

## Notice of Meeting

# Overview and Scrutiny Committee

**Date:** Thursday 5 September 2019

**Time:** 5.30 pm

**Venue:** Conference Room 1, Beech Hurst, Weyhill Road, Andover,  
Hampshire, SP10 3AJ

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The recommendations contained in the Agenda are made by the Officers and these recommendations may or may not be accepted by the Committee.

**PUBLIC PARTICIPATION SCHEME**

*If members of the public wish to address the meeting they should notify the Legal and Democratic Service at the Council's Beech Hurst office by noon on the working day before the meeting.*

### **Membership of Overview and Scrutiny Committee**

#### **MEMBER**

#### **WARD**

Councillor I Jeffrey (Chairman)	Mid Test;
Councillor Z Brooks (Vice-Chairman)	Andover Millway;
Councillor G Bailey	Blackwater;
Councillor D Baverstock	Romsey Cupernham;
Councillor C Borg-Neal	Andover Harroway;
Councillor T Burley	Andover Harroway;
Councillor D Coole	Anna;
Councillor C Donnelly	Andover Downlands;
Councillor C Dowden	North Baddesley;
Councillor A Finlay	Chilworth, Nursling & Rownhams;
Councillor S Gidley	Romsey Abbey;
Councillor N Gwynne	Romsey Cupernham;
Councillor K Hamilton	Andover Harroway;
Councillor N Lodge	Andover Downlands;
Councillor R Meyer	Andover Winton;
Councillor K North	Andover Romans;
Councillor J Parker	Romsey Tadburn;
Councillor R Rowles	Andover Winton;

## **Overview and Scrutiny Committee**

Thursday 5 September 2019

### **AGENDA**

**The order of these items may change as a result of members  
of the public wishing to speak**

- 1 Apologies**
- 2 Public Participation**
- 3 Declarations of Interest**
- 4 Council Tax Support Scheme Panel Update 4 - 20**

To consider the impact of the changes to the Council Tax Support Scheme in the first four months of the financial year and also to consider options for further changes to the scheme for 2020/21.

## ITEM 4 OSCOM Council Tax Support Panel

Report of the Lead Member, Councillor Baverstock (Portfolio: Finance)

### Recommended:

To consider the recommendations of the Panel.

#### SUMMARY:

- The Committee is requested to consider the recommendations made by the Council Tax Support Panel at its meeting on 21 August 2019.

#### 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:	Four		
Author:	Councillor Baverstock	Ext:	8540
File Ref:			
Report to:	OSCOM	Date:	5 September 2019

## OSCOM Panel Meeting – 21<sup>st</sup> August 2019

### Council Tax Support Scheme Update

#### SUMMARY:

- The Council made a number of changes to its CTS scheme in 2019/20. The report considers the impact of those changes in the first four months of the financial year.
- The report also considers options for further changes to the CTS scheme for 2020/21. Any changes will require an 8-week public consultation exercise and an equalities impact assessment to be carried out.

## 1 Introduction

- 1.1 This report is written to provide an update on the changes that were made to the Council's Council Tax Support (CTS) scheme in 2019/20 and to consider options for further changes to consult on for 2020/21.
- 1.2 A timetable for the consultation and approval of the scheme for 2020/21 is attached as an annex to the report.

## 2 Background

- 2.1 CTS was introduced on 1 April 2013 to replace the old Council Tax Benefit scheme.
- 2.2 Government funding for the new CTS was reduced by 10%, yet the pre-existing full support offered to pensioners was required to continue. Some Councils covered the shortfall by immediately introducing minimum charges to residents. Some, like Test Valley, took the decision to review their scheme once the actual impact of Universal Credit was more fully understood.
- 2.3 The Council was able to avoid introducing minimum charges in the early years as a result of making additional charges for long-term empty properties and a reducing CTS caseload.
- 2.4 However, from 1 April 2019 the point was reached where the cost of the CTS scheme could no longer be contained within its existing budget.
- 2.5 The Council consulted on a range of options to take effect from 1 April 2019 and encouraged Council Tax payers, local partners, groups and organisations to submit a response. The changes that were made to the scheme and an initial review of the impact of those changes is discussed in more detail below

### 3 Changes to the Scheme for 2019/20

3.1 Three substantial changes were made to the CTS scheme for 2019/20. These were:

- Apply a financial cap so that working-age council tax payers would pay a minimum of 10% of their council tax, subject to specific exemptions related to disability.
- An increase in the minimum amount of CTS payable from 50p to £1 per week.
- The introduction of a tolerance for cumulative income changes of £30 per week before any changes are made to the CTS payable.

