

ITEM 9 Review of Council Tax Support Scheme for 2019/20

Report of the Acting Head of Revenues (Benefits & Customer Services) (Portfolio: Finance)

Recommended:

- 1. That Overview and Scrutiny Committee consider the information presented in this report.**
- 2. That the Committee decide how to review the Council Tax Support scheme for 2019/20.**

SUMMARY:

- The Overview & Scrutiny Committee considered options made by a Member Panel in respect of the Council Tax Support scheme for 2017/18.
- This report updates the financial information, caseload and the proposed implementation of Universal Credit to enable the Committee to decide how to review the Council Tax Support scheme for 2019/20.

1 Introduction

- 1.1 The Council Tax Support scheme replaced Council Tax Benefit from 1 April 2013 and the Government reduced the funding for this scheme by 10%. The Council had the option of absorbing this burden or making up this shortfall by reducing the level of support for working age claims. There is no discretion to amend the pensioner claims other than allow a higher disregard for war pensions.
- 1.2 The Council undertook extensive consultation in 2012 to develop a scheme and the options considered were to restrict support for higher banded properties and make everyone pay at least 10% of their Council Tax. At the same time higher charges would be levied on empty properties.
- 1.3 Following the consultation and considering the findings of the Equality Impact Assessment, Members decided to leave the Council Tax Support scheme unchanged from the previous scheme but to offset the extra cost of this with the higher charges for empty properties.
- 1.4 In April 2016 Cabinet recommended keeping the existing scheme for 2016/17 but to review the scheme for 2017/18 in light of the welfare reforms and in particular the introduction of Universal Credit.
- 1.5 The Overview & Scrutiny Committee appointed a Member Panel to review the current scheme and make recommendations for options to consult on changes to the Council Tax Support scheme for 2017/18.

- 1.6 The Member Panel undertook an extensive review and their findings were considered by the Overview & Scrutiny Committee on 2 December 2015, 13 April 2016 and on 7 December 2016.

2 Background

- 2.1 The Overview & Scrutiny Committee reviewed the findings of the Member Panel in respect of the Council Tax Support scheme for 2017/18. The options considered by the Member Panel are shown at Annex 1.

- 2.2 The Committee resolved the following:

That the current level of support for 2018/19 continue and reviewed in 12 months time once progress against the Universal Credit implementation timetable is known.

- 2.3 The Council Tax Support caseload figures previously provided to the Committee have now been updated as follows:

Date	State Pension Credit age claimants	Working age claimants				Total
		Children Under 5	Disability Benefits & War Pensions	Working 16 hours or more	Job Seekers or Working under 16 hours	
10/06/13	3106	765	868	588	1039	6366
08/05/14	2985	744	916	606	941	6192
19/05/15	2805	659	991	550	816	5821
12/05/16	2635	570	1134	504	719	5562
11/05/17	2494	512	1361	457	536	5360
Current	2418	502	1357	440	546	5263

- 2.4 The Department for Work and Pensions have now started the roll out of the Universal Credit full service for Jobcentres affecting Test Valley residents as follows:

- February 2017 Southampton
- June 2017 Salisbury
- July 2017 Eastleigh
- July 2018 Andover & Winchester

- 2.5 This means that until July 2018 a large number of residents will still be making joint claims for Housing Benefit and Council Tax Support.

- 2.6 The Department for Work and Pensions have an ambitious timetable to deliver the new Universal Credit full service into all Jobcentres by December 2018.

- 2.7 Assuming the timetable is met, the Council can expect to see a steady reduction in joint claims for Housing Benefit and Council Tax Support during 2018/19 as claims move to Universal Credit. In subsequent years there will be scope to simplify the calculation of support linking this to Universal Credit assessments once a separate Housing Benefit calculation will not need to be made. This could be as early as the 2019/20 CTS scheme and the position will need to be reviewed early in 2018.

3 Options

- 3.1 The Committee is now being asked to consider how it wishes to proceed in terms of any review and recommendations to Cabinet in respect of the scheme for 2019/20. During 2018/19 the Universal Credit Full Service should be available for all working age customers living in Test Valley and there is scope to simplify the existing CTS scheme to come into effect from 1 April 2019. The work to evaluate any options will need to begin soon in order that all the necessary consultation and approvals can be completed on time. The options to consider include:

- Apply a cap of 5%, 10% or 15% making everyone responsible for paying an element of Council Tax.
- Simplify the calculation of support linking this to Universal Credit assessments and introducing income bands.
- Protecting vulnerable groups of people from any proposed reductions in support.

- 3.2 An extract from the OSCOM panel report is attached as an annex which shows the options that were previously considered together with officer comments and those of the panel.

4 Risk Management

- 4.1 A risk assessment, in accordance with the Council's risk management process, will be carried out if changes to the current scheme are to be considered.

5 Resource Implications

- 5.1 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.
- 5.2 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 11.4%.

- 5.3 The overall level of CTS awarded has reduced over recent years; this is due to the reduction in caseload.
- 5.4 In setting budgets for 2016/17, all the major preceptors increased their Council Tax charge by the maximum permitted amount. The effect of this was that the actual amount of Council Tax Support awarded at the start of 2016/17 was £4.883M.
- 5.5 The £4.883M above reflected the amount of support that the Council would pay if every recipients' circumstances remain the same throughout the year, that is to say it is an annual estimate based on circumstances on a given date. The final cost of the CTS scheme in 2016/17 was £4.668M; this was due to a reduction in caseload throughout the year.
- 5.6 The actual amount of CTS awarded at the start of 2017/18 was £4.883M mirroring the same level of support for the previous year despite further increases in Council Tax.
- 5.7 Looking at recent trends the caseload is expected to continue to fall throughout the year. It is not expected that the continuation of the existing scheme in 2018/19 will have an adverse effect on the Council's budget.
- 5.8 Expenditure as at 14 November 2017 has fallen to £4.801M, in line with the expectation that the current trend in reducing caseload will continue throughout the year.
- 5.9 If all major preceptors increase their Council Tax charge by the maximum permitted amount for 2018/19 the Council's share of the additional cost may be offset by the current trend in reducing caseload. Whilst it is not expected that the continuation of the existing scheme in 2018/19 will have an adverse effect on the Council's budget, the expenditure for Council Tax Support will be kept under review.

6 Corporate Objectives and Priorities

- 6.1 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.

7 Consultation

- 7.1 If any options for change are to be considered, a 12 week consultation process would need to be carried out including consultation with the major precepting authorities.

8 Legal Issues

- 8.1 The Council must approve the scheme for 2019/20 by 31 January 2019. The Council may, at the same time, approve the scheme for future years.
- 8.2 In determining the scheme, the Council must have due regard to the requirement to consult major preceptors and other stakeholders and must carry out a robust equality impact assessment on any proposed changes.

9 Equality Issues

- 9.1 A comprehensive equality impact assessment was carried out in 2012 and the findings of that assessment have been considered in setting previous schemes. If any options for change are to be considered further a full equality impact assessment of those options will need to be carried out.

10 Conclusion

- 10.1 This report gives Overview and Scrutiny Committee the opportunity to decide whether to commence a review of the Council Tax Support scheme for 2019/20 considering the timetable for the rollout of Universal Credit and the financial impact of the 2017/18 scheme.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
<u>Confidentiality</u> 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:	1		
Author:	Janice Broomfield	Ext:	8563
File Ref:			
Report to:	OSCOM	Date:	20 December 2017