

LOCAL COUNCIL TAX SUPPORT SCHEME 2017/18

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton, Head of Customer Access and Financial Support
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 In April 2013 council tax benefit, the means of helping people on low incomes pay their council tax, was replaced by a new local council tax support scheme (CTSS).
- 1.2 Local councils are required to design their own CTSS and must carry out consultation on the options being considered for inclusion in the scheme.
- 1.3 This report sets out proposals for the CTSS draft scheme for 2017/18.

2. RECOMMENDATIONS

Executive is asked to RESOLVE that:

- 2.1 **that the outcome of the initial statutory consultation on options for changes to the Local Council Tax Scheme be noted;**
- 2.2 **that the current Scheme be changed as follows, with effect from April 2017/18:-**
 - 2.2.1 **Reduce backdating of Council Tax Support to 4 weeks in line with the changes in Housing Benefit announced by Central Government.**
 - 2.2.2 **Enable claims to be processed based on information provided by the DWP without the need for further information.**
 - 2.2.3 **Removal the Family Premium for new claims to bring the Council Tax Support Scheme in line with the changes in Housing Benefit announced by Central Government.**

and that the amended version shall become the proposed Draft Scheme for 2017/18.

2.3 that authority be delegated to the Head of Customer Access and Financial Support to carry out the next phase of consultation on the Draft Scheme.

2.4 The final Scheme be presented to the Executive to make recommendations to Council to allow for the necessary regulations to be published by 31st January 2017.

3. KEY ISSUES

Financial Implications

- 3.1 As Members are aware, changes were made to the Council's CTSS with affect from April 2014, which resulted in support being capped at 80% of Council Tax liability for all working age claimants.
- 3.2 Changes to the support scheme in April 2014 offset an estimated funding gap in 2014/15 of £91k for Redditch Borough Council.
- 3.4 It is no longer possible to know how much funding is received towards the CTSS via the RSG, and we know that from 2018/19 there will be no government funding for this scheme. The total cost of the CTSS in Redditch Borough is in the region of £6.5m.
- 3.5 The Borough Council will continue to carry the full costs of the administration of the Council Tax support scheme. The incentives for Redditch Borough Council are therefore to lower the administration costs of the scheme.
- 3.6 The proposals for the draft scheme are not intended to reduce the overall cost of support provided to residents but to streamline the system, ensure there is a consistency for claimants in the calculations between Housing Benefit and Council Tax Support ,reduce the administrative burden where ever possible, and bring the scheme in line with national changes to welfare support.
- 3.7 As previously agreed the various allowances that are taken into account when assessing support will be uprated in line with the Secretary of State's annual announcement. This will ensure that the assessment of income in relation to claims remain in line with other benefits.
- 3.8 The cost of consultation will be contained within existing budgets.

Legal Implications

- 3.9 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new scheme of Council Tax support called "Council Tax Support Schemes". Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s10 Local Government Act 2012), each local authority was required to make and adopt a Council Tax Support Scheme specifying the reductions which are to

apply to the amounts of council tax payable within their districts

- 3.10 Statutory Instrument 2012/2885, “The Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012” ensured that certain requirements prescribed by the Government were included in each Scheme (subsequently amended by S.I. 2012/3085)
- 3.11 As the billing authority the Council is required by the Local Government Finance Act 2012 to consider whether to revise its scheme or to replace it with another scheme, for each financial year.
- 3.12 The Authority must adopt its scheme, and make any revisions, no later than 31 January in the financial year preceeding the one when it will take effect, so that it will be necessary for the Council’s 2017/18 scheme to be in place by 31st January 2017.
- 3.13 Paragraph 3 to Schedule 1A into The Local Government Finance Act 1992 set out the preparation that must be undertaken prior to the adoption or revision of a scheme, including prescribed consultation requirements.
- 3.14 Instruction is received from the Department of Work and Pensions on an annual basis, of changes to benefits rates and personal allowances. These must be taken into account for housing benefit calculations and it is good practice to apply them to the Local Council Tax Support Scheme

Service / Operational Implications

- 3.15 A period of consultation on a number of proposals took place between 11th April 2016 and 27th May 2016 to inform the draft scheme.
- 3.16 The response to the consultation was very low. Despite all current claimants being directly contacted and press and social media publicity only 19 responses were received. The responses provided by these are shown at Appendix 1.
- 3.17 It was clear from the responses that many people were unable to answer some of the questions. This is understandable as most people, even those in receipt of benefits or support, are unaware of the technical elements of the assessment process, eligibility or income taken into account.
- 3.18 The results show support for the options to reduce backdating and the administrative process for those claims where DWP information is obtained.
- 3.19 There was lower support for the option in respect of the family premium, but the higher level of people who didn’t answer this and comments made suggested that this was the most difficult option to understand fully. It is worth noting that this would only relate to new claims not those families already in receipt of Council Tax support.

