



Bournemouth, Christchurch and Poole - Shadow Executive Committee

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Report Subject	Council Tax Discounts and the Local Council Tax Support Scheme (LCTSS)
Meeting date	24 July 2018
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Status	Public
Classification	For information for all Members
Executive summary	<p>The report requests the Shadow Executive's authorisation to create consistent Council Tax Discounts and to consult on creating a consistent Local Council Tax Support Scheme (LCTSS) across the conurbation.</p> <p>Such an approach is wholly consistent with the approved Financial Strategy for the BCP Unitary Authority.</p> <p>The proposal aims to deliver a consistent policy for BCP which if supported slightly amends the current policies of Bournemouth and Poole to be in line with the latest good practice following the introduction of Universal Credit, and amends the Christchurch policy to ensure conurbation wide consistency.</p> <p>The proposal ensures for LCTSS that every person considered vulnerable remains protected and acknowledges that the results of consultation may change policy decisions.</p>

<p>Recommendations</p>	<p>Members of the Shadow Executive are requested to;</p> <p><i>BCP Council Tax Discounts</i></p> <ol style="list-style-type: none"> 1. Approve that from the 1 April 2019 that no Council Tax Discounts will be provided in respect of vacant dwellings including properties undergoing major repairs or structural alterations across the new BCP Unitary Authority. 2. Note that such a decision will amend the policy operated in Christchurch but will be consistent with the policy currently operated in Bournemouth and Poole. 3. Approve, subject to the necessary parliamentary legislation, that the current 50% Empty Homes Premium as applied currently across Bournemouth, Christchurch and Poole will be increased to a 100% premium. <p><i>Local Council Tax Support Scheme formerly Council Tax Benefit</i></p> <ol style="list-style-type: none"> 4. Note that, under these proposals, Council Tax Support applicants or their partners in receipt of one of the following, will continue to be protected: <ul style="list-style-type: none"> - Disability Premium - Enhanced Disability Premium - Severe Disability Premium - Disabled Child Premium - Carer Premium - Support component within the ESA - War Disablement Pension - War Widow Pension - War Widows Disablement Pension or - Universal Credit recipients, who are not pensioners, but the applicant or their partner is in receipt of an income or premium listed above 5. Approve the Local Council Tax Support Scheme (LCTSS) for consultation as set out in paragraph 25 of this report. A final report for decision will be brought forward to the Shadow Authority later in the year following this consultation. 6. Acknowledge that decisions made within this report for LCTSS are subject to the outcome of consultation. Consultation is not considered necessary for decisions made within this report for Council Tax Discounts.
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Reasons for recommendations	<p>Council Tax operating policies and discounts should be reviewed regularly to ensure they are accurate and up to date and adhere to the latest good practice.</p> <p>The Ministry of Housing, Communities and Local Government (MHCLG) require councils to operate consistent Local Council Tax Discounts and Local Council Tax Support Scheme (LCTSS) policies within their boundaries. MHCLG will require this to be in place within 24 months from 1 April 2019.</p> <p>Any change to the Local Council Tax Support Scheme requires a formal consultation to enable the Council to understand the impact of the scheme more widely, before it can be recommended for implementation.</p> <p>Those considered vulnerable in existing LCTSS policies to remain protected.</p>
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Background detail

1. The implementation of common financial policies was adopted by the Bournemouth, Christchurch and Poole Joint Committee in May 2018 as a key element of its approved Financial Strategy.
2. Examples given in that document included Council Tax Discounts and the Local Council Tax Support Scheme (LCTSS).
3. The Ministry of Housing, Communities and Local Government (MHCLG) have indicated that they would expect the new Council to have aligned policies in place within 24 months of the 1 April 2019 or sooner where possible.
4. The administration of single operating policies will meet the expectations of MHCLG and assist in the efficiency and effectiveness of the Revenue and Benefits service.
5. As such these proposals could support the delivery of the Revenue and Benefit Service efficiency savings currently assumed in the BCP Unitary Authorities Medium Term Financial Plan (MTFP) across each of the three billing authorities, if approved following consideration of the consultation. They will also align the scheme to the award process for Housing Benefit and Universal Credit to make it simpler for claimants to understand.

Council Tax Discounts

6. Under the Local Government Finance Act 2012 Councils were given flexibility around the Council Tax on second homes, empty dwellings and other technical changes. This included replacing certain previous exemption classes with discounts, the amount of which would be for the billing authority to determine.
7. To ensure consistency with other local authorities and to provide an incentive to landlords to ensure properties are occupied, Bournemouth and Poole both previously adopted the changes in discounts which it is now proposed be adopted within Christchurch.