3.2 The Council's aims were to simplify the process for working-age applicants in receipt of Council Tax Support and to ensure we are able to continue to fund this important scheme.

3.3 Pensioners are not affected by any of these changes as the Government has set a national scheme. Anyone who receives the 'Support Component' of Employment Support Allowance or the 'Limited Capability for Work' element of Universal Credit aren't affected by the cap as the Council remains determined to protect its most vulnerable residents.

#### Introduction of a 10% minimum charge

3.4 This is the most significant change that was made to the CTS scheme.

3.5 It means that payments of Council Tax will be due from most working-age claimants. For some it will be the first time they have been required to pay Council Tax.

3.6 Approximately 1,100 households were affected by this change. Many of these households would not have paid Council Tax before and it was expected that recovery of Council Tax payments would be harder than for other households that are used to paying the charge.

3.7 The table below compares the recovery status of those accounts affected by this change with the overall Council Tax bills for the whole borough.

<b>Recovery Stage</b>	<b>New 10% Charge</b>	<b>Overall Council Tax</b>
Billed – up to date, no recovery action needed	65.7%	91.2%
Reminder	31.1%	5.3%
2 <sup>nd</sup> Reminder / Final Notice	1.1%	0.7%
Summons	2.1%	2.8%
Total	100.0%	100.0%

- 3.8 The table shows that a higher than average number of reminder notices have been issued to accounts affected by this change. However, the number of accounts that have progressed to final notice and summons is consistent with the overall tax base.
- 3.9 It is too early to draw any firm conclusions from the above statistics. The effectiveness of recovery from affected accounts will continue to be reviewed as the year progresses.

Increase minimum CTS payable to £1 per week

- 3.10 The impact of this change is that only those entitled to receive CTS of more than £52 per year (£1 per week) will receive any support. Where a customer would be entitled to CTS, but that support is calculated to be less than £52 per year, no CTS will be given.
- 3.11 There will be a small administrative saving to the Council as a result of the reduction in caseload that the change has made.

Introduction of a £30 per week tolerance before CTS is re-calculated

- 3.12 The purpose of introducing a tolerance in cumulative weekly earnings was to provide greater certainty to Council Taxpayers of the amount they would have to pay each year.
- 3.13 Historically, any changes in income would result in a full re-calculation of CTS entitlement and a new bill being sent out. A customer with regularly changing wages could have their entitlement to CTS changed every month, even if the change was a very tiny amount, leading to confusion over payments and difficulty in making a payment plan.
- 3.14 The cumulative tolerance approach reduces the number of changes that will require a new bill to be sent. This adds certainty for the customer as well as reducing the administrative overhead for the Council (both in postage and fielding calls from customers).
- 3.15 A high level review of outgoing post has been carried out to assess whether there is an identifiable reduction in the number of bills issued to customers as a result of this change. At this relatively early stage in the year, the results are inconclusive. Further analysis will be carried out throughout the year.

**4 Options for 2020/21 and future years' CTS schemes**

- 4.1 The introduction of a minimum 10% charge for working-age claimants in 2019/20 was a major change to the Council's scheme. The initial impact has been assessed above, but a full review cannot be carried out until after the end of the financial year. It is therefore not recommended that major changes are made to the scheme for 2020/21.

- 4.2 The possibility that a 'grid scheme' will be developed in the future to simplify the calculation of CTS has previously been discussed. This will increase efficiency by moving away from the historic method that is based around Housing Benefit calculations, instead focusing on overall levels of income in a household.
- 4.3 An example of what a grid scheme might look like is shown in the following table. The figures shown are for illustrative purposes only.