- 3.20 The family premium is an amount dis-regarded for the purposes of benefit calculations for eligible families and changes to national welfare benefits mean that this will no longer apply for new claimants to housing benefits. Officers are of the view that failure to maintain alignment of the CTSS and Housing Benefits processes will make the administration of the scheme in future considerably more expensive and claimants would have an inconsistent approach to benefit entitlement between Council Tax Support and Housing Benefit. The additional cost would be as a result of it not being possible to assess claims in tandem thus doubling the work and associated time where a claim for both Housing Benefit and CTSS is made. The costs associated with this would fall to Redditch Borough Council at a time where we are also seeing the administrative subsidy for housing benefit reduce significantly. As previously noted this would only impact on new claims.
- 3.21 Whilst the proposals in respect of assuming a minimum income for self employed persons, taking child maintenance into account and a change to the taper rate were favoured by those who expressed an opinion, Officers are of the view that these should not form part of the draft scheme at this time. This is to allow time for other welfare changes to bed in and the possible impact to be better understood, before making such changes to the CTSS.
- 3.22 It is also proposed that in light of the feedback the other options not be progressed at this time. Although future changes to welfare support and national benefits, as well as reducing budgets, may mean they must be revisited in the coming years.
- 3.23 The second phase of consultation is on the draft scheme, as agreed by Executive. This will be published and key stakeholders, including existing working age claimants, will be written to. Feedback from this is used to inform any changes to the draft scheme before a final scheme is presented to Executive, and then the Council before the end of November.

Customer / Equalities and Diversity Implications

- 3.26 The 'uprating' of the benefits rates and personal allowances to be taken into account, in line with the Secretary of States announcement on those that must be taken into account for other benefits, will potentially result in small changes to the amounts of support provided. These will vary according to circumstances.
- 3.27 The local CTSS only affects those of working age. People who have reached the age for state pension credit are assessed under a national scheme which maintains 100% support.
- 3.28 These proposals do not impact current working age claimants.
- 3.29 The Hardship Fund provides an opportunity to ensure that vulnerable people, who have been financially disadvantaged by the changes to the CTSS, can be

provided with transitional support. This has supported in the region of 350 households since changes were made to the Local Council Tax Scheme.

- 3.30 Our purpose is to 'help people to be financially independent' and officers look at all possible avenues to provide support to individuals or families identified as needing greater support. Officers provide one to one support to carry out financial assessments and provide money management and budgeting advice where appropriate. Officers work with customers to look at how they can maximise their income and support those who want to make changes to improve their financial independence.

4. RISK MANAGEMENT

- 4.1 Any changes to council tax support whilst increasing council tax income to the Council and our major preceptors has financial implications for our residents and therefore officers ensure that support on managing finances and advice on other potential benefits is made available.

