

Report to Overview and Scrutiny Committee – 14 November 2018

Review of Council Tax Support Scheme for 2019/20

Report of the Council Tax Support Member Panel

Recommended:

- 1. That Overview and Scrutiny Committee consider the information presented in this report.**
- 2. That the Committee recommend options for changing the Council Tax Support scheme for 2019/20.**

SUMMARY:

- This report provides an update on the current consultation to enable the Committee to make recommendations for changing the Council Tax Support scheme for 2019/20.
- The Overview & Scrutiny Committee need to consider options made by a Member Panel in respect of 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 in light of the impending introduction of the Universal Credit scheme, 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 the intervening years the Council has been asked to approve a Council Tax Support Scheme for each financial year. Each year the Council has rolled forward the scheme pending the introduction and roll out of Universal Credit in the Test Valley area. As in other areas of the country, Universal Credit in this area has suffered from delays in implementation.
- 1.5 Back in 2015, Overview & Scrutiny Committee appointed a Member Panel to review the scheme and make recommendations for potential changes to the scheme for 2017/18.
- 1.6 The Panel presented their findings to the Overview & Scrutiny Committee on 2 December 2015 and at that time it was decided not to make any changes to the scheme and to review the position annually.
- 1.7 In December 2017 Cabinet approved a recommendation from OSCOM to keep the existing scheme for 2018/19 but to review the scheme for 2019/20 in light of the welfare reforms and in particular the fact that Universal Credit has gone live across Test Valley.
- 1.8 On 20 December 2017 the Overview & Scrutiny Committee appointed another Member Panel to consider a number of options for changing the Council Tax Support Scheme that could be taken forward for public consultation.
- 1.9 On 21 March 2018 the Overview & Scrutiny Committee recommended a number of options to be considered as part of a public consultation. This report is shown in Annex 1.

2 Background

- 2.1 A consultation document was drawn up and agreed by Members. This was made live on the Councils website on 17 September 2018 and a press release was issued. A paper questionnaire was posted to all working age residents currently receiving Council Tax Support.
- 2.2 The Panel met on 29 October 2018 to consider the results received so far from the public consultation. The Panel have considered results received to date and the Acting Head of Revenues (Benefits and Customer Services); will provide a verbal update at the Overview and Scrutiny Committee meeting on 14 November 2018 to ensure all responses have been taken into account.

3 Options

- 3.1 In reviewing the results of the public consultation the Panel recommends the following changes to the Council Tax Support scheme for 2019/20. Although described as options they do not represent an either or choice. In effect the panel is recommending all three options to work alongside one another. However any combination of the options could also be considered.
- 3.2 **Option 1 – Apply a cap of 90%, 85% or 80%**

- 3.2.1 The Panel recommends initially applying a cap of 90% as supported by the highest number of responses to this question in the public consultation.
- 3.2.2 The Panel noted the high number of comments from residents who were already struggling with household bills and would like to review the financial position in 12 months time. The review will include the impact of the application of the cap on Council Tax collection rates and consider any changes made to the existing welfare system. The Panel will then consider whether to recommend the application of a different cap in 2020/21.
- 3.2.3 The Panel recommends that people in receipt of Support Component of Employment Support Allowance or Limited Capacity for Work element of Universal Credit should not be subject to the cap and still receive Council Tax Support up to 100%.
- 3.2.4 The Panel recommends the development of an Exceptional Hardship Scheme which will allow additional support to be provided to any applicant who suffers exceptional hardship through changes in support.

3.3 Option 2 – Increase the minimum amount of Council Tax Support payable from £0.50 to £1.00 per week

- 3.3.1 The Panel recommends raising the minimum amount of Council Tax Support from £0.50 per week to £1.00 per week. This recommendation is supported by the highest number of responses to this question in the public consultation.
- 3.3.2 The Panel recognises that receiving £1.00 per week in support is beneficial and that any lower amounts would be uneconomical to administer.

3.4 Option 3 – To set a minimum tolerance level for changes in income of £30.00 per week

- 3.4.1 The Panel recommends applying a tolerance level of £30.00. This recommendation is supported by the highest number of responses to this question in the public consultation.
- 3.4.2 The Panel believes that it is not cost effective to send new Council Tax bills for every minor change in income.
- 3.4.3 The Panel recommends that once more residents have moved onto Universal Credit further changes are made to the Council Tax Support scheme. The aspiration is for a simple discount scheme where income amounts are linked to levels of support. The Panel will meet to consider the principles of a new scheme for 2020/21 early in 2019.

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 11.0% for 2018/19.
- 5.3 The overall level of CTS awarded has been increasing over recent years; this is due to the increases in Council Tax. All the major preceptors increased their Council Tax charge by the maximum permitted amount.
- 5.4 The actual amount of CTS awarded at the start of 2017/18 was £4.883M. This 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 2017/18 was £4.735M due to the caseload falling throughout the year.
- 5.5 The actual amount of CTS awarded at the start of 2018/19 was £5.015M significantly increasing the level of support compared to the previous year despite falls in caseload. The impact of the increase from £4.883M to £5.015M on the Council is approximately £15,000.

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 An eight week consultation process commenced on 17 September 2018 and ends on 12 November 2018. A copy of the questionnaire can be found at Annex 2. Annex 3 details the results to date, however, in order to fully consider all responses a final report will be shared at the meeting.
- 7.2 The Council has also consulted with the major precepting authorities (Hampshire County Council, Hampshire Police and Crime Commissioner, Hampshire Fire Authority) and their joint response is as follows:

Thank you for consulting us about proposed changes to Test Valley’s council tax support scheme. This is a joint response from the three major precepting authorities in Hampshire (County Council, Fire and Rescue Authority, Police and Crime Commissioner).

Test Valley propose to introduce a minimum payment for working age adults (apart from those receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit). Minimum payments of 10%, 15% or 20% of the bill are proposed. We do not feel that we have sufficient information to give a view on what level would be appropriate but agree that the cost of the scheme needs to be kept within the resources available, which have unfortunately been cut by the Government. We would like the impact on vulnerable groups to be minimised, so the proposed exceptions are welcome.

Two other changes are also proposed. The first involves not making an award if the reduction would be less than £1 a week. The second change is to not adjust assessments for minor changes in household income (proposed to be £30 a week). These both seem reasonable adjustments which should reduce administration costs whilst having little impact on recipients.

8 Legal Issues

- 8.1 The Council must approve the Scheme for 2019/20 by 11 March 2019; however this needs to be approved prior to the Council Tax bills being issued.
- 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 full equality impact assessment of the options proposed can be found at Annex 4.

10 Conclusion and reasons for recommendation

- 10.1 This report gives Overview and Scrutiny Committee the opportunity to recommend changes in respect of the Council Tax Support Scheme for 2019/20.

<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:	4		
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