
Council Tax Support Scheme 2016/17

Committee considering report:	Council on 10 December 2015
Portfolio Member:	Councillor Roger Croft
Date Portfolio Member agreed report:	01 November 2015
Report Author:	Bill Blackett
Forward Plan Ref:	C2931

1. Purpose of the Report

- 1.1 For Council to consider and make a decision on proposals to change Council Tax Support Scheme from 1st April 2016

2. Recommendations

- 2.1 The Council Tax Support scheme is amended to reduce the maximum support for working age claimants from 90% to 75% with effect from 1st April 2016.
- 2.2 The Council Tax Support scheme is amended to cap the maximum amount of relief given to working age claimants at that which would apply to a property in council tax band D with effect from 1st April 2016.
- 2.3 The Council Tax Support scheme is amended from 1st April 2016 so that the minimum weekly entitlement for working age claimants is £3. Assessments producing an entitlement of less than £3 per week will become Nil entitlement.
- 2.4 Second Adult Rebate will cease to have effect from 1st April 2016 and all existing entitlements will be cancelled from that date.
- 2.5 A tolerance of £40 per month will be applied to changes in Universal Credit before a change to Council Tax support is required.

3. Implications

- 3.1 **Financial:** Based upon current (October 2015) entitlements the cost reduction arising from each of the above recommendations is:
- | | |
|-----|---|
| 2.1 | £341,494 |
| 2.2 | £12,854 |
| 2.3 | £18,289 |
| 2.4 | £16,800 |
| 2.5 | Savings will be in costs of administration and cannot be evaluated at present |
- The total value of cost reduction for recommendations 2.1 to 2.4 is £389,437

- 3.2 **Policy:** This report recommends changes with effect from 1st April 2016 to an existing policy
- 3.3 **Personnel:** No implications
- 3.4 **Legal:** Changes to Council Tax Support alongside other changes in welfare benefits will result in some people being financially worse off and there is always the possibility of legal challenge either through established appeal procedures (operation of scheme) or Judicial Review (adoption of policy)
- 3.5 **Risk Management:** The report does identify risks arising from the uncertainty of financial information
- 3.6 **Property:** None
- 3.7 **Other:** None

4. Other options considered

- 4.1 The report explains the back ground to the scheme, the options which were considered to be available, selection of options on which to consult and the drafting of the recommendation. In drafting the recommendation three possible alternatives were considered:
- (1) Make no change to the existing scheme
 - (2) Adopt a scheme maximising cost savings
 - (3) Adopt a scheme taking savings at a lower level – this is the scheme forming the recommendation

5. Executive Summary - Background

- 5.1 Council Tax support (CTS) is a local scheme which replaced Council Tax Benefit from 1st April 2013 (a national scheme). The scheme provides assistance for those on low income to meet their council tax liabilities. Every billing authority is required to adopt its own scheme and to review that scheme annually.
- 5.2 Government funding for CTS has reduced by just over £1.5m since 2013/14. A declining caseload has had the effect of limiting the impact on scheme costs to an increase of £601.5k.
- 5.3 Legislation requires that pensioners and claimants deemed to be vulnerable are to be no worse off under CTS than they would be under the earlier Council Tax Benefit scheme
- 5.4 Sections 1 to 4 of the Supporting Information report provide more detailed information about caseload, the current scheme and costs.
- 5.5 In common with other council services there is a need to review costs and to seek to make savings. Following a review by officers a number of potential changes to the scheme and indicative levels of cost saving were identified. These are detailed in sections 6 to 16 and Appendix B of the supporting information. These formed the basis of a report to Management Board for a steer as to which options were acceptable and upon which further consultation was to take place.

6. Proposals

- 6.1 Following consideration by Management Board approval was given to consult on a number of specific options to vary the scheme with effect from 1st April 2016:
- (1) Restrict the amount of support to working age claimants to a maximum of either 70% or 75% of their council tax liability
 - (2) Restrict the amount of support for working age claimants to an amount that would be available in respect of a band D property – i.e. limit the amount of support if the claimant's property is in bands "E" to "H"
 - (3) Restrict the amount of support by applying a minimum entitlement of £3 per week - for claimants having an assessed entitlement of less than £3 there would be no support
 - (4) Cease to allow Second Adult rebate
 - (5) A combination of the above options
 - (6) No change to the current scheme
 - (7) Application of a tolerance of £40 per month to changes in Universal Credit before a change to Council Tax support is required.
- 6.2 Consultation took the form of a questionnaire and supporting information sent to every current recipient of Council Tax Support. A questionnaire was also made available on the council's web site. Details of the consultation responses are given in section 21 of the Supporting Information to this report

6.3 The key findings from the consultation process are presented in detail in sections 20 and 21 with a full transcript of text responses being provided at Appendix C. Within the body of the supporting information report the text supplied by CAB and A2 Dominion Housing have been supplied as each of these bodies are able to relate to the bigger picture as they see it through day to day contact. All of these comments have relevance and the appendix should be read in conjunction with both this summary report and the supporting information.