<b>Example Council Tax Support level</b>	<b>Passported</b>	<b>Single Income Band £</b>	<b>Couples Income Band £</b>	<b>Family with 1 child Income Band £</b>	<b>Family with 2 or more children Income Band £</b>
<u>Group A</u> 100% 90%	Protected IS / ESA (IB) /JSA (IB)	0.00–75.00	0.00–120.00	0.00–200.00	0.00-300.00
Group B 75%	N/A	75.01– 100.00	120.01- 150.00	200.01- 250.00	300.01- 350.00
Group C 50%	N/A	100.01- 150.00	150.01- 200.00	250.01- 300.00	350.01- 400.00
Group D 25%	N/A	150.01- 200.00	200.01- 250.00	300.01- 350.00	400.01- 450.00

- 4.4 The benefits of this scheme will be gained once the transition to UC is completed, or at least, further progressed. It is recommended therefore that this be investigated further for the 2021/22 CTS scheme rather than evaluated for the 2020/21 scheme.
- 4.5 All Jobcentre+ in Test Valley have been live for UC for over a year and many customers are transitioning to UC from Housing Benefit as their circumstances change. However, there remains a significant (but reducing) HB caseload, as shown in the table below.

	Working Age	Pensioner	Total
9 <sup>th</sup> November 2017	3,242	1,870	5,112
10 <sup>th</sup> May 2018	3,139	1,847	4,986
8 <sup>th</sup> November 2018	2,845	1,799	4,644
9 <sup>th</sup> May 2019	2,488	1,687	4,175

- 4.6 Some changes are recommended to be consulted on for next year and these are explained below.

Non-Dependants (Other Adults in Property)

- 4.7 The CTS scheme assumes that working non-dependant adults living in a property with a Council taxpayer will contribute to the Council Tax payable. A non-dependant could be, for example, a grown-up child of the taxpayer.
- 4.8 The Council cannot obtain non-dependant income from Universal Credit as this is not collected; instead DWP use a standard deduction amount regardless of income.
- 4.9 In calculating entitlement for CTS under our current scheme, the Council currently has to write out to ask for details of earnings for non-dependants and then carry out a means related calculation when this information is received. The claim cannot be finalised until this information is received and it is an administratively cumbersome process compared to a standard deduction. The amount of income of the non-dependant also has to be kept under review to ensure that any changes in circumstance are reflected in the deduction made.
- 4.10 The current non-dependant deductions used in our scheme for working age claimants mirror those set for the national pensioner scheme. There is no deduction made if the non-dependant is a pensioner, student, in receipt of out of work benefits or Universal Credit. If they are working, a deduction from the Council Tax Support is made as follows:

<b>Income</b>	<b>Weekly Deduction</b>
£0.00 - £207.69	£4.00
£207.70 - £360.09	£8.10
£360.10 - £447.39	£10.20
£447.40 and above	£12.20

- 4.11 The Council could choose to remove deductions for non-dependants from our scheme altogether or make a fixed deduction without reference to the non-dependant's earnings. This would remove the administrative burden of collecting the information and would also result in a quicker award of CTS to customers.
- 4.12 The total value of non-dependant deductions for working-age claimants is estimated to be £33,000 per year. The Council's share of this cost is estimated to be around £3,500. This would be the maximum impact if all non-dependant deductions for working-age claimants are removed from the scheme. The financing of the CTS scheme is discussed in more detail in section 7.
- 4.13 The net cost would be reduced if a standard non-dependant deduction is applied. The level of such a deduction would be subject to consultation, but could reasonably be based on one of the figures shown in the table above. It is recommended that this level be set at £4 per week in line with the lowest amount currently considered.

### Capital Levels

- 4.14 If a claimant has in excess of £16,000 in savings they will not be eligible for support. Our current scheme assumes a tariff income that will be earned if claimants have savings below £16,000 and in excess of £6,000.
- 4.15 The tariff income assumed is £1 per week for every £250, or part thereof, over £6,000.
- 4.16 To simplify the scheme, the capital limit could be reduced to £6,000, with this amount disregarded and no entitlement if over £6,000 is held in capital.
- 4.17 Based on current forecasts, this change would affect 15 customers and would generate a saving of £13,970 (TVBC share is £1,500). In addition there would be reduced administration costs as the Council would not require proof of capital held over £6,000

### Second Adult Rebate (sometimes known as Alternate Maximum Council Tax Reduction)

- 4.18 This relief applies where there is an adult living in a property that would be ineligible for CTS (for example, because of excess savings) and there is a second adult living in the property who:
- Receive either income support, income-related employment and support allowance, state pension credit or an income-based jobseeker's allowance or
  - Have an income of less than £266 per week
- 4.19 The maximum amount of relief that can be awarded is 25% of the Council Tax charge.
- 4.20 There are currently 13 cases where this rebate is applied at a total cost of £4,800 per annum (TVBC share is £500).