5. APPENDICES

Appendix 1 – Consultation results

6. BACKGROUND PAPERS

Held in Revenues Service

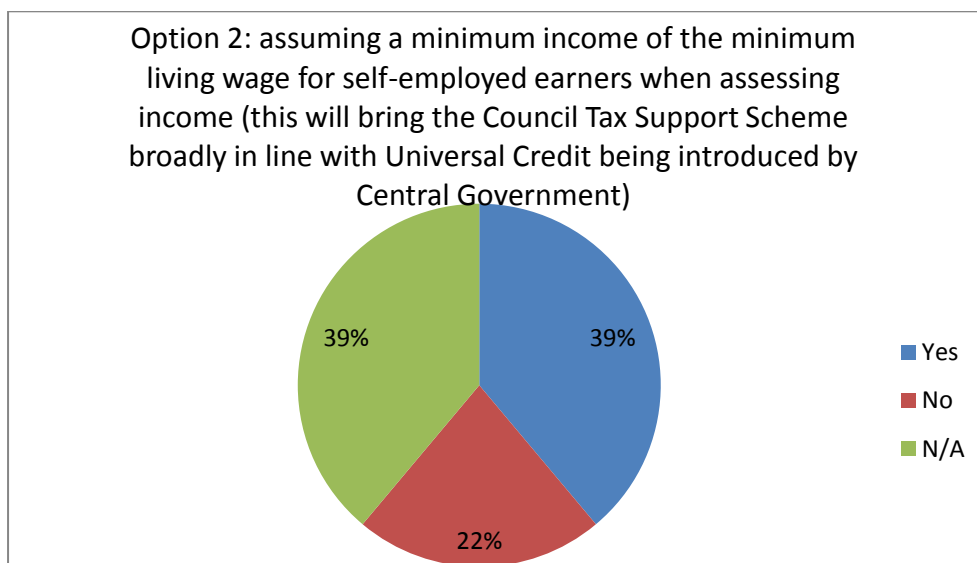
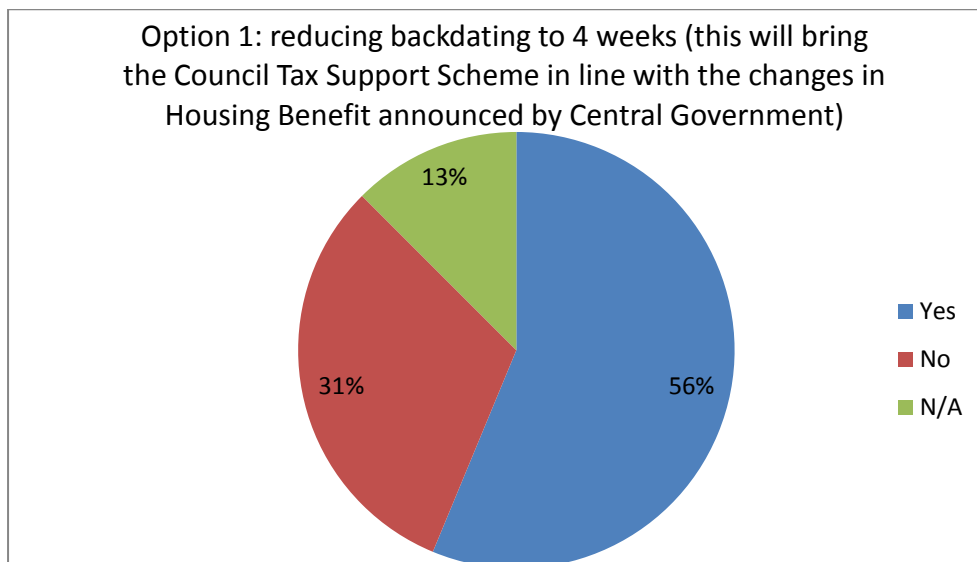
AUTHOR OF REPORT

Name: Amanda Singleton, Head of Customer Access and Financial Support
email: a.singleton@bromsgroveandredditch.gov.uk
Tel.: 01527 881241

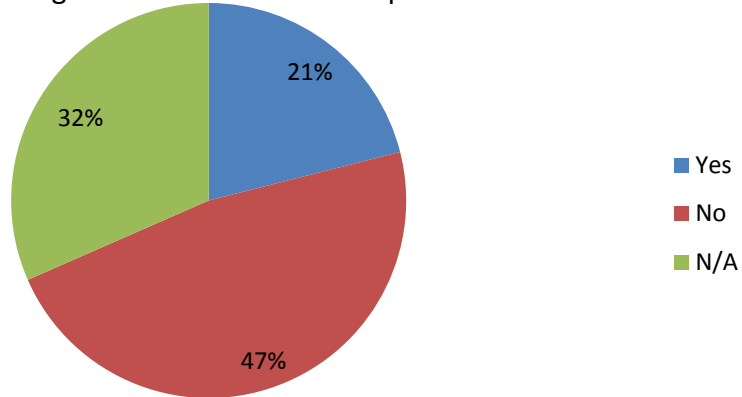
APPENDIX A

CONSULTATION RESULTS

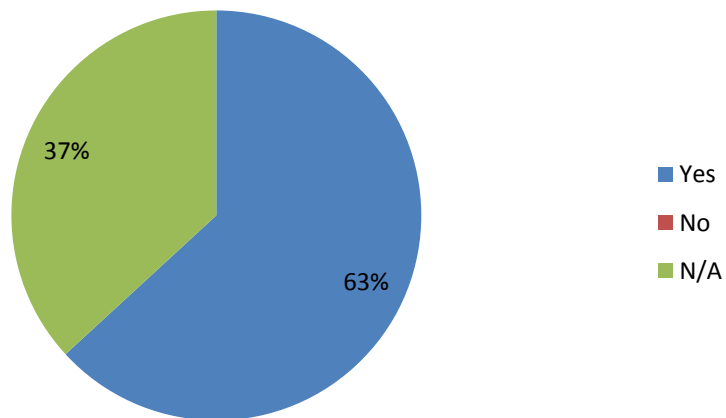
The following charts set out the responses received from the 19 responders to the consultation.



