

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		
Author:	Dorothy Baverstock	Ext:	
File Ref:			
Report to:	OSCOM	Date:	14 November 2018

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:

<b>Date</b>	<b>Action</b>
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.

**What is this about?**

Now that the roll out of Universal Credit has commenced across the Test Valley area the Council needs to review the way the current Council Tax Reduction Scheme works.

**What is Council Tax Reduction?**

Council Tax Reduction is a discount for Council Tax. The level of discount is based on the income of the household. Currently, the maximum discount is 100% of Council Tax for working age households. Pensioners can also receive up to 100% Council Tax Reduction as their scheme is determined by Central Government.

**Why is a change to the Council Tax Reduction scheme being considered?**

Until April 2013 there was a national scheme called Council Tax Benefit. The Government made local Councils responsible for replacement schemes from 1 April 2013 and reduced funding to support the schemes. Since then, funding has further reduced and the Council has continued to absorb this burden, however, the cost of the current scheme is becoming unsustainable.

The continued roll out of Universal Credit, (Central Government's new benefit which replaces Income Support, Income Based Job Seeker's Allowance, Income Related Employment and Support Allowance, Housing Benefit for working age applicants and Tax Credits), with its rolling reassessment of entitlement means that many Council Tax Reduction applicants receive multiple Council Tax demands each year. This is leading to confusion for applicants, changes in Council Tax liability and a significant increase in the administration that has to be undertaken by the Council.

**Who will this affect?**

Working age households in the Borough who currently receive or will apply for Council Tax Reduction. Pension age households will not be affected as Central Government prescribed the scheme.

The Council has agreed to protect those applicants who are unable to work due to a disability. Applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

**Are there any alternatives to changing the existing Council Tax Reduction scheme?**

We have thought about other ways to achieve the savings we need to make and maintain the current scheme's level of financial support. These have not been completely rejected and you are asked about them in the Questionnaire, but at the moment we do not think we should implement them for the reasons given.

**We have considered:****1. Increasing Council Tax**

This would mean all council tax payers in the Borough paying towards the scheme. The decision to increase Council Tax may need to be made by voting in a local referendum.

**2. Reduce funding to other Council services**

Keeping the current Council Tax Reduction scheme will mean less money available to deliver other Council services; or

**3. Use the Council's reserves to keep the Council Tax Reduction scheme**

Using reserves would be a short-term option. Once used they will no longer be available to support and invest in other Council services.

**\* 1. I have read the background information (above) about the Council Tax Reduction Scheme**

☐ Yes

☐ No

**Paying for the Scheme**

**2. Should the Council keep the current Council Tax Reduction scheme? (Should it continue to reduce Council Tax for applicants in the way and to the extent that it does at the moment?)**

- ☐ Yes
- ☐ No
- ☐ Don't know

**3. Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme.**

### Options to change the current Council Tax Reduction scheme

As explained in the background information, the Council is consulting on the following proposals to change the existing Council Tax Reduction Scheme from 1st April 2019. This would reduce the cost of the scheme and make administrative savings. Your responses will then inform our decision. Set out below are the proposals being considered.

**Option 1 – Reducing the maximum level of support for working age applicants from 100% to 90% but to allow protection for some applicants**

The Council currently allows all working age applicants to receive up to 100% of their Council Tax depending on the level of their income. This option would require all working age applicants to pay a minimum of 10% towards their Council Tax. Those applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

Reducing the maximum level of support available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone shares the increase and applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% support; and
- All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship.

The drawback of doing this is:

- All working age households receiving Council Tax Reduction and not protected will be required to pay more.

4. Do you agree with this change to the scheme?

- ☐ Yes
- ☐ No
- ☐ Don't know

5. if you disagree what alternative would you propose?