### Extended Payments

- 4.21 Extended payments are not applicable to Universal Credit and the Council should remove this from the scheme completely. This change will not impact on any existing customers. Only customers moving off certain out of work benefits would be affected in the future.
- 4.22 Other areas for consideration
- 4.23 Cllr Baverstock led an OSCOM panel in 2018 which considered a range of options for the 2019/20 CTS scheme, including those that were implemented and are discussed in section 3, above.
- 4.24 There were also a number of options that were considered by the Panel that were not pursued.

4.25 These were:

- Making no changes to the scheme for the coming year
- Making no changes until all working age cases have migrated to UC
- Reflect changes to the Housing Benefit scheme and Tax Credits under the government's programme of welfare reform
- Restricting Council Tax support by Council Tax band
- Make a higher than 10% minimum charge to working age claimants

4.26 These continue to be options for consideration but have not been investigated further in the preparation of this update report.

## 5 Consultations/Communications

5.1 The Council will carry out an 8-week consultation on any proposed changes to the CTS scheme for 2020/21.

## 6 Risk Management

6.1 A risk assessment will be carried out if any changes to the CTS scheme are proposed for 2020/21.

## 7 Resource Implications

7.1 CTS is a discount that is applied to the Council Tax charge of eligible customers, reducing the amount of Council Tax payable.

7.2 An estimate of the amount of CTS that will be awarded each year is included in the annual Council Tax base calculation. This is the calculation that sets the expected income that the Council will generate from Council Tax income each year.

7.3 When the tax base was set for 2019/20, the total estimated CTS for the year was £4.677M. This was based on the new rules being applied from 1<sup>st</sup> April 2019 and took into account the current trend of a reducing caseload. The actual amount of CTS that was included in the annual Council Tax bills and the latest position are shown in the following table. The total cost of CTS is shared with other preceptors (HCC, Hampshire PCC and Hampshire Fire). TVBC's share of the total cost in 2019/20 is 10.74%.

	Total Cost £'000	TVBC share £'000
2019/20 forecast CTS in Council Tax base	4,677	502
Total amount of CTS reflected in bills in March 2019	4,860	522
Estimated cost as at 4 <sup>th</sup> July 2019	4,720	507

7.4 The figures indicate that the changes that were made to the scheme in 2019/20 together with a continuing reduction in caseload will not lead to a further budget pressure for 2020/21.

## **8 Equality Issues**

- 8.1 An equalities impact assessment will be carried out on any options that are recommended to be included in the CTS scheme for 2020/21.

## **9 Conclusion and reasons for recommendation**

- 9.1 2019/20 saw the biggest change to the Council's CTS scheme since it was introduced in 2013. The impact of the changes, including the introduction of a minimum 10% charge for most working age claimants, is being monitored.
- 9.2 Options for changes to the scheme for 2020/21 have been put forward for the OSCOM Panel to consider.

## Council Tax Support Scheme – 2020/21 Timetable

Meeting / Process	Purpose	Timetable
<b>Update on changes made in 2019/20. Background to, and content of, consultation for 2020/21 CTS scheme</b>		
Prepare update report	Modelling of potential options for 2020/21 scheme. Review impact of changes made in 2019/20.	August 2019
OSCOM Panel	Present update report	21 August 2019
OSCOM (additional meeting)	Feedback from OSCOM panel	5 September 2019
Cabinet	Receive OSCOM recommendations	11 September 2019
Draft scheme and consultation document prepared	Final preparation for public consultation	18 September 2019
8 week public consultation		18 September to 13 November 2019
<b>Preparation of scheme for 2020/21 following completion of public consultation</b>		
Prepare update report	Review consultation feedback. Prepare EQIA	Draft by 30 October (verbal update to Panel for final consultation responses)
OSCOM Panel Meeting	Results of consultation and formulation of changes for 2020/21.	w/c 4 November 2019
OSCOM Report	Feedback from OSCOM panel	13 November 2019
Prepare full scheme document for 2020/21	ACS will release once Statutory Instrument document published with new rates in December 2019	
Cabinet Report	Consider OSCOM recommendations and recommend final scheme for approval by Council.	18 December 2019
Report for Approval at Full Council	Approve 2020/21 scheme	29 January 2020

