

Council Tax Support Scheme for 2019/20

Report of the Finance Portfolio Holder

Recommended:

That the local Council Tax Support Scheme (also known as the Council Tax Reduction Scheme), detailed at Annex 1 to the report, be adopted - the main principles of which are as follows:

- a) base the local Council Tax Support Scheme for 2019/20 on the existing scheme for 2018/19 with the following changes for working age customers:**
 - i. apply a cap of 90% for customers not in receipt of Support Component of Employment Support Allowance or Limited Capacity for Work element of Universal Credit,**
 - ii. increase the minimum amount of Council Tax Support payable to £1.00 per week,**
 - iii. set a minimum tolerance level for cumulative changes in income of £30.00 per week;**
- b) continue to disregard 100% of certain payments (for working age and pensioner age customers) made under the War Pension and Armed Forces Compensation Scheme;**
- c) the annual uplift of the components of the Council Tax Support Scheme is in line with the uplift for the national Council Tax Support Scheme for Pensioners and the Housing Benefit Scheme.**

SUMMARY:

The purpose of this report is to allow the Council to formally adopt the local Council Tax Support Scheme for 2019/20.

1. Introduction

- 1.1. At its meeting held on 5 December 2018 Cabinet considered a report from the Overview and Scrutiny Committee (attached at Annex 2) concerning the design of the local Council Tax Support (CTS) Scheme for 2019/20. CTS replaced Council Tax Benefit with effect from 1 April 2013.
- 1.2. The report to the Overview and Scrutiny Committee contained an appraisal of the current position and detailed the results of a public consultation, together with recommendations made by a Council Tax Support Member Panel.
- 1.3. Cabinet resolved -
 - **That the recommendations of the Overview and Scrutiny Committee**

on the Review of the Council Tax Support Scheme for 2019/20 be endorsed for submission, with a full report and draft scheme, to Council on 23 January 2019.

- 1.4. The detailed CTS Scheme is attached at Annex 1. It is a legal requirement that the whole scheme is included in this report for approval by Members and for this reason the annex is very large. A 'short guide' giving a summary of the scheme is available on the Council's website.
- 1.5. There remains the possibility of legislative changes to CTS, welfare benefits and other related legislation. In order that the Council might respond to such changes it was previously agreed to delegate authority to the Acting Head of Revenues (Benefits & Customer Services) in consultation with the Head of Finance and Finance Portfolio Holder to make amendments to the Scheme to the extent that any such changes are purely procedural or administrative in nature, for example a change in other welfare benefits. Any further changes to the principle of the scheme will require explicit Member approval. For the avoidance of doubt it is intended that such authority shall not extend to anything which would alter the effect of the recommendations in this report.

2. Background

- 2.1. In January 2018 Council approved the existing CTS Scheme for 2018/19 and supported a review of the scheme for 2019/20 in light of the welfare reforms and in particular the fact that Universal Credit was rolling out across Test Valley.
- 2.2. The Overview & Scrutiny Committee appointed a Member Panel to review the current CTS scheme and consider a number changes for 2019/20 that could be taken forward for public consultation.
- 2.3. On 21 March 2018 the Overview & Scrutiny Committee recommended to Cabinet a number of options to be considered as part of a public consultation. Cabinet approved these recommendations on 18 April 2018 and added a protection from any cap on financial support for Council Tax payers receiving the following:
 - Support Component of Employment Support Allowance, or
 - Limited Capacity for Work element of Universal Credit.
- 2.4. A consultation questionnaire was developed and the consultation was made live on the Council's website on 17 September 2018. A press release was issued and a paper questionnaire was posted to all working age residents currently receiving Council Tax Support.
- 2.5. On 14 November 2018 the Overview and Scrutiny Committee considered the report of the Council Tax Support Member Panel and recommended a number of options to change the CTS scheme for 2019/20. Cabinet approved these recommendations on 5 December 2018.

3. Corporate Objectives and Priorities

- 3.1. 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.

4. Consultations/Communications

- 4.1. An eight week consultation process commenced on 17 September 2018 and ended on 12 November 2018. A full report detailing the responses can be found on the Council's website.
- 4.2. The Council has also consulted with the major precepting authorities (Hampshire County Council, Hampshire Police and Crime Commissioner, Hampshire Fire Authority). Their response is included in the Overview and Scrutiny report attached at Annex 2.

