

ITEM 8 Review of Council Tax Support Scheme for 2016/17

Report of the Economic Portfolio Holder

Recommended:

- 1. That the Acting Head of Revenues (Benefits & Customer Services) bring forward the local Council Tax Support Scheme (also known as the Council Tax Reduction Scheme) for 2016/17, based on the principles of the 2015/16 Scheme, for approval by Council in January 2016 and that the scheme continues to disregard 100% of certain payments (for working age and pensioner age customers) made under the War Pension and Armed Forces Compensation Schemes.**
- 2. That the Acting Head of Revenues (Benefits & Customer Services), in preparing the 2016/17 scheme for approval, include provision for the components of the Council Tax Support Scheme to be uplifted in line with the national Council Tax Support Pensioner Scheme and national Housing Benefit Scheme.**

SUMMARY:

- Council Tax Benefit (CTB) was replaced with a local Council Tax Support (CTS) Scheme from 2013/14. The Council must now consider the options for 2016/17.
- The national welfare reform programme is on-going and Universal Credit (UC), which will have a significant impact on the CTS Scheme, is currently scheduled to be completed around 2020.
- Benefits customers continue to experience a time of significant change. The current CTS Scheme works well and provides support for those on the lowest incomes and in greatest financial need.
- The estimated cost of the 2016/17 recommended Scheme can be met within current budget estimates and therefore does not create an additional budget pressure.
- Given the current and future scale of welfare reform it is recommended that the current CTS Scheme continues to be adopted for 2016/17, with an uplift in value in some elements of the scheme in line with the arrangements for national benefits.

1 Introduction

- 1.1 Support for Council Tax was localised from 2013/14. This meant that the Council had to design its own CTS Scheme for Test Valley residents to replace the national CTB Scheme. After a comprehensive consultation exercise the Council introduced a local CTS Scheme for 2013/14 which did not change the underlying basis on which the amount of financial support the Council provided was calculated.

- 1.2 The Council reviewed the Schemes for 2014/15 and 2015/16 and the decision was made to maintain the underlying basis of the Scheme with an increase in the components of the calculation to allow for rises in the cost of living.
- 1.3 The Council must now review the position for 2016/17.

2 Background

- 2.1 On 14 April 2015 a report was presented to the Overview and Scrutiny Committee, explaining the background to the current CTS Scheme, the ongoing uncertainty about the timescale for the introduction of Universal Credit and the timeline that would need to be followed to carry out consultation on any changes to be introduced for the scheme in 2016/17.

At that meeting the Overview and Scrutiny Committee decided not to review the scheme for 2016/17 and resolved to set up a Task and Finish Panel to look at the longer term future provision for 2017/18, linking to the timetable for the introduction of UC. This approach was supported by the Economic Portfolio Holder.

- 2.2 The UC rollout started for Test Valley residents on 21 September 2015 for **new** single claimants (i.e. claimants with no partner or children) who would previously have claimed Job Seekers Allowance. This has not had any significant impact on the Council and in the first two months no claims for CTS have been assessed based on an award of UC. A breakdown of all claims are shown below.

Claim type	Number	%
Pensioners (State Pension Credit Age)	2,805	48.2%
Working age		
With children under age 5	659	11.3%
With disability benefits / war pensions	991	17.0%
Working 16 hours or more	550	9.5%
Job seekers or working under 16 hours	816	14.0%
Total	5,821	100%

- 2.3 The latest information indicates that the new UC Digital solution will start to be rolled out from April 2016 taking 26 months to complete. Once UC Digital is available in Test Valley the Council will no longer process any new claims from working age claimants for Housing Benefit. The rollout for UC Digital will commence for 30-35 areas during 2016, these areas are due to be confirmed at the end of this year. Detailed timescales for the migration of existing claimants onto UC are not known but this is expected to be completed by 2020/21.
- 2.4 The Council will continue to process new claims for Housing Benefit (HB) until housing costs are included in UC. The information required from customers to make a claim under the CTS Scheme is currently aligned with those for HB. This allows residents to continue to make one claim for HB and CTS.
- 2.5 The CTS Scheme will need to be amended when UC is fully implemented for Test Valley residents. At that time any Scheme will be simpler to administer for all customers as entitlement to CTS could be linked to the elements of UC that customers receive.
- 2.6 In summary, the situation has not changed significantly since the Council considered the position last year. Welfare benefits are in a period of significant change.
- 2.7 Given the current and future scale of welfare reform it is recommended that the current CTS Scheme continues to be adopted for 2016/17.
- 2.8 A report on the progress of the Task and Finish Panel will be presented to the Overview and Scrutiny Committee on 2 December 2015 and an update will be provided at the Cabinet meeting.

