.
- 6.2 There are client groups within the scheme that are fully protected e.g. pensioners, while others e.g. those of working age, could be liable to reduced support.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 This report acknowledges the need to balance the cost and fairness of the scheme.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There is no sustainable action for a greener environment implications arising from this report.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 None.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 None.

11. SAFEGUARDING IMPLICATIONS

- 11.1 None.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- None.

Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012

- 2017/18 Local Council Tax Reduction Scheme.

Officer contact details for documents:

Steve Hill Head of Benefits Services

steve.hill@towerhamlets.gov.uk

0207-364-7252