**ANNEX 3**

Test Valley Borough Council – Council Tax Support Panel

**Notes of the Meeting held at Former Magistrates' Court, Romsey on**

**Wednesday 21 August 2019 at 11am**

**Attendance:**

Councillor D Baverstock (Chairman)	(P)
Councillor C Dowden	(P)
Councillor N Gwynne	(P)
Carl Whatley – Head of Revenues	(P)

**Review of changes made in 2019/20**

CW gave an update on the impact of changes made from 2019/20.

**Introduction of a 10% minimum payment**

The most significant change was the introduction of a 90% cap for most working age claimants. This means around 1,100 households are now required to pay 10% of their Council Tax liability.

The recovery statistics show that a much larger than average proportion of these customers have received reminders due to missed instalments. However, many of these customers have contacted the Council and have made arrangements to pay the balance over the remainder of the year.

The amount paid by customers affected by this change will be monitored throughout the year.

**Other changes**

The other changes that were introduced in April 2019 were:

- A £30 per week tolerance in income levels before CTS entitlement is recalculated.
- An increase to the minimum amount of entitlement from 50p per week to £1 per week.

The tolerance in income was designed to reduce the number of changes that are needed whenever a customer's circumstances change. This helps to provide certainty to customers and reduce scheme administration costs. This appears to be working effectively in the early stages of the year.

The increase in minimum payment reduces the cost to the Council of administering claims with very low entitlement and also appears to be working well.

## **Options for scheme changes in 2020/21**

The panel considered a range of options for changes to the CTS scheme for 2020/21.

In light of the significant changes that were made in 2019/20, the panel agreed that changes to the scheme for 2020/21 should be targeted at making the application process simpler for applicants and increasing efficiency in the administration of the scheme.

The items considered by the panel are explained below. Officer and panel comments on each of the options are shown in the Annex to the report.

### Non-Dependant deductions

The CTS scheme assumes that non-dependant adults living in a property will make a contribution to the household's Council Tax charge. This is done by making a deduction from the amount of CTS that a claimant is entitled to for each non-dependant.

The current arrangements for non-dependant deductions require the Council to obtain, and keep up to date, actual earnings information of the non-dependant. This information is then used to deduct a fixed weekly amount from the claimant's entitlement to CTS.

The option considered would apply a standard deduction in respect of non-dependants, removing the need to obtain and process earnings information. Existing arrangements to make no deduction in respect of pensioners, students, those in receipt of out of work benefits or Universal Credit would be continued.

**The panel recommended that a fixed deduction of £4 per week be included in the draft CTS scheme for 2020/21.**

### Capital levels

The panel discussed the tariff income that is applied to applicants that have between £6,000 and £16,000 in savings.

It was proposed that the threshold for eligibility to the CTS scheme be reduced to £6,000 of savings. This would remove the need to obtain evidence from customers of their savings and to maintain checks on movements in savings.

**The panel recommended that a capital threshold of £6,000 should be included in the draft CTS scheme for 2020/21.**

### Second Adult Rebate

The panel reviewed the second adult rebate element of the existing scheme. This allows a person who would not normally be eligible for CTS to claim up to 25% Council tax discount if they live with someone who meets certain criteria.

There is a very low caseload affected by the part of the scheme, with only 13 households receiving this discount.

**The panel recommended that the second adult rebate should be removed from the draft CTS scheme for 2020/21.**

### Extended payments

The panel identified that this area of the scheme does not apply to anyone currently claiming CTS in Test Valley.