3 Risk Management

- 3.1 An evaluation of the risks associated with the matters in this report indicate that further risk assessment is not needed because the changes/issues covered do not represent significant risks.

4 Resource Implications

- 4.1 Under the previous CTB scheme, the Council was reimbursed in full, for the amount of CTB paid out correctly. In times of economic difficulty as the amount of benefit the Council paid out increased, the Council was reimbursed by the Government.
- 4.2 Under the current scheme funding for CTS is included in the local government finance settlement. A specific amount of funding was identified in year one of the Scheme, which included a 10% cut in funding. However, funding for CTS schemes is now provided through the business rates retention scheme rather than through a separate grant for all authorities. Any additional cost of the CTS scheme therefore has to be met by the Council and major precepting authorities via the Collection Fund. The Council's share of any surplus or deficit is approximately 11.2%.

4.3 The total amount of CTS awarded over recent years is as follows -

	Total CTS Awarded £M	TVBC share of CTS £M
Outturn 2013/14	£5.375	£0.602
Outturn 2014/15	£4.991	£0.559
Current Forecast 2015/16	£4.744	£0.531
Provisional Estimate 2016/17	£4.744	£0.531

4.4 The overall level of CTS awarded has reduced over recent years. This is a reflection of maintained Council Tax levels and a reduction in caseload. The position may change due to an increase in benefit take up or an increase in Council Tax levels but this is not expected in the medium term.

4.5 The provisional estimate for 2016/17 is based on the forecast for 2015/16. This falls within current budget estimates and will not create an additional budget pressure.

5 Corporate Objectives and Priorities

5.1 The matters described in this report are in response to legislative changes that have been introduced by the Government. They potentially impact the Corporate Plan aims relating to where residents live and help to support them back to work.

6 Consultation

6.1 No further detailed consultation has been carried out in respect of the 2016/17 Scheme as the basis of the Scheme recommended in this report remains unchanged.

6.2 The Overview and Scrutiny Committee considered a report reviewing the Council Tax Support scheme on 14 April 2015. A Task and Finish Panel are undertaking a comprehensive review to inform recommendations as to the design of a 2017/18 scheme to coincide with the rollout of UC. Any changes proposed as part of this Scheme will be the subject of a future consultation exercise.

7 Legal Issues

7.1 Components of the CTS Scheme, as was the case under the national CTB scheme, can be increased each year. These components are the building blocks which form the theoretic financial need for claimants and are based on individual circumstances.

- 7.2 Each year the Government sets an uplift value for the CTS Pensioner Scheme. The Council could determine not to implement an uplift for the working age Scheme or could devise its own methodology to calculate the value of the uplift. However, it is recommended that the components of the CTS Scheme are uplifted in line with the national Council Tax Support Pensioner Scheme and the national Housing Benefit Scheme. This approach will ensure that the uplift in the Council's CTS Scheme for working age customers remains in line with the CTS Scheme for pensioners and other national benefits.
- 7.3 The Council must approve the Scheme for 2016/17 by 31 January 2016. As the increases in components used in the CTS calculation will not be available from the Government until late 2015 / early 2016 it is planned to present the updated detailed local CTS Scheme for 2016/17 to the Council meeting on 27 January 2016.
- 7.4 The Council produces an 'easy read' version of the CTS Scheme and this will be amended in line with any agreed changes and published on the website.

8 Equality Issues

- 8.1 A comprehensive equality impact assessment was carried out in respect of the initial Scheme design and as no fundamental changes are being considered a further assessment is not required.

9 Conclusion and reasons for recommendation

- 9.1 Benefits customers continue to experience significant change. Many are, or will be, undergoing assessment to identify entitlement to new types of national benefit which will change the benefit that they receive and the way in which financial support is paid.
- 9.2 The new CTS Scheme works well and provides support for those on the lowest incomes and in greatest financial need. The CTS Scheme will need to be amended when UC is fully implemented for Test Valley residents however, national rollout will take several years and the detailed timescale for the bulk transfer of HB claims to UC is still not known.
- 9.3 The estimated cost of the 2016/17 recommended Scheme can be met within current budget estimates and therefore does not create an additional budget pressure. Given the current and future scale of welfare reform it is recommended that the current CTS Scheme continues to be adopted for 2016/17.

Background Papers (Local Government Act 1972 Section 100D)

Confidentiality It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	0	File Ref:	
(Portfolio: Economic) Councillor Giddings			
Officer:	Janice Broomfield	Ext:	8563
Report to:	Cabinet	Date:	16 December 2015