

Appendix D – Risks and Issues

1. Any proposal to identify alternative scheme options and consult on one or more of these at this stage may affect the consultation duration and review timings thus increasing the potential risks from both legal challenge and determining a revised scheme for 2017/18 by the statutory cut-off date of 31st January 2017.
2. The statutory requirements for CTS require that consultation commence firstly with the GLA, then a draft CTS scheme must be published and then consultation with such other persons as the Council sees fit must take place. Any proposal to identify alternative scheme options and consult on one or more of these, may impact on the overall timetable for commencing consultation with the GLA and documenting the draft scheme design (or designs) with sufficient time to then commence consultation with the public thus increasing the risk of legal challenge.
3. The precise level of any financial surplus / deficit arising from the existing CTS scheme cannot be determined with precision as the CTS grant is “rolled-up” within the Revenue Support Grant settlement.
4. Future caseload and any expenditure growth / reduction cannot be determined with precise accuracy. Figures are therefore based upon applying current expenditure and caseload trends to the financial modelling.
5. The financial modelling has been performed in relation to the exclusive effects of UC on CTS expenditure. The cumulative effect of any wider welfare reforms in the future in relation to CTS cannot be quantified but could skew the results shown and evaluated within this report.
6. The actual Council Tax collection rate for CTS claimants has been higher than anticipated within the Brent Council area. However, this is sensitive to both macro-economic factors and local issues. The effects of these have not been incorporated within the financial modelling undertaken.
7. The precise timing and hence impact of Universal Credit (UC) remains unclear and therefore has the potential to skew the financial position of the CTS scheme modelled dependent upon the timetable and pace of UC roll-out.
8. Any local scheme changes resulting in increased CTS expenditure could have the effect of reducing overall Council Tax receipts at a time when central government funding is significantly falling. Any increased CTS expenditure in such circumstances, would have to be found from elsewhere.
9. The effects of wider welfare reforms and any CTS scheme changes may result in demographic changes to the Brent population and influence customer decisions concerning where they live and work. This could potentially impact upon demand for other services such as schools admissions and housing although any impact may not be apparent until sometime after any changes have been implemented.

10. If alternative scheme models are proposed and need to be modelled, this will have the effect of reducing the consultation timescale available and increase the potential risk of a legal challenge. (Risks one and two listed above in this section should also be noted).
11. The modelling takes no account of future Council Tax increases. It is assumed that if the Council decides to increase Council Tax, then the resultant increase in CTS expenditure will be met from the increased revenue derived from the Council Tax rise.
12. In the event of a Council Tax increase, CTS entitlement will also increase and for those claimants with a maximum potential entitlement of 100% (i.e. pensioners and vulnerable working age claimants) the full amount of the increase will be met by CTS. However, claimants with a maximum potential entitlement of 80% (i.e. working age employed and other), will see a small increase equivalent to the Council tax rise applied to their 20% Council Tax contribution.

Example:

Claimant's Council Tax liability £25.00 per week

Claimant's 20% Council Tax contribution is £5.00 per week

If a Council Tax increase of 2% were to be applied the following outcome would occur:

New Council Tax liability £25.50 per week

Claimant's 20% Council Tax contribution is £5.10 per week

The average working age (non-vulnerable) claimant's Council Tax liability would therefore rise by 10p per week or £5.20 per year.