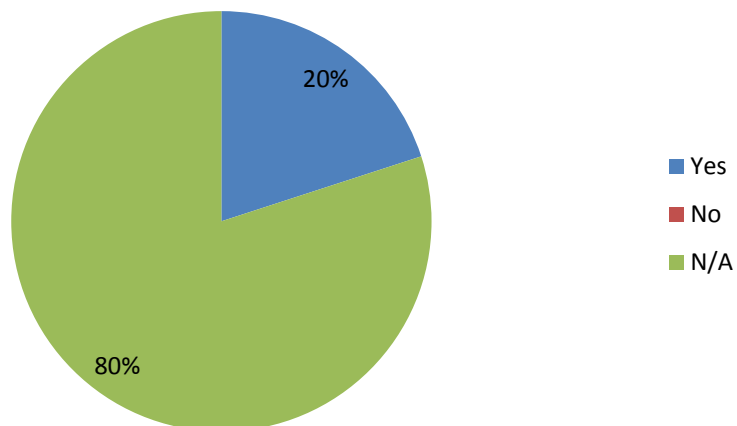
Option 3: to introduce two levels of standard non-dependant deductions - £4 per week for non-workers or where income is under £189 gross income per week and £12 per week for those who have gross income above £189 per week



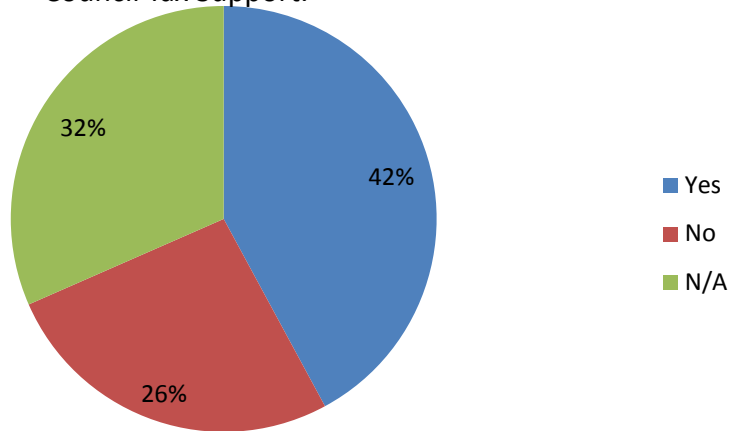
Option 4: simplify the applications process to enable claims to be processed based on information provided by the DWP without the need for further information.



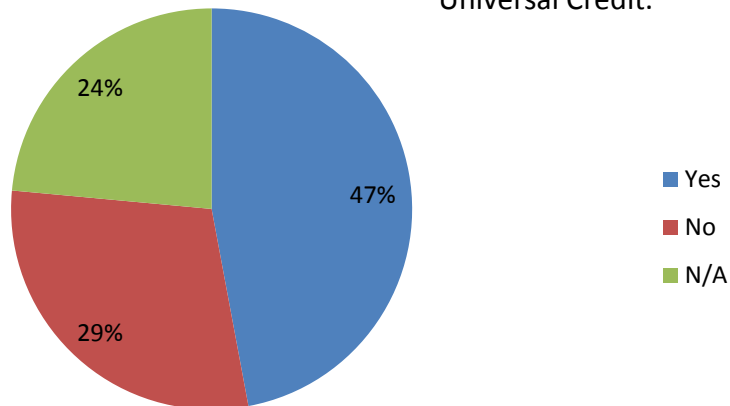
Option 5: removal of Family Premium for new claims (this will bring the Council Tax Support Scheme in line with the changes in Housing Benefit announced by Central Government)



Option 6: To take Child Maintenance paid to a claimant or partner, above a threshold, into account in the calculation of Council Tax Support.

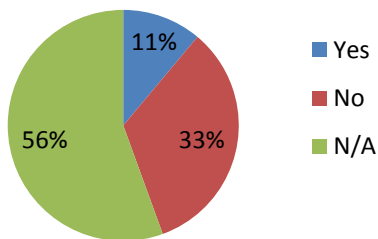


Option 7: change the way CTS tapers off when earnings increase so that for every extra pound a claimant earned they would lose 65p benefit rather than 20p as at present, to be more in line with Universal Credit.



In addition to the options to change Council Tax Support responders were asked how else they would want to fund the scheme.

Increasing Council Tax.



Reduce funding for other council services