8. Consultation on Discount changes is technically not required. Bournemouth Borough Council in 2016 did carry out consultation and introduced the scheme in 2017/18 which mirrors that in place for Poole. Carrying out consultation now would not be appropriate as the proposed discounts are already in operation in Bournemouth and Poole and the income included in the MTFP. This change will only affect Christchurch council tax payers and it is considered the decision is best left for Members to review for the new Council. Also, MCHLG confirm consultation is not considered necessary for this area of discounts.
9. Discount policies need to be approved before the start of the financial year and incorporated within the Council's annual tax base calculation. The earliest any changes to Council Tax discounts could be implemented is from 1 April 2019 onwards.
10. **Proposal 1** - 0% discount for properties undergoing major repairs for up to 12 months.
Bournemouth and Poole operate a 0% discount. Currently Christchurch gives a discount of 50% up to 12 months or for 6 months upon completion
11. **Proposal 2** - 0% discount for dwellings that are unoccupied and substantially unfurnished.
Bournemouth and Poole operate a 0% discount. Currently Christchurch gives a 100% discount for 1 month then 0% discount thereafter.
12. Members should note that these proposals **do not** change other classes of Council Tax exemption including (as stipulated by government);
Class E – An unoccupied dwelling where the liable person resides permanently in a hospital, hostel, nursing home or care home.
Class F – A property which has been unoccupied since the death of a person who was either the owner or leaseholder. This exemption will last for as long as the property remains unoccupied but only for a maximum of six months after grant of probate or letters of administration has been made.
Class I – An unoccupied dwelling where the liable person is now living elsewhere for purposes of receiving care by reason of old age, disablement, illness, past or present alcohol dependency, mental disorder and is not a resident in a hospital, hostel, nursing home or care home.
13. In the November 2017 Budget the Chancellor announced the Government's intention to bring forward legislation to bring the maximum premium, on the normal level of Council Tax to 100% on long term empty properties. Such properties are defined as those that have been unoccupied and substantially unfurnished for over 24 months. The necessary legislation is due to be laid by the Government in the summer of 2018. The 3rd reading by the House of Lords was scheduled for the 18 July 2018.
14. **Proposal 3** – 100% premium on long term empty homes
Bournemouth, Poole and Christchurch currently operate a 50% premium.

Financial Implications - Council Tax Discounts

15. The financial modelling that has been completed is based on the estimated position for 2018/19 without a Council Tax increase. The modelling shows that the following amounts would be generated by the proposed changes;

	Amount £
Proposal 1: 0% discount for properties undergoing major repair for up to 12 months. <i>Christchurch</i>	26,000
Proposal 2: 0% discount for dwellings which are unoccupied and substantially unfurnished. <i>Christchurch</i>	106,000
Proposal 3: 100% premium on long term empty properties (two years or more). <i>Bournemouth £103,000, Christchurch £25,000, Poole £87,000</i>	215,000
Total	347,000

16. Of the sum identified above, £100,000 has already been assumed in the BCP Unitary Medium Term Financial Plan.

Equalities Impact Needs Assessment (EINA) of Council Tax Discounts

17. It is not considered that changes to Council Tax Discounts will affect the protected groups any differently to those who are not in a protected group.
18. Previously MHCLG have undertaken a full equalities impact assessment on the technical reforms which underpin the proposals being put forward which is published on their website.

Local Council Tax Support Scheme (LCTSS)

19. From April 2013 Government devolved responsibility for Council Tax Benefit from Whitehall to 326 individual local authorities. At the same time the budget was reduced by 10%. Nationally this equated to a £414m reduction.
20. Using the reduced money available, local authorities were required to design, consult upon and implement their own local scheme to replace the previous national system. However, despite the then 10% cut in the total funding, the Government required local authorities to protect claimants of pension age (approximately 42% of the claimants). In addition, the Councils decided to protect the most vulnerable in our society.
21. Based upon the funding restriction it was acknowledged that a 20% liability would in most circumstances in Dorset achieve a "break even" position in April 2013. Dorset consulted on this scheme, but prior to implementation, the Government announced additional funding for 1 year where Councils limited their LCTSS to an 8.5% Scheme. Bournemouth continued with a 20% Scheme, Poole commenced with an 8.5% Scheme then moving to 14.5% and now 20%. Christchurch commenced and have remained with an 8.5% Scheme.

22. Since its implementation, the resources made available by Government have been further reduced as part of the annual reductions to each Council Revenue Support Grant (RSG).
23. The following groups have been and will continue to be **protected** in respect of the local scheme;
- (A) Council Tax Support claimants of pension age. The Government's view is that they cannot go back to work and they deserve dignity and security in retirement.
- (B) The prevailing Councils have previously chosen to protect Council Tax Support claimants from the liability restrictions where the applicant or partner is in receipt of any of the following;
- Disability Premium
 - Enhanced Disability Premium
 - Severe Disability Premium
 - Disabled Child Premium
 - Carer Premium
 - Support component within the ESA
 - War Disablement Pension
 - War Widow Pension
 - War Widows Disablement Pension, or
 - Universal Credit recipients, who are not pensioners, but the applicant or their partner is in receipt of an income or premium listed above
24. Collecting Council Tax from working age customers where their LCTSS is restricted by 20% is challenging especially where Council Tax increases exceed income rises for claimants. The collection implications will continue to be kept under constant review. It should be highlighted that the Task and Finish Group looking into Council Tax Harmonisation within the BCP Unitary Council are working to a Joint Committee resolution to prioritise options which include freezes and or reductions to the absolute level of Council Tax paid by Christchurch residents.

