

BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 1
Report Originator	Julie Trahern Head of Customer Services	<i>Fwd Plan Ref No:</i> A17/019	
Wards Affected	All	6 th December 2017	
Title	LOCAL COUNCIL TAX SUPPORT		

Portfolio Holder: Cllr Lesley Thurland

1. PURPOSE OF REPORT

- a. Remind members of the background to the Local Council Tax Support scheme.
- b. Outline the findings from the public consultation undertaken.
- c. Outline the choices that are available to the Council following the consultation.
- d. Request the Committee to make a recommendation to Council in relation to the changes in the Council Tax Support Scheme to be effective from 1st April 2018.

2. BACKGROUND

- 2.1 Members will recall that, from April 2013, Council Tax Benefit was replaced with Local Council Tax Support. Council Tax Benefit had been 100% funded and was a national welfare scheme through which a maximum relief of 100% could be granted. The cost of the Council Tax Support scheme is designed to be met locally and, as such, the government funding to support it has been reduced year on year since 2013.
- 2.2 To comply with Kettering Borough Council's 'Budget Containment Strategy', each year the cost of the scheme has generally been reflective of reduced Government funding levels – accordingly the proportion of Council Tax of those people on the scheme has increased.
- 2.3 In previous years, the Council has undertaken a public consultation exercise relating to the scheme. This includes consulting with the major precepting authorities (the County Council and the Police and Crime Commissioner), the voluntary sector and the public. A formal consultation process is required if the Council is considering options that are different to the existing scheme – in each and every year since the original scheme was introduced, this has been the case for Kettering Borough Council. Previously, consultations have been undertaken to determine local views and feed into the decision making process (and to comply with statutory requirements).

BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 2
------------------	------------------	------------	--------

2.4 Members have previously endorsed a simple set of additional guiding principles that would help frame the discussion about which option was preferable, when setting the levels of support. These principles were: -

a) In the medium term, the cost of a local scheme must be contained within the grant made available from the Government, to comply with the existing budget guiding principles,

b) The scheme should incentivise work, and

c) The impact on working age claimants should as far as possible be minimised through considering changes to Council Tax exemptions and discounts.

2.5 In previous submissions to the Government, the Council has made the point that schemes relating to Welfare / Benefits should be treated as a national issue and fully funded by Central Government. This remains the Council's policy position.

CURRENT SCHEME

3.1 Table 1 provides a summary of the history of the Council Tax Support scheme within the borough of Kettering, since its introduction in 2013/14.

Table 1 – Summary of Council Tax Support Levels		
Year	Level of Council Tax Support / Benefit	Taper Rate – Amount of Council Tax to Pay
2012/13*	100%	0%
2013/14	91.50%	8.50%
2014/15	85%	15%
2015/16	75%	25%
2016/17	55%	45%
2017/18	55%	45%

*Previous Council Tax Benefit Scheme

3.2 For the current year, 2017/18, a pilot scheme for one year was agreed to maintain the maximum level of support that could be received by those in receipt of Council Tax Support to 55% of their Council Tax bill, rather than increase the taper levels in line with the Council's budget requirements, this was possible due to:

- It maintaining the overall income level
- There was a reducing caseload

BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 3
-----------	------------------	------------	--------

- The changing national and local financial landscape with an increased number of residents requiring assistance around debt, budgeting and money management.

3.3 The Council has always been mindful of its budget guiding principles when setting the 'local scheme'. In effect the Council has made a calculation of how much central government funding has reduced for Council Tax Support each year and approved a scheme that fits within the available funding envelope (without substitute funding).

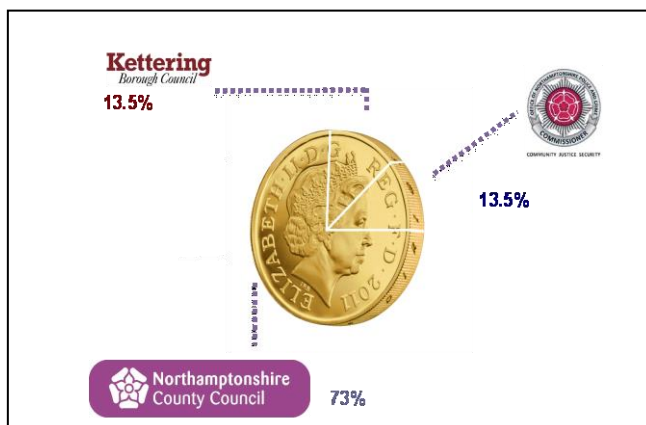
3.4 In coming to a decision each year, the Council has sought to adjust other Council Tax discounts and exemptions, so that the pressure on the Council Tax Support scheme is minimised – these measures have now effectively been fully utilised.

3.5 Although this is a 'Local Scheme', some key variables of it have been determined on a national basis; for example, pensioners entitled to local council tax support, are 'protected' - this means that the liability to pay falls on the remaining 3,300 households and, of those, around 2,000 households are in receipt of the current full rebate of 55%.

