

Report to Overview and Scrutiny Committee – 21 March 2018

Review of Council Tax Support

Report of the Council Tax Support Review Panel

Recommended:

- 1. That Overview and Scrutiny Committee consider the information presented in this report.**
- 2. The Panel recommends consulting on options 5, 6 and 7 as shown below.**

SUMMARY:

- 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 2019/20.
- This report details the options that have been considered by the Panel.

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** 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.

- 1.5 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.
- 1.6 On 20 December 2017 the Overview & Scrutiny Committee appointed a Member Panel to consider a number of options for changing the Council Tax Support Scheme that could be taken forward for public consultation.

2 Background

- 2.1 The Panel met on 15 January 2018 and on 19 February 2018. The Panel has reviewed information regarding the current Council Tax Support (CTS) Scheme including:
 - The option appraisal document compiled from the last Panel review (see annex 1)
 - The CTS schemes in place in Hampshire and Wiltshire showing any changes over the last four years (see annex 2)
 - The number of customers impacted and estimated financial savings should the Council decide to apply a 5%, 10% or 15% cap on support for customers (see annex 3)
- 2.2 When considering the CTS Schemes for Hampshire and Wiltshire the Panel noted that the information did not reflect the national picture. From 1 April 2017, only 37 councils (out of 326) were continuing to provide the levels of support available under the former Council Tax Benefit scheme. From April 2017, 264 schemes include a minimum payment, up from 259 in April 2016 and 229 in April 2013. The Panel felt that the administration costs needed to recover 5% of Council Tax would outweigh any savings and agreed to recommend amending the cap amounts for consultation to 10%, 15% or 20%.

3 Options

- 3.1 In reviewing the options from the previous Panel (annex 1) the Panel recommends not to take forward any of the following options:

Option 1 – Continue with the current level of support and review in 12 months time

The Panel noted that the year on year increases in Council Tax may not be offset by a continuing fall in caseload and this will add a budget pressure if the existing scheme continues. The Panel does not recommend this option.

Option 2 – Leave the scheme unchanged until all working age cases have migrated to Universal Credit (Expected to complete in 2021)

The Panel noted that the final area in Test Valley is due to go live with Universal Credit Full Service in July 2018. When joint claims for Housing Benefit and Council Tax Support are no longer being made this presents an

opportunity to simplify the scheme and align the rules for Council Tax Support and Universal Credit. The Panel does not recommend this option.

Option 3 – Reflect the changes that are being made to the Housing Benefit scheme and Tax Credits under the Governments programme of welfare reforms

The Panel noted that this will have limited impact as more cases migrate from Housing Benefit to Universal Credit. The Panel does not recommend this option.

3.2 The Panel has considered a number of new and revised options

Option 4 - Restricting support by the Council Tax band

The Panel noted that this could adversely affect residents living in rural areas and outlying estates. The Panel felt that additional transport costs was a factor for residents not serviced by regular bus services. The Panel does not recommend this option.

Option 5 - Apply a 10%, 15% or 20% cap to the level of Support

The Panel recommends this option and would like to consultation to ask 'Should the Council protect certain groups?'

- In receipt of disability benefits?
- Families with young children?
 - Up to what age should the youngest child be to receive protection?
- Any other groups?

Option 6 - Simplification of the Scheme

The Panel recommends this option which will include:

- Applying income bands linked to the Universal Credit calculation so that small changes will not generate a recalculation of support and reissue of Council Tax Bills
- Apply minimum income floor for self employed claims (to mirror the Universal Credit calculation) where the business had been trading over 12 months.

Option 7 - Increase minimum weekly CTS award from £0.50 to £1.00

The Panel recommends this option because this amount has remained unchanged for many years and does not reflect the cost of administering claims for Support with very low entitlement.

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 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.

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 following consultation with the major precepting authorities.

7.2 A proposed timeline for the consultation is as follows:

Date	Action
21 March 2018	OSCOM recommend options for consultation
18 April 2018	Cabinet approval of recommendations from OSCOM
04 June 2018	12 week consultation commences
27 August 2018	Compile results and Equality Impact Assessment
19 September 2018	OSCOM Consider results and EQIA and recommend changes to scheme for 2019/20
10 October 2018	Cabinet approval of recommendations from OSCOM
23 January 2019	Council Meeting to approve final scheme

8 Legal Issues

8.1 The Council must approve the Scheme for 2019/20 by 11 March 2019.

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 and reasons for recommendation

10.1 This report gives Overview and Scrutiny Committee the opportunity to review the work undertaken by the Panel in respect of a Council Tax Support Scheme for 2019/20.