7. Options

7.1 Consideration of the consultation responses produced a ranking as follows with 1 indicating the most preferred option and 7 the least.

Increase the minimum contribution from 10% to 25%	6
Increase the minimum contribution from 10% to 30%	7
Apply a cap to the amount of reduction given by restricting it to the amount for a band D property	2
Only provide reduction where an entitlement of £3 per week or more is assessed.	3
Cease to allow Second Adult Rebate	5
Change the reduction scheme to incorporate a combination of the options shown above	4
Make no change to the existing Council Tax Reduction Scheme	1

8. Key issues

8.1 A number of key issues arise from this process and need to be considered by Members in their decision making. These are covered in the remainder of this section

8.2 Whilst consultation took place with all 7,283 current recipients of support it does need to be borne in mind that this represents only part of our current tax base of 66,845 properties. Some of those consulted (5,283) would not be affected by the changes proposed. Whilst the views expressed are relevant there has to be consideration of the weight to be applied to those views when the Council has to make a decision about savings across the whole range of services.

8.3 The changes proposed affect only the unprotected group of 2,000 working age claimants who are already on low income – hence the need for Council Tax Support. They are the group most affected by the government’s welfare benefit changes.

8.4 The proposals are given with indications of cost savings but it is recognised from the outset that the value of these savings cannot be guaranteed. The welfare reform changes will have an effect on the disposable income of the working age group which, in turn, will impact on the value of council tax reduction assessed for individual cases. The level of income reduction for these cases has proved impossible to predict – even when dealing with a simple example of a known case of a single working age parent with two school age children. The amount of council

tax support will also increase if the council or any of its precepting bodies increases the level of its share of council tax for 2016/17.

9. Conclusion

- 9.1 Taking account of the above it seems that Council are faced with a choice from within three groupings:
- Maximise the cost reduction for council tax support
 - Take some cost savings
 - Make no change to the existing scheme
- 9.2 These groupings are reflected in the table at 18.3 of the supporting information report
- 9.3 Grouping 1 is not one which officers would recommend as it does have a disproportionate effect on a part of the caseload and, in addition, by introducing a range of different measures makes matters confusing for claimants. This would inevitably introduce an administrative overhead and more challenges to the calculation of entitlement. It is also more likely to lead to difficulty in council tax collection although the extent of this difficulty cannot be quantified.
- 9.4 Grouping 2 is capable of taking some account of disproportional impacts, can generate a lower level of disincentive to work and demonstrates some acceptance of the value of contribution to the economic vitality of our community. It may be easier to understand thereby reducing the administrative and collection issues raised for option 1
- 9.5 Grouping 3 would certainly be the most acceptable to claimants but does not generate savings.
- 9.6 Within the groupings 1 and 2 there are proposals to increase the minimum contribution from working age claimants from 10% to either 25% or 30%. Each of these is a significant increase for those on low incomes. With a decision being made in December and council tax liabilities becoming due in April this gives a very short time for claimants to adjust their budgets. However there is also a need to consider the whole of council funding and the pressures faced across the services the council delivers
- 9.7 The recommendation from officers is that option 2 is the preferred option and that the degree of change should be kept simple by increasing the minimum contribution to council tax for working age claimants from 10% to 25%. The options to cap support at band D and to apply a minimum entitlement of £3 per week may be adopted or be discarded.
- 9.8 A further recommendation is for the cessation of second adult rebate with effect from 1st April 2016, this cessation referring to the process rather than to the period of entitlement thereby removing backdated claims from consideration. Although this was not a favoured option from the consultation outcome it is believed that this was a product of the ranking process. Review of the comments shows that very little was said in favour of retention.

9.9 A final recommendation is that the proposal to apply a degree of tolerance to changes in income arising from changes to Universal Credit, a value of £40 was the amount shown to be preferred by those responding to this part of the consultation

10. Appendices

10.1 Appendix A - Supporting Information

10.2 Appendix B – Equalities Impact Assessment – Stage One

10.3 Appendix C – Details of schemes modelled for consideration

10.4 Appendix D – Text of consultation responses

10.5 Appendix E – Equalities Impact Assessment – Stage Two