**The panel recommended that extended payments should be removed from the draft CTS scheme for 2020/21.**

### **Other options**

A number of other options were considered by the panel. These were:

- Making no changes to the scheme for the coming year
- Restricting Council Tax support by Council Tax band
- Increasing the 10% minimum charge to working age claimants

The panel recommended that these options should not be considered further for the 2020/21 CTS scheme.

### OSCOM Council Tax Support Panel, 21<sup>st</sup> August 2019 – Consideration of Options

**Option 1:** Introduce a standard non-dependant deduction to replace the calculation of actual earnings for all non-dependants.

Potential Costs/Savings	Officers Comments	Panel Comments
<p>This would reduce the time taken to obtain earnings information from customers, reducing the time taken to process claims.</p> <p>There would be a small cost to the Council in applying a standard £4 per week deduction which would be offset by efficiencies in administering the scheme.</p>	<p>The current minimum deduction is £4 per week so no household should be worse off as a result of this change. Existing protections for students / pensioners etc. would continue.</p> <p>This information can be difficult to collect as it relates to other adults living in the property rather than the claimant themselves. This change would lead to operational efficiency in administering the scheme.</p>	<p>The panel considered this proposal and recommended that it be included in the draft scheme for 2020/21.</p>

**Option 2:** Reduce the capital limit for scheme eligibility to £6,000.

Potential Costs/Savings	Officers Comments	Panel Comments
<p>This would generate administrative savings from no longer needing to obtain and keep up-to-date records of applicants' savings.</p> <p>There would be a small budget saving from reducing the capital limit to £6,000.</p>	<p>There is a small caseload of customers affected by this area of the scheme.</p> <p>The change would result in no CTS being available to those applicants with more than £6,000 in savings.</p> <p>Operational efficiencies would be obtained from no longer having to collect information for those with more than £6,000 in savings.</p>	<p>The panel considered this proposal and recommended that it be included in the draft scheme for 2020/21.</p>

**Option 3:** Remove the second adult rebate from the scheme.

Potential Costs/Savings	Officers Comments	Panel Comments
There would be a very small saving arising from removing this element from the scheme.	<p>Removing this relief would affect customers who are not already entitled to receive CTS, for example due to high earnings.</p> <p>There is a very low caseload for this relief and removing it would help to simplify the scheme.</p>	The panel considered this proposal and recommended that it be included in the draft scheme for 2020/21.

**Option 4:** Remove extended payments from the scheme.

Potential Costs/Savings	Officers Comments	Panel Comments
There are no existing cases in receipt of this element of support.	<p>Removing this would help to simplify the scheme.</p> <p>The transition to Universal Credit makes it unlikely that there would be future beneficiaries of this part of the scheme.</p>	The panel considered this proposal and recommended that it be included in the draft scheme for 2020/21.

**Option 5:** Make no changes to the scheme for 2020/21.

Potential Costs/Savings	Officers Comments	Panel Comments
No costs / savings other than as a result of the natural movement in caseload.	There would be no requirement to hold a public consultation if no changes are recommended for the scheme.	The panel considered that there are opportunities to bring in small changes to simplify the scheme in 2020/21 and that this option should not be recommended.

**Option 6:** Restrict CTS to the equivalent of a band D property.

Potential Costs/Savings	Officers Comments	Panel Comments
This would result in a saving to the Council by reducing the amount of CTS payable to claimants living in properties in Council Tax bands E-H.	This is a straightforward change to implement but will have equality issues, particularly for those living in villages where property bandings are often higher than for similar properties in urban areas.	The panel concluded that implementing this change is likely to adversely affect those living in rural communities and should not be pursued.

**Option 7:** Increase the 10% minimum charge for working-age claimants.

Potential Costs/Savings	Officers Comments	Panel Comments
<p>Increasing the amount of the minimum charge would result in a saving to the Council.</p> <p>An increase of 5% is estimated to generate a saving of around £130,000 (TVBC share £14,000)</p>	<p>The Council introduced a minimum charge of 10% in 2019/20.</p> <p>The impact of this is being reviewed throughout the year. However, it is too soon to accurately consider the effect this has had on recipients. Officers recommend that this existing level be retained for 2020/21.</p>	<p>The panel agreed with the officer comments and do not recommend any change to this part of the scheme for 2020/21.</p>