
Council Tax Scheme 2017/18

Committee considering report:	Council
Date of Committee:	8 December 2016
Portfolio Member:	Councillor James Fredrickson
Date Portfolio Member agreed report:	29 November 2016
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1. Purpose of the Report

- 1.1 To advise Council of the scope for changes to the Council Tax Support Scheme for 2017/18. Review of the scheme is a statutory responsibility and, in addition, we need to identify the scope for cost reduction in the light of budget pressures.

2. Recommendation

- 2.1 Council is asked to:

- (1) Note the various options contained within this report and in particular paragraph 12.2. as the preferred recommendation.

3. Implications

- 3.1 **Financial:** The report describes 19 options which may be used for 2017/18. Option 1 retains the existing scheme, the remaining 18 identify potential cost savings ranging between £76k and £685K
- 3.2 **Policy:** No direct implications at this stage but the options in the report for the year 2017/18 will inform the establishment of a policy
- 3.3 **Personnel:** None
- 3.4 **Legal:** There is a statutory obligation to define a policy and to consult on proposals, failure to do so could result in legal challenge
- 3.5 **Risk Management:** All figures given are estimated based on caseloads and factors as they exist at present. A less generous scheme may also result in a higher level of unpaid Council Tax.
- 3.6 **Property:** None
- 3.7 **Other:**

4. Other options considered

- 4.1 None, where any change to a scheme is proposed there is a statutory requirement to consult on those changes and to make a decision reflecting the consultation outcomes by 31st January in the financial year preceding that in which the changes are due to take place

5. Executive Summary

6. Introduction/Background

- 6.1 Council Tax support (CTS) is a local scheme which replaced Council Tax Benefit (a national scheme) from 1st April 2013). 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. 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.
- 6.2 Council Tax Support schemes are a form of Council Tax discount, the effect of which is to reduce the size of the tax base and its ability to generate Council Tax income. Prior to 2013/14 support for those on low incomes was by way of Council Tax Benefit, this being fully funded by government grants.
- 6.3 Government funding for CTS has reduced since 2013/14. However, the true value of government support is impossible to assess because it has been rolled into the Revenues Support Grant and has ceased to be identified as a separate item.
- 6.4 At the present time the cost and volumes attributable to Council Tax Support are:

Claim Group	Claimants	Cost
Pensioners	3243	£3,219,268.06
Vulnerable persons	1862	£2,051,177.55
Working age – not working	902	£730,989.91
Working age - working	702	£455,264.53
Total	6709	£6,456,698.05

7. Comparison to schemes adopted elsewhere

- 7.1 The supporting information gives details of schemes adopted elsewhere for 2016/17:
- 7.2 Within Berkshire the schemes adopted for 2016/17 have the following characteristics:

Local Authority	Minimum council tax payment level	Savings limit	Council Tax band support is restricted to	Minimum weekly council tax support payment	Taper rate
Bracknell Forest	20.0%	£16,000	N/A	£0.00	21%
Reading	20.0%	£6,000	D	£5.00	20%
Slough	20.0%	£16,000	C	£0.00	20%
West Berkshire	25.0%	£16,000	D	£3.00	20%
Windsor and Maidenhead	10.0%	£16,000	N/A	£0.00	25%
Wokingham	10.0%	£16,000	D	£3.00	25%

7.3 In general terms the scheme currently adopted by West Berkshire uses factors which are common to the majority of councils and avoids the extremes; however it does need to be understood that all councils will currently be considering their schemes for 2017/18 and details are not yet available to form a basis for comparison in respect of next year.

8. Consultation

8.1 In order that Council may make a properly informed decision on its scheme for 2017/18 a consultation process needed to be carried out with affected parties if there is to be any change to the scheme. The Consultation commenced on the 26 September and was completed on the 6 November 2016 The consultation consisted of a direct mail shot to all affected claimants and by using the Council's on line consultation tools.

8.2 Any element of the Council Tax Support Scheme can be modified subject to consultation and in developing the proposals for this years scheme 19 options were put forward for consideration. Those options are shown in table 10.3. It should be noted that options 18 & 19 were not consulted upon as the decision was taken after proper consideration that those claimants receiving Employment Support Allowance should maintain their vulnerable status.

8.3 Each option was described along with details of the numbers likely to be affected and the anticipated average financial impact on claimants. Consultees were asked to explain how each proposed change will affect them and for any additional comment they wish to make,

8.4 A total of 71 responses were received. 15 of these failed to answer any of the proposal specific questions so were removed for the purpose of the analysis. Given the statistically low level of response it is difficult to draw any meaningful conclusion(s) but Members will be able to read the responses in full in Appendix E of this report.