**Option 2 – Reducing the maximum level of support for working age applicants from 100% to 85% but to allow protection for some applicants**

The Council currently allows all working age applicants to receive up to 100% of their Council Tax depending on the level of their income. This option would require all working age applicants to pay a minimum of 15% towards their Council Tax. Those applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

Reducing the maximum level of Council Tax Reduction available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone shares the increase and applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction; and
- All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship

The drawback of doing this is:

- All working age households receiving Council Tax Reduction and not protected will be required to pay more.

6. Do you agree with this change to the scheme?

- ☐ Yes
- ☐ No
- ☐ Don't know

7. If you disagree what alternative would you propose?

**Option 3 - Reducing the maximum level of support for working age applicants from 100% to 80% but to allow protection for some applicants**

The Council currently allows all working age applicants to receive up to 100% of their Council Tax depending on the level of their income. This option would require all working age applicants to pay a minimum of 20% towards their Council Tax. Those applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction.

Reducing the maximum level of Council Tax Reduction available is a simple change to the scheme which is easily understood. The Council is conscious that any minimum payment must be affordable given the household's circumstances.

The benefits of this are:

- It is a simple alteration to the scheme which is easy to understand;
- It is fair because everyone shares the increase and applicants receiving either the Support Component of Employment and Support Allowance or the Limited Capability for Work Related activity element within Universal Credit would still be able to receive up to 100% Council Tax Reduction; and
- All applicants would be able to apply for additional support on a case by case basis where they experience exceptional hardship

The drawback of doing this is:

- All working age households receiving Council Tax Reduction and not protected will be required to pay more.

8. Do you agree with this change to the scheme?

- ☐ Yes
- ☐ No
- ☐ Don't know

9. If you disagree what alternative would you propose?



**Option 4 - To not make an award of Council Tax Reduction where an award would be less than £1 per week**

Currently, the scheme will allow Council Tax Reduction from 50p per week per applicant. This is administratively inefficient and costly given the need to notify all applicants by letter. The Council is proposing to increase the minimum level of Council Tax Reduction to £1 per week. Where an applicant would receive less than £1 per week no amount of Council Tax Reduction will be granted.

The benefit of this is:

- It reduces administration costs; and
- The change will not affect any person on the lowest income

The drawbacks of this are:

- If any applicant would have received less than £1 per week, no Council Tax Reduction will be granted.

10. Do you agree with the principle that the minimum level of Council Tax Reduction payable should be £1 per week?

- ☐ Yes
- ☐ No
- ☐ Don't know

11. If you disagree what alternative would you propose?

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**Option 5 - To set a minimum tolerance level for changes in income**

In the current scheme, each time a household's income changes, Council Tax Reduction will be amended. This leads to new Council Tax demands being issued and the monthly instalments being recalculated. The roll out of Universal Credit within the Test Valley area means that a large proportion of working age Council Tax Reduction applicants will see changes in their income each month which will result in multiple changes to their Council Tax liability.

To avoid these multiple changes, the Council is looking to introduce a 'tolerance' level of £30 per week. In effect this means, that unless a change in the applicant's circumstance would mean a change of either an increase or decrease of £30 per week, no change would be made at that time. Changes will only be made when the accumulation of all of the changes exceed the tolerance level.

The benefit of this is:

- It reduces administration costs;
- It will avoid confusion, with applicants receiving fewer changes to their Council Tax bill; and
- If any applicant would have received less Council Tax Reduction, no change will be made until the accumulation of all changes is at least £30 per week or more.

The drawbacks of this are:

- If any applicant would have received more Council Tax Reduction, no change will be made until the accumulation of all changes is at least £30 per week or more.

12. Do you agree that there should be a tolerance level of £30 per week?

- ☐ Yes
- ☐ No
- ☐ Don't know

13. If you disagree what alternative would you propose?

### Alternatives to reducing the amount of help provided by the Council Tax Reduction Scheme

Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.