3.6 It is fair to say that decisions in relation to Council Tax Support have never sat comfortably with Members. The Council has long since argued that welfare schemes (such as these) should be determined and funded nationally. In recent budget rounds, members have often referred to the decision on this issue as one of a 'dilemma' rather than a straightforward choice. The Council has in the past remained true to its then guiding principles of not providing substitute funding if another agency / government body reduces funding for a specific purpose.

4. ADMINISTRATION OF FUTURE COUNCIL TAX SUPPORT SCHEME

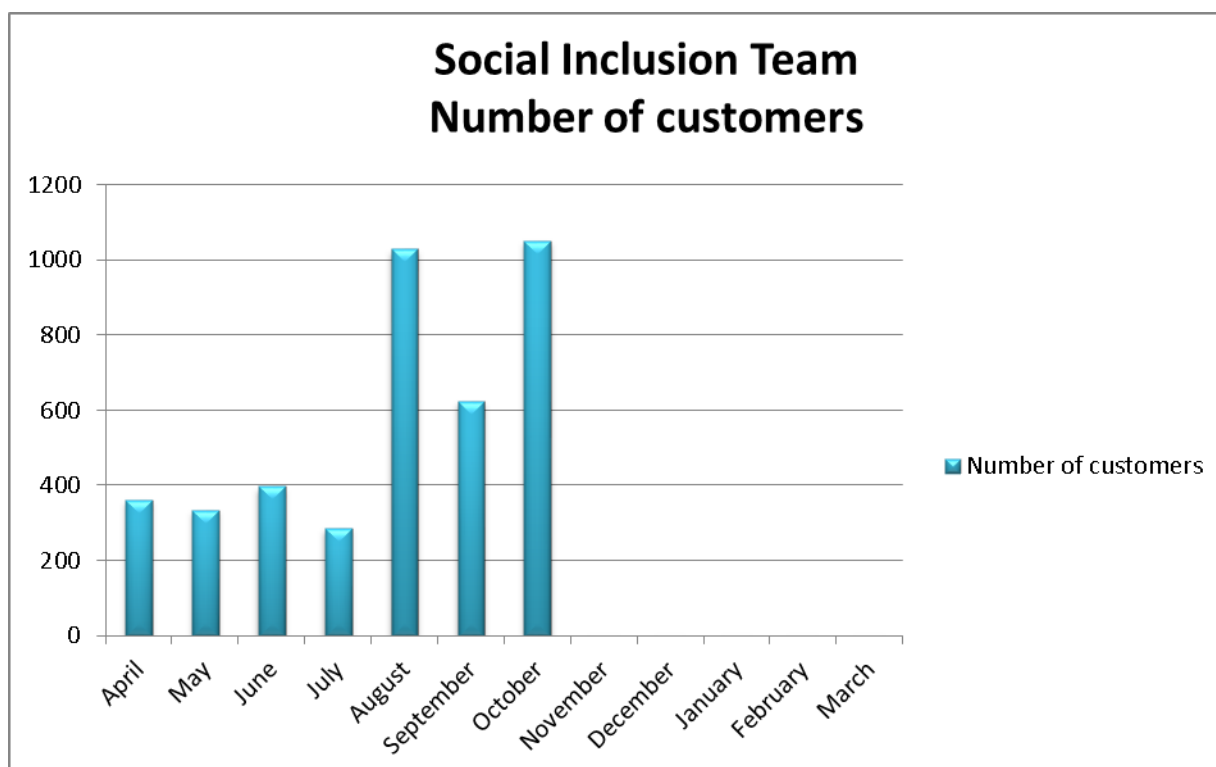
4.1 The Council are responsible for the administration and collection of Council Tax for the borough of Kettering, the split in Council Tax funding is broken down in the following diagram;



BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 4
------------------	------------------	------------	--------

- 4.2 The impact of welfare reform and the current economic climate has increased significantly customer contact and office administration for the Council. Going forward this is expected to continue to increase and as such will continue to put pressure on the Council's revenue account.
- 4.3 The support the Council are giving customers to manage their own finances has helped see a considerable reduction in recovery action being taken by the Council at a time when the taper for council tax support has increased.
- 4.4 The credit union launched in April 2014 was set up to assist the borough's more vulnerable customers, it was established to give assistance in managing finances and give access to more affordable banking and credit. The expectation of need and the actual need continues to exceed the Council's expectation.
- 4.5 The Council had foresight to see the need for helping and assisting customers and understood the increased complexity of need – a new team was introduced – The Social Inclusion Team, this team was introduced in 2015 as a twelve month pilot, due to the continuous increased need the Council made this team permanent in early 2017, the table below shows the actual number of customers assisted by the social inclusion team to date during 2017.



BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 5
------------------	------------------	------------	--------

- 4.6 The steps the Council are taking to assist the Borough's most vulnerable Customers is having a positive impact in helping, assisting and preventing debt; however the increased number of customers needing this assistance continues to rise. Irrespective of the option chosen for this scheme, the Council will need to continue to proactively assist customers in conjunction with our partner agencies.
- 4.7 The figures below in table 6 show the increase in Council Tax recovery in 2013/14 when Council Tax Support was introduced, against the reduction in recovery until end of March 2017 and a small increase from April 2017 to Oct 2017.