9. Options for Consideration

9.1 The Council's Council Tax Support Scheme mirrors to a large degree its predecessor the Council Tax Benefit Scheme. This is essentially a set rules of over laid with a complex calculation formulae. It is possible for the Council to vary any aspect of the scheme but has opted since 2013 to maintain the broad underlying principals of the original Council Tax Benefit Scheme.

9.2 In considering the 2017 - 2018 scheme many possible amendments were considered – particularly in respect of the Council's locally defined definition of what constitutes a "Vulnerable Claimant" (typically those in receipt if a range of disability benefits) which in 2016 – 2017 constituted over £2m of Council Tax Support out of a £6.4m spend.

9.3 Eighteen options to vary the current scheme are explained in the supporting information report, these being:

- (1) Redefine the vulnerable group
- (2) Increase the contribution required from working age claimants from 25% to 30% when calculating entitlement.

- (3) Change the tapers used in the calculation process
- (4) Change the Council Tax band to which support is restricted
- (5) Applying a limit to savings
- (6) Setting a minimum weekly amount of support

9.4 In summary, the table below shows how each of the options when taken in isolation, would generate in terms of cost reductions and the number of claimants who would cease to receive any support towards their council tax costs.

Option	Anticipated cost reduction £,000	Anticipated number of claimants ceasing to receive support
Redefine the vulnerable group (ESA)	£240.69	106
Increase the contribution required from working age claimants from 25% of their Council Tax liability to 30%	£157.16	117
Change the tapers used in the calculation process to 25%	£116.31	173
Change the tapers used in the calculation process to 30%	£155.05	251
Change the Council Tax band to which support is restricted from band D to Band C	£106.50	92
Reduce the limit on savings from £16k to £6k	£76.31	96
Change the minimum weekly amount of support from £3 to £10	£163.17k	371

9.5 Combinations of these options will produce levels of cost reduction which differ from simple addition of the impacts of the individual components, various permutations being shown in the table below.

Option	Anticipated cost reduction £,000	Anticipated number of claimants ceasing to receive support
Redefine the vulnerable group, Capped at Band C.	£308.49	131

Redefine the vulnerable group, 30% deduction from liability.	£351.97	155
Redefine the vulnerable group, 30% deduction from liability, Capped at Band C.	£395.21	170
Capped at band C, minimum award of £10.00 per week	£186.26	371
30% deduction from liability, Capped at Band C.	£197.47	132
30% deduction, capped at band C, minimum £10.00 award per week	£527.96	640
30% deduction, capped at band c, minimum £10.00 award per week, capital limit of £6k	£537.90	657
30% deduction, capped at band C, minimum £10.00 award per week, capital limit of £6k and tapering 25%	£572.52	708
30% deduction, capped at band C, minimum £10.00 award per week, capital limit of £6k, tapering 30%	£592.24	739

9.6 It does need to be stressed that the figures given are anticipated based on modelling of data as it currently exists in the software used to manage Council Tax Support. Any change in the council's council tax levels will change the impacts identified above and, regardless of the Council's own budget decisions, will be affected by the decisions of other precepting bodies.

10. Proposals

10.1 Eighteen options plus the current scheme have been modelled in order to assess the amount of cost reduction and the number of claimants affected. However only sixteen plus the current scheme have been consulted upon.

10.2 The detailed summaries are supplied at Appendix D to the Supporting Information report.

10.3 The tables show as follows:

Scheme	Details
1	Current scheme - ESA Protection, 25% contribution, Band D capping, £3 minimum
2	Uniform protection for ESA claimants removed (still protected where disability premium included)
3	30% deduction from liability, prior to deduction of CTR (currently 25%).
4	tapering 25%
5	tapering 30%
6	Capped at Band C rather than Band D

7	capital limit changed to £6k
8	Minimum award £10.00 per week
9	ESA protection removed, capped at Band C
10	ESA protection removed, 30% deduction from liability
11	ESA protection removed, 30% deduction from liability, capped at Band C
12	Capped at Band C, minimum award £10.00 per week
13	30% deduction from liability, capped at Band C
14	30% deduction from liability, capped at Band C, minimum award £10.00 per week
15	30% deduction from liability, capped at Band C, minimum award £10.00 per week, capital limit of £6k
16	30% deduction from liability, capped at Band C, minimum award £10.00 per week, capital limit of £6k and tapering 25%
17	30% deduction from liability, capped at Band C, minimum award £10.00 per week, capital limit of £6k and tapering 30%
18	30% deduction from liability, capped at Band C, minimum award £10.00 per week, capital limit of £6k and tapering 25% with ESA protection removed (not consulted upon)
19	30% deduction from liability, capped at Band C, minimum award £10.00 per week, capital limit of £6k and tapering 30% with ESA protection removed (not consulted upon)

10.4 The following table summarises the level of cost reduction when compared to the anticipated cost of the current scheme in 2017/18.