5. Options

- 5.1. The OSCOM Council Tax Support Member Panel has undertaken a full review of the CTS scheme and recommended to OSCOM that the local CTS Scheme for 2019/20 to be based on the existing scheme for 2018/19 with the following changes for working age customers:
 - Apply a cap of 90% for customers not in receipt of Support Component of Employment Support Allowance or Limited Capacity for Work element of Universal Credit.
 - Increase the minimum amount of Council Tax Support payable to £1.00 per week
 - Set a minimum tolerance level for cumulative changes in income of £30.00 per week
- 5.2. OSCOM approved the recommendations of the panel and in turn recommended the changes to the scheme to Cabinet.
- 5.3. Cabinet supported these recommendations on 5 December 2018 and requested that the Acting Head of Revenues prepare the CTS scheme for 2019/20 for consideration by Council on this basis.
- 5.4. The 2019/20 CTS scheme has been prepared on this basis and is attached at Annex 1.

6. Option Appraisal

- 6.1. Apply a cap of 90% for customers not in receipt of Support Component of Employment Support Allowance or Limited Capacity for Work element of Universal Credit. The cap would not apply to those Council Tax payers unable to work because of disability.
 - A cap of 90% will ensure the CTS Scheme can continue to be delivered

without any further financial pressures on the Council whilst protecting the most vulnerable customers. This option was supported by the results of the public consultation.

- Applying a larger cap would achieve financial savings for the Council; however this would place a greater burden on low income residents who may struggle to pay.
- Applying a lower or no cap would create a financial pressure on the Council with continued increases in Council Tax.

6.2. Increase the minimum amount of Council Tax Support payable to £1.00 per week.

- Setting the minimum Council Tax Support level at £1.00 per week recognises that this amount is of benefit to low income residents. This option was supported by the results of the public consultation.
- Setting a higher minimum level places a greater burden on low income residents who may struggle to pay.
- Setting a lower minimum level is uneconomical to administer.

6.3. Set a minimum tolerance level for cumulative changes in income of £30.00 per week.

- Setting the tolerance level at £30.00 per week (cumulative) ensures small changes in income will not result in a recalculation of Council Tax Support and generate multiple changes (and consequently multiple Council Tax bills) throughout the year. This option was supported by the results of the public consultation.
- Setting a higher tolerance level will have a financial impact on the scheme as large increases or decreases in a resident's income will not be taken into account.
- Setting a lower or no tolerance level causes an administrative burden; residents will receive multiple Council Tax bills throughout the year for minor changes in their income.

7. Risk Management

7.1. The result of applying a 90% cap for Council Tax Support will result in the Council having to collect small amounts of money from residents. The Acting Head of Revenues (Local Taxation) advises that he believes that this is feasible and will be monitoring collection throughout the year.

7.2. The Revenues Service currently has an amber risk for the inability to collect local taxes. The current control measure in place for this is to monitor collection rates on monthly basis and advise the Head of Finance of any potential shortfall arising from negative deviation from the expected trend. This risk will be updated if the proposed options are implemented.

8. Resource Implications

- 8.1. 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.
- 8.2. 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.
- 8.3. The overall level of CTS awarded has been increasing over recent years; this is due to the increases in Council Tax. In 2018/19 all the major preceptors increased their Council Tax charge by the maximum permitted amount.
- 8.4. 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.
- 8.5. 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 current estimate for 2018/19 is £4.899M. The impact on the Council of the increase from £4.735M in 2017/18 to £4.899M in 2018/19 is approximately £18,000.
- 8.6. Based on current Council Tax levels, the recommended 90% cap would achieve estimated CTS scheme savings of around £220,000 in 2019/20, the share for the Council being £24,000. Assuming that HCC, Hampshire Fire & Rescue and the Police and Crime Commissioner increase their Council Tax charge by the maximum permitted amount applying a 90% cap will reduce the estimated savings to £5,000 in 2019/20.
- 8.7. The estimated collection rate for Council Tax payers in receipt of CTS is 90% and this will be monitored throughout the year.

9. Legal Issues

- 9.1. The Council must approve the Scheme for 2019/20 by 11 March 2019; however in practical terms this needs to be considered at this point in the financial year in order to feed into the Council Tax billing arrangements.
- 9.2. 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. Both of these requirements have been fulfilled.

10. Equality Issues

- 10.1. A full equality impact assessment of the options proposed can be viewed in Annex 2.

11. Conclusion and reasons for recommendation

This report sets out the background and rationale for the recommended CTS scheme for 2019/20 for consideration by Council.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
None			
<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:	2		
Author:	Janice Broomfield	Ext:	8563
File Ref:	N/A		
Report to:	Council	Date:	23 January 2019