14. Increase the level of Council Tax

- ☐ Yes
- ☐ No
- ☐ Don't know




15. Find savings from other Council Services

- ☐ Yes
- ☐ No
- ☐ Don't know

16. Use the Council's reserves

- ☐ Yes
- ☐ No
- ☐ Don't know

17. If the Council were to choose these other options to make savings, what would be your order of preference? Please rank in order of preference by writing a number from 1 – 3 in the boxes below, where 1 is the option that you would most prefer and 3 is the least.

	<input type="text"/>	Increase the level of Council Tax
	<input type="text"/>	Reduce funding available for other Council Services
	<input type="text"/>	Use the Council's reserves

18. Please use this space to make any other comments on the scheme.

19. Please use the space below if you would like the Council to consider any other options (please state).

20. If you have any further comments or questions to make regarding the Council Tax Reduction scheme that you haven't had opportunity to raise elsewhere please use the space below.

## About You

We ask these questions:

1. To find out if different groups of people in the Council's population have been able to take part in the consultation and identify if any groups have been excluded. This means it is not about you as an individual but to find out if people with a range of characteristics have had their say.
2. To find out if different groups of people feel differently about the options and proposals in comparison to each other and all respondents. This means it is not about you as an individual but to find out if people with similar characteristics have answered in the same way or not.

**This information is completely confidential and anonymous.** Your personal information will not be passed on to anyone and your personal details will not be reported alongside your responses.

21. Are you, or someone in your household, getting a Council Tax Reduction at this time?

- ☐ Yes
- ☐ No
- ☐ Don't know

22. What is your gender?

- ☐ Male
- ☐ Female
- ☐ Prefer not to say
- ☐ Other

23. What is your age?

- |                             |                             |
|-----------------------------|-----------------------------|
| <input type="radio"/> 16-24 | <input type="radio"/> 45-54 |
| <input type="radio"/> 25-34 | <input type="radio"/> 55-64 |
| <input type="radio"/> 35-44 | <input type="radio"/> 65+   |

24. Disability: Are your day to day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

- ☐ Yes
- ☐ No
- ☐ Don't know
- ☐ Prefer not to say

Thank you for completing the questionnaire.

Progress reports on the consultation will be added to our website: [www.testvalley.gov.uk](http://www.testvalley.gov.uk)

You may submit further evidence, ideas or comments by email ([benefits@testvalley.gov.uk](mailto:benefits@testvalley.gov.uk))

The consultation closes on 12 November 2018.

We will listen carefully to what residents tell us and take the responses into consideration when making a final decision on the 2019/20 scheme.

Following the decision, the full results from the consultation will be available on the Council's website.

The new scheme will start on 1 April 2019. The Council will consider the impact of the scheme annually and consult again if it thinks further changes need to be made.

## Council Tax Support 2019/20 Consultation Results

### Background

Now the roll out of Universal Credit has commenced across the Test Valley area the Council needs to review the way the current Council Tax support (also known as Council Tax reduction) scheme works. The Council has consulted on a range of options to take effect from 1 April 2019 and has encouraged Council Tax payers and local partners, groups and organisations to submit a response.

The consultation document was published on the website between 17 September and 12 November 2018. A press release was issued by the Council and all working age customers in receipt of Council Tax Support were sent a paper questionnaire form.

### Summary of Results

These are the results received up to 25 October 2018.

There were 72 online forms completed and 58 paper forms returned, this gives a total number of 130 responses.

#### Should the Council Keep the current Council Tax Reduction Scheme?

Answer	Online	Paper	Total	Percentage
Yes	40	32	<b>72</b>	<b>55%</b>
No	12	10	<b>22</b>	<b>17%</b>
Don't know/ No answer	20	16	<b>36</b>	<b>28%</b>

#### Comments on protecting the scheme:

Comment	Number
The scheme protects the most vulnerable people/ people are already struggling to pay bills	34
Keep the scheme/it is a good scheme	4
Protect those that cannot work	3
Make everyone pay something	3
Simplify the scheme	2
Other – not relevant to the scheme	6