Table 2 – Recovery	Action				
Description	13/14 Oct Cumulative	14/15 Oct Cumulative	15/16 Oct Cumulative	16/17 Oct Cumulative	17/18 Oct Cumulative
Reminder Notices	14,580	13,908	12,366	12,368	12,430
Summons	4,156	3,720	2,472	2,705	2,846
Liability Orders	3,477	3,191	2,275	2,498	2,552
Total	22,213	20,819	17,113	17,571	17,828

5. CONSULTATION OPTIONS 2018/19

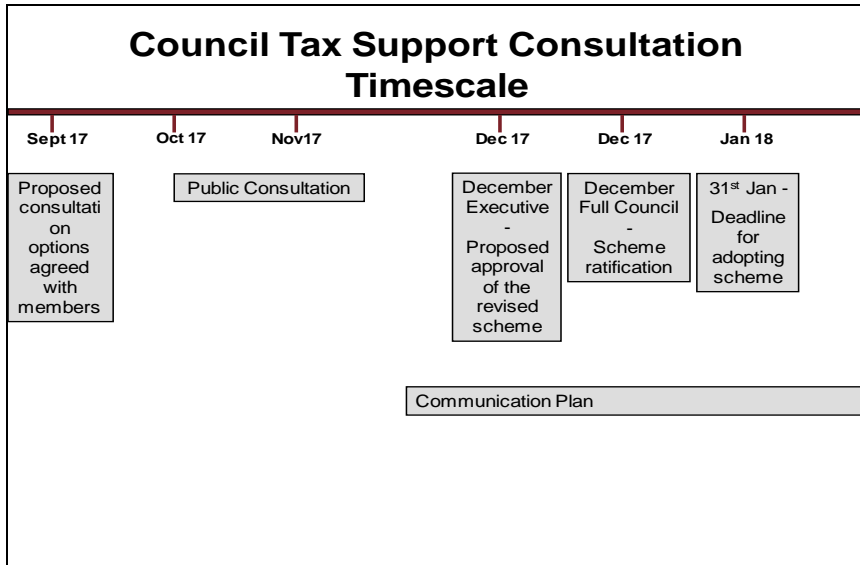
- 5.1 At the Executive committee on 20th September 2017 members unanimously made the decisions to freeze the Council Tax Support taper rate of 45%, members also made the decision at the 20th September 2017 Executive committee to undertake a public consultation on whether
- a. The taper freeze of 45% should be for a period of one year (2018/19)
 - or
 - b. The taper freeze of 45% should be for a period of two years (2018/20)

6. CONSULTATION

- 6.1 A formal eight week consultation process which is dictated by law has been undertaken, the results of which are in the body of the report, the consultation timeline is reproduced on the next page

BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 6
------------------	------------------	------------	--------



6.2 The number of customers consulted was as follows;

Table 3		
Type of Consultation	No. Issued	No. of Responses
Face to Face in the Community	1,900	264
Via the web site	N/A	23
Written (includes mailshot)	7,100	15
TOTAL	9,000	302

6.3 All major precepting authorities were encouraged to respond to the local council tax support consultation. There has been no response from either of the major preceptors (County Council or Police and Crime Commissioner).

6.4 Partners, voluntary agencies, and individuals were also invited to respond to the consultation.

BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 7
-----------	------------------	------------	--------

7. CONSULTATION RESULTS

7.1 Overall, the following responses were received to the two options which the public were consulted on.

Table 4				
	Option 1 (Freeze taper at 45% for twelve months)	%	Option 2 (Freeze taper at 45% for two years)	%
Responses	31	10%	270	90%

* One response was incomplete

* Individual comments included on the consultation document - Appendix A

7.2 Further details from individual responses can be seen by reference to **Appendix A**.

7.3 From the consultation responses, it is fair to conclude that those who responded to the consultation understood the principle of Local Council Tax Support.

7.4 The majority of those who responded indicated a preference for Option 2 – which is to freeze the taper at 45% for a period of two years (2018/2020)

7.5 The results from the consultation clearly show face to face contact with customers yield a far greater response level compared to written and on line consultation, however recognition of the time and impact on daily Council services must be taken into account as day to day work is put on hold to deliver the face to face consultation which may impact on processing benefit applications and customer service which will have a detrimental effect on the help and support the Council are giving to customers.

8. POLICY IMPLICATIONS

7.1 This report will determine the local policy for the Council Tax Support Scheme.

9. FINANCE IMPLICATIONS

8.1 As detailed throughout this report

BOROUGH OF KETTERING

Committee	EXECUTIVE	Item 11	Page 8
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10. RECOMMENDATIONS

That the Executive Committee;

- 10.1 Note the comments that were submitted as part of the formal consultation process.

That the Executive Committee recommends the following to Council;

- 10.2 Having considered the responses from the public consultation and the information contained within this report, Option 2 is the preferred option.

Background Papers:

Appendix A – Individual comments
Appendix B – Copy of consultation document
Appendix C – Face to Face community engagement timetable
Appendix D– EIA Assessment

Previous Reports/Minutes:

Executive Report September 2017