Scheme	Estimated cost	change from current scheme
1	£6,622,278.74	
2	£6,251,028.47	-£240,693.51
3	£6,230,817.34	-£157,158.98
4	£6,271,666.60	-£116,309.72
5	£6,232,926.11	-£155,050.21

6	£6,281,473.80	-£106,502.52
7	£6,311,667.40	-£76,308.92
8	£6,224,802.76	-£163,173.56
9	£6,183,234.53	-£308,487.45
10	£6,139,748.98	-£351,973.00
11	£6,096,509.78	-£395,212.70
12	£6,201,717.36	-£186,258.96
13	£6,190,503.85	-£197,472.47
14	£5,860,014.01	-£527,962.31
15	£5,850,079.79	-£537,896.53
16	£5,815,451.94	-£572,524.38
17	£5,793,965.30	-£594,011.02
18	£5,951,333.05	-£670,945.69
19	£5,936,571.22	-£685,707.52

11. Conclusion

- 11.1 Based upon current Council Tax costs (i.e. an assumption that council Tax for 2017/18 will remain the same as 2016/17) the various schemes modelled lead to reduced costs, when compared to the costs of the current scheme if continued into 2017/18 of between £76.31K and £685,707K
- 11.2 The number of claimants who would cease to receive support varies depending upon which, if any, of the modelled options is adopted. All of these claimants, by virtue of their current entitlement, have been identified as being on low income and it follows that they will have limited capacity to absorb additional costs within their current disposable income. The inevitable conclusion would be that those among the least able to afford additional cost would be required to pay a higher proportion of their income in order to bridge the gap in council funding.
- 11.3 Reduction of costs in council tax support does present a risk for council tax collection. Although council tax collection remains high it is virtually impossible to predict how reductions in council tax support will impact on this in the future. The potential savings need to be considered with a degree of caution because the actual impacts are very difficult to assess. Whilst the cost of the scheme may reduce there is always a risk that other factors such as bad debt or calls on the exceptional hardship fund will reduce the value of those savings. The ability to assess impacts is severely constrained by the fact that those in receipt of CTS may also be in receipt of other benefits where changes are driven by Government rather than local authorities.

12. Recommendation

- 12.1 Having due regard to the continuing financial challenges faced by the council the recommendation to Council is for Option 17. This option maintains protection for the Districts most vulnerable claimants (typically those in receipt of disability benefits) and provides a continuing level of support for those most in need. As indicated at 8.2 thought was given to consult on options 18 & 19 which involved the removal of the ESA protection for claimants, but the decision was made to maintain that protection. In view that, Option 17 is recognised as being difficult but is considered the most viable proposal; protecting the most vulnerable claimants, and recognising and supporting the Governments ongoing preservation of pensioner entitlement to Council Tax Support, and the significant financial challenges facing the Council.
- 12.2 Therefore, the recommendation, to Council is for the follow changes to be made to the Council Tax Support scheme for 2017 – 2018 (option 17);

Variable	16/17 (now)	17/18 (proposed)
Support for working age claimants	75%	70%
Cap support at property band	Band D	Band C
Redefine 'vulnerable'	No	NO
Capital limit before reduction	16k	6k * See below
Minimum weekly payment	£3	£10
Tapering rate	20%	30%

*Those "Non-Passported" persons of working age, for the purposes of who hold capital of £6,000 or above at the date of claim for a council tax reduction or during that same billing year within which a further claim is made, irrespective of whether or not their capital

subsequently falls below this level will be precluded from Council Tax Support within that billing year.

Appendices

Appendix A - Supporting Information

Appendix B – Equalities Impact Assessment

Appendix C - Anticipated scheme costs for various options modelled and Anticipated number of claimants in receipt of support for each scheme modelled

Appendix D - Detailed presentation of each of the 17 schemes modelled and consulted upon.

Appendix E – Maps illustrating average cuts in Council Tax Support from 2013 to 2016 in England and Wales compared to previous system

Appendix F - Consultation Responses