**Reducing the maximum levels of support from 100%**

Reduce to:	Answer	Online	Paper	Total	Percentage
<b>90%</b>	Yes	30	20	<b>50</b>	<b>38%</b>
	No	16	24	<b>40</b>	<b>31%</b>
	Don't know/ No answer	26	14	<b>40</b>	<b>31%</b>
<b>85%</b>	Yes	19	13	<b>32</b>	<b>25%</b>
	No	28	29	<b>57</b>	<b>44%</b>
	Don't know/ No answer	25	16	<b>41</b>	<b>31%</b>
<b>80%</b>	Yes	18	10	<b>28</b>	<b>22%</b>
	No	26	30	<b>56</b>	<b>43%</b>
	Don't know/ No answer	28	18	<b>46</b>	<b>35%</b>

**Comments on alternative proposals:**

Comment
90% is high enough
Keep existing scheme
Contribute small fee to services such as rubbish collection
Tax people who can afford it/increase tax on large houses
Have a smaller reduction say 95%
Have a larger percentage at least 45%
Cut pay for upper management
Get funding from Government
Include it in Universal Credit
Make those that can work pay something
Make people pay who have 2 properties
Increase minimum amount to £5 per week
Give financial support to those in low paid essential jobs

**Do you agree with the principle that the minimum level of Council Tax Reduction payable should be £1 per week?**

Answer	Online	Paper	Total	Percentage
Yes	31	28	59	45%
No	12	9	21	16%
Don't know/ No answer	29	21	50	39%

**Comments on alternative proposals:**

Comment
Benefits should be rounded to the nearest pound to save administrative costs
Suggest this is increased every year until the administrative costs start paying for themselves
Reducing the minimum payment to £5 per week would save a lot of money and protect the people who need it most

**Do you agree that there should be a tolerance level of £30 per week?**

Answer	Online	Paper	Total	Percentage
Yes	27	21	48	37%
No	10	14	24	18%
Don't know/ No answer	35	23	58	45%

**Comments on alternative proposals:**

Comment
Take it up with the Government
Quarterly or biannual reassessment rather than every month
Reducing the minimum payment to £5 per week would save a lot of money and protect the people who need it most

### Alternatives to reducing the amount of help provided by the Council Tax Reduction Scheme

#### Increase level of Council Tax

Answer	Online	Paper	Total	Percentage
Yes	9	5	14	11%
No	26	21	47	36%
Don't know/No answer	37	32	69	53%

#### Find savings from other Council services?

Answer	Online	Paper	Total	Percentage
Yes	20	20	40	31%
No	19	7	26	20%
Don't know/No answer	33	31	64	49%

#### Use the Council's reserves?

Answer	Online	Paper	Total	Percentage
Yes	18	20	38	29%
No	21	10	31	24%
Don't know/No answer	33	28	61	47%

#### Order of preference

	Option	Online	Paper	Total
1	Increase Council Tax	17	11	28
	Reduce funding other services	19	15	34
	Use reserves	13	23	36
2	Increase Council Tax	7	6	13
	Reduce funding other services	17	20	37
	Use reserves	21	13	34
3	Increase Council Tax	21	24	45
	Reduce funding other services	9	9	18
	Use reserves	14	7	21

## Monitoring Questions

### Currently getting a Council Tax Reduction

Answer	Online	Paper	Total	Percentage
Yes	38	47	85	65%
No	7	2	9	7%
Don't know/ No answer	27	9	61	28%

### Gender

Answer	Online	Paper	Total	Percentage
Male	13	20	33	25%
Female	34	31	65	50%
Prefer not to say/ No answer	25	7	61	25%

### Age

Answer	Online	Paper	Total	Percentage
16-24	0	1	1	1%
25-34	9	4	13	10%
35-44	8	8	16	13%
45-54	18	8	26	20%
55-64	13	29	42	32%
65+	0	3	3	2%
Prefer not to say/ No answer	24	5	29	22%

### Health Problem/Disability

Answer	Online	Paper	Total	Percentage
Yes	23	30	53	41%
No	20	13	33	25%
Prefer not to say/ No answer	29	15	44	34%

