

**STROUD DISTRICT COUNCIL****AGENDA  
ITEM NO****STRATEGY AND RESOURCES COMMITTEE****TO COUNCIL ON 18 OCTOBER 2018**

This is a copy of Agenda Item 9 report to Committee on 4 October 2018

**7b(iii)**

<b>Report Title</b>	<b>LOCAL COUNCIL TAX SUPPORT SCHEME</b>
<b>Purpose of Report</b>	To set a Council Tax Support Scheme for the period 01 April 2019 to 31 March 2020.
<b>Decision(s)</b>	<b>Strategy and Resources Committee RECOMMENDS to Council that it adopts the current Local Scheme as the scheme for Stroud District Council for the period 01 April 2019 to 31 March 2020, keeping the scheme unchanged.</b>
<b>Consultation and Feedback</b>	Consultation took place between 06/08/2018 - 14/09/2018
<b>Financial Implications and Risk Assessment</b>	<p>The report recommends that the Council continues with the default Local Council Tax Support scheme that was adopted in April 2013. The report also sets out the cost associated with providing the same level of Council Tax support locally that was previously provided under the national Council Tax Benefit scheme.</p> <p>Whilst an element of this cost has been absorbed through increases in the overall taxbase and changes to other discounts and exemptions, the overall cost has increased year-on-year. This is due to the initial funding from the government being included within the Revenue Support Grant and the Business Rates baseline assessment. As RSG has reduced, the total cost to the council has increased despite a reduction in caseload numbers.</p> <p>To reduce the cost to the Council, changes would have to be made to the level of support provided to working age claimants. Most local authorities have already incorporated a reduced level of support into their local schemes. This should be reviewed and considered on an annual basis as part of the statutory consultation process. There is a risk that the cost of maintaining the current local scheme will increase if the number of claimants rise due to a deterioration in the local and national economy.</p> <p>David Stanley – Accountancy Manager Tel: 01453 754100 Email: <a href="mailto:david.stanley@stroud.gov.uk">david.stanley@stroud.gov.uk</a></p>

<b>Legal Implications</b>	The Council is required each year to consider whether to revise its scheme or replace it with another. The Council is also required to undertake consultation when reviewing the scheme and certain stakeholders are required to be informed and this has been dealt with in the body of the report.  Craig Hallett, Solicitor & Deputy Monitoring Officer Tel: 01453 754364 Email: <a href="mailto:craig.hallett@stroud.gov.uk">craig.hallett@stroud.gov.uk</a> (Ref: r12.09c17.09d20.09)
<b>Report Author</b>	Simon Killen – Revenue and Benefits Manager Tel: 01453 754013 Email: <a href="mailto:simon.killen@stroud.gov.uk">simon.killen@stroud.gov.uk</a>
<b>Options</b>	Council could choose to adopt a scheme that reduces the Council Tax Support that working age claimants receive
<b>Performance Management Follow Up</b>	Scheme impact and costs will be monitored on an on-going basis and any significant changes will be reported to the committee.
<b>Background Papers/ Appendices</b>	Appendix A – Summary of Scheme

## 1. BACKGROUND

- 1.1 The Welfare Reform Act 2012 abolished Council Tax benefit. Under the Local Government Finance Act 1992 local authorities are required to develop a local Council Tax Support scheme which protects pensioners.
- 1.2 Following a countywide consultation, all of the Gloucestershire districts have adopted the default scheme since 2013/14 (apart from Cotswold DC) which basically mirrors the previous Council Tax Support scheme and has meant no changes or reduction in support.
- 1.3 Consultation has been carried out on ways by which the scheme could be changed for 2019/20. Within the consultation were included some models by which we could reduce the level of Council Tax support for working age claimants only.
- 1.4 Members were consulted during the budget workshops earlier in the year. This included some options for an income banding scheme along with cost and increase in council tax charge.

## 2. WORKING WITHIN THE COUNTY

- 2.1 We have been working with the other districts on a new scheme for 2019/20. Some of the other Gloucestershire districts are now proposing to make changes to their schemes.
- 2.2 Nationally, just 37 councils continue to provide the same level of support as was available under the Council Tax benefit scheme ([Key Changes to Council Tax Support in 2017/18, New Policy Institute 2017](#))

2.3 As the billing authority, we must consult with our major preceptors, the Police and Crime Commissioner and Gloucestershire County Council on our proposed scheme. As the majority of Council Tax collected is on their behalf, should we decide not to change the scheme, they are most affected by any reduction in funding.

2.4 Between 06/08/2018 and 14/09/2018 a consultation has been carried out on the council's website seeking views from residents, as well as directly with interested parties such as Citizens Advice .

### 3. FUNDING AND COST OF THE SCHEME

3.1 Caseload data shows a reduction in the number of claimants entitled to Council Tax support

Year	CTAX Property Charge (£)	CTAX Support (£)	Cost of scheme (SDC share 12%) (£)	Working age case count	Pension able case count	Total Funding in RSG/BRR (£)	Shortfall (£)
2013/14	69,177,196	6,483,035	777,964	3,539	3,785	729,493	48,471
2014/15	70,156,842	6,254,020	750,482	3,520	3,596	636,603	113,879
2015/16	71,199,540	5,990,547	718,866	3,443	3,448	543,583	175,283
2016/17	74,528,050	5,971,690	716,603	3,294	3,288	443,924	286,679
2017/18	77,508,861	5,904,049	708,486	3,225	3,114	338,568	369,918
2018/19	82,105,107	5,755,073	690,609	2,998	2,979	291,797	398,812

\*RSG – Revenue Support Grant / BRR – Business Rates Retention. RSG+BRR = SFA (Settlement Funding Assessment)

Note: The figures in the table above provide an indicative analysis of the difference between the cost of the local scheme and the total funding included with the Settlement Funding Assessment available to support it.

3.2 The changes made to council tax discounts on empty properties have generated additional income to help offset the reduction in Government funding.

### IMPLICATIONS

3.3 If the option to reduce Council Tax support is taken, we will be collecting money from claimants who may previously have paid nothing and also be faced with having to pay small amounts. There is a potential for a drop in the Council Tax collection and increase in cost of collection as a result of having to take more recovery action for non-payment..

3.4 If the Council Tax charge is increased in 2019/20 then there is a financial implication and risk to the council as government funding towards the Council Tax support scheme will not change