25. **Proposal 4:** Consistent Local Council Tax Support scheme across the conurbations with the following key characteristics which will be subject to consultation;

Key characteristics		Current Scheme		
		Bmth	CBC	Poole
A	20% minimum contribution towards Council Tax from working age claimants not in a protected group.	Y	N	Y
B	New entitlement on/after 1 April 2019 do not receive the family premium	Y	N	Y
C	Backdating up to a maximum of one calendar month	Y	N	Y
D	Scheme capped at Council Tax Band C (claimants in bands above C receive support at Council Tax Band C level) for working age claimants	Y	N	Y
E	Minimum weekly entitlement of 50p	Y	N	Y
F	No working age Second Adult Rebate	Y	N	Y
G	To limit the number of dependant children within the calculation of Council Tax Support to a maximum of two for new applicants/new families	N	N	N
H	Disregard the Bereavement Support and Infected Blood Schemes payments to mirror Housing Benefit rules	N	N	N
I	Mirror the Housing Benefit temporary absence and Person from Abroad rules	N	N	N
J	Self-employed minimum income floor	N	N	N
K	Consider setting fixed period assessments for Universal Credit recipients (26 or 52 weeks)	N	N	N

The characteristics at items B, C, E & G to K above are being proposed to align the new LCTSS to the award process for Housing Benefit and Universal Credit. Characteristics at items H, I, J, K are for alignment and efficiency of processing.

26. Additionally, as the proposal impacts on the arrangements for the recovery of the total Council Tax levied, then prior to public consultation, the Council is required to consult the Major Preceptors (Dorset Police and the Dorset and Wiltshire Fire Authority) and to publish a draft scheme in such a manner as it thinks fit.

Financial Implications - Local Council Tax Support Scheme

27. The financial modelling that has been completed is based on the estimated Council Tax Support expenditure for 2018/19 without a Council Tax increase and without any uprating of "applicable amounts" and incomes etc., other than where explicitly part of the proposal. It also reflects the current profile of Christchurch claimants between those that are working age unprotected claimants, protected pensioners and those locally protected vulnerable people.

28. The modelling shows that the following amounts would be generated by Proposal 4, a consistent LCTSS;

	Amount £
Proposal 4: Consistent LCTSS	146,000
Total	146,000

For the characteristics B, C, & G to K, it is not possible to forecast for those proposals due to modelling restrictions. These characteristics are being proposed to align with the Housing Benefit and Universal Credit award process. Characteristics H, I, J, K are assumed to be cost neutral.

29. This proposal would mean claimants in Bournemouth and Poole would see no change in their entitlement, but for Christchurch residents an increase from 8.5% contribution to 20%. Taking account of the Council Tax charges being higher in Christchurch and the Council Tax harmonisation considerations, this scheme may in future years impact on Council Tax collection.
30. The one-off consultation costs of approximately £16,000 would be met from within the transitional resources set aside for the new council.

Equalities Impact Needs Assessment (EINA) of LCTSS changes

31. MHCLG has undertaken a full equalities impact assessment on the principle of localising support for council tax which was previously published on their website.
32. The Local Government Association has undertaken an assessment of the cumulative impacts and mitigations of all welfare reforms which was published on their website.
33. Further consideration to the equalities impact will be considered as part of the consultation process.

Alternative options considered and rejected

34. The alternative option would be to bring Bournemouth and Poole policies in line with the current arrangements in Christchurch, being an 8.5% Liability Scheme. Although it is difficult to be absolutely certain it is estimated that such an approach would create a financial pressure of over £680,000 the new authority.

Summary of finance and resourcing implications

35. Generally, the financing and resourcing implications are set out in the body of this report. The current MTFPs of Bournemouth, Christchurch and Poole assume £408,000 between 2019 and 2021 from efficiencies within the Revenue and Benefits service. These plans also assume £100,000 from increasing the premium on long term empty properties from 50% to 100%.

Summary of legal implications

36. As referenced in the body of the report.

Summary of human resources implications

37. None specifically related to this report

Summary of environmental impact

38. None specifically related to this report

Summary of risk assessment

39. This report and the actions outlined within it will form part of the mitigation strategy associated with the following risks;

- Inability to deliver Council statutory services due to insufficient funding.
- Failure to deliver consistent financial and operating policies within the New Bournemouth, Christchurch and Poole Unitary Authority.

Background papers

40. Consolidated Medium Term Financial Plan report to this Joint Committee in May can be found at <https://bcjointcommittee.wordpress.com/meetings/>

Appendices

41. None