**Comments on the scheme**

1. Surely some of the highest earners in the council could have a pay freeze. Reduce council expenditure for example on utilities. All the things the government expect people of working age to do.
2. Don't force people into criminality.
3. Using Council's reserves vs. reducing other Council Services raises some ambiguity because we do not know if or how much money is wasted or spent unnecessarily. Whilst I understand the wish to maintain the historic charm of a market town like Romsey, the Council stands out for it's minimal refuse and recycling collections. Once a fortnight for black bins is, in warmer months, a health hazard. No glass collection scheme for a town with so many elderly residents? The NFDC scheme is superb: can we learn something from them? The problem is, of course, funding and this is where the ambiguity comes in. A delightful market town which features an almost overwhelming amount of social and cultural events, (bringing even more rubbish to) already overflowing rubbish bins, smells, maggots, wasps and flies, is not good. Overall, it seems to me that residents in Test Valley are more inclined to have higher incomes, bigger properties and higher Council Tax rates so why does Council Tax not cover such basics as environmental waste and it's associated health hazards? Eg. our retirement development has 37 flats, some with couples. We have 8 black bins between us. How can a fortnightly collection be adequate? Surely Council Tax should be enabling this fundamental service?
4. It sounds as if substantial savings could be made simply from making the administration more sensible. That should be done before anything else. My preferred next option would be an increase in the level of council tax, with a greater increase for the highest rates and little or no increase for those at the bottom. Only after all that has been done would I then think it appropriate to make the very poorest pay more, especially given the potential for very serious harm to those who are vulnerable due to mental health or other conditions that are not properly reflected in their ESA/Universal Credit award. (It almost sounds as if central government hasn't considered the implications of their policy for local councils... surely not!)
5. i think its a good scheme
6. We agree with T.V.B.C. that U.C. is a complete & utter failure. J.S.A. & E.S.A. was less volatile and resulted in us not receiving a continuous flow of differing C.T. bills. (We have admin as well.)
7. There are many council funding schemes that I would vote as un-necessary or over funded. There are also many schemes that I would vote to have increased. Un-happily the amount of recourses demanded by the population serviced by our Council is out of balance with the income the Council receives. May be look elsewhere for additional funds by closer management of Sub Contracts that bleed Cash with little return or the correlation between Debit collection Cost and actual cash reclaimed. Its a hard world and its going to get tighter. Please stop overpaying contracted services that provide inefficient or substandard returns.
8. This problem isnt a local problem but a national one, companies and the well off that use tax havens to avoide paying little to no tax are the reason as a country we are failing. Tax the rich or let them face imprisonment protect the poor and neady. Stop government employees taking back handers to crew our economy and persecute the needy.
9. Working aged people on benefits who already pay spare room tax are unable to move as there is no other homes to exchange to, Families on very low incomes should not be left to get into council tax debt to save tvbc admin charges!!!!
10. Too many people get full relief from council tax. Everyone can pay . even a small amount. to even out the payments would help the whole budget.I have had sometimes 10 letters in one week about different changes in my council tax.If the first check was done properly and with the truth from people every one would benefit. Less admin. less people getting 100% help more people getting a small amount. Every thing would equal out

11. *as long as an increase in council tax was ringfenced to provide help to those in most need (for reduction / 100% relief) i would be in favour of a small increase in what i pay*
12. *Increase council to everyone that is on universal credit and reduce to the people that actually is working hard to pay 100% or more*
13. *This entire matter is an utter disgrace. Roll on the next General and local elections*
14. *a change in government will probably mean a change*
15. *people don't ask for help unless they truly need it*
16. *don't understand some of the questions*
17. *wish I did not have to pay this as income is low*
18. *change the Government*
19. *when you move into part time work will you still get support?*
20. *making an increase in council tax would be devastating for people because wages are staying the same and does not allow for income to be put anywhere else*
21. *send notifications by email or text message to save money*
22. *sadly it will be the poorest in society that feel the sharp end, the cuts are too deep, roll out universal credit before you decide*

### **Other Options the Council should consider**

1. *Lean six-sigma is a proven methodology for eliminating waste. There will be a lot to go at and each project is usually targeted at £1,000,000. If this is not palatable, then evidence that this has been tried is imperative, before targeting the poor.*
2. *Larger families use more Council services, why not charge them? Vulnerable persons have no choice but to obey U.C. rules. Why pick on us (about the lowest & most ignored) group of citizens?*
3. *Increase taxation on the rich*
4. *i do not understand why tvbc feels it need to change the scheme, More and more people are moving to Andover and paying Council tax, TVBC are cutting services every year*
5. *Reduct 100% reduction for household with 2 adults on benefits whatever benefits they are on. Unemployed should be paying at least 20% towards, there are MANY jobs out there so they're being fussy or just don't want to work. However what about care leavers, will they see 100% reductions when/if needed? They don't have family to fall back on and I think they should really be included in this too, of course if they're working full time then yes they should pay but when they struggle they have no one to fall back on so I think they should be thought about.*
6. *i would like to see private landlords share the burden of the council tax reduction scheme, particularly if the rents they charge are considerably higher than social housing rents. This may encourage landlords to revise/reduce their rental rates thus potentially save on housing benefit costs too. council tax; is afterall; determined by property value which is not exactly fair on those who rent.*
7. *Like before everyone that receives universal credit needs to pay their council tax at least to 35% of the cost of the area that are living in*
8. *fine people for anti social behaviour and use this money*
9. *reduce benefit to 80% and people pay 20% seem fair*
10. *challenge central government instead of putting politics first*
11. *get 10% back from the recycling contract*
12. *too much money goes to library refit, managers could take less wages*
13. *I am happy to pay £24 per week*
14. *send fewer letters by post*
15. *stop penalising people who are trying but struggling to find work*
16. *consider asking the government for that money that has been taken away that may pay towards your admin fees*

**Other comments or questions regarding the scheme**

1. *When will this be discussed publicly? What will happen to non-payers? Who will decide on affordability and how? What would be the impact on the general population of funding the GAP? Not the scheme, but the required amount to keep the scheme as is. A more detailed breakdown is required to make a fully informed decision. Otherwise, the COUNCIL are asking the completers of this questionnaire to make a vote similar to turkeys voting for Christmas. I am sure the COUNCIL expect a rough ride for this proposal, as those affected don't have the means to find the money. The COUNCIL's breakdown of affordability for claimants (i.e. living expenses vs Benefits) would help everyone to see how easy (or difficult) it would be for benefits claimants to absorb the impact of this change. An interesting read I am sure.*
2. *Thank you for giving us the chance to comment on the proposals.*
3. *Possible cash saving: Abolish mayoral cars, Sell the Old magistrates court, town hall & Duttons Road sites in Romsey & relocate to Portacabins near Beech Hurst in Andover.*
4. *This scheme is yet another attack on the poor and dissabled just as universal credit is. The poor are not to blame for the state of our economy thats the fault of big buisness and the banks Instead of sending out notifications via post, email people, or at least let it be an option for notifications as it would save money on stationery and postage costs.*
5. *i would like the council to explore what "tax liabilities" private landlords have with regards rental incomes, capital gains etc. And the rents they charge. Any rent set at an annual yield above a set % (15% as eg) of property value should incur a council tax levy/charge of some description. My feeling is that private rental rates can be too high, coupled with lack of social housing – this certainly has a detrimental effect on those on low income. as above - council tax is grossly unfair to those who have to rent*
6. *please sort out potholes*
7. *the scheme has been an amazing help I hope it is protected*
8. *I found this hard to fill in and make sense of*
9. *calculate changes 6 monthly*
10. *you will do what you want regardless of what other people think, I don't support this because you cut back all the time*
11. *try not to make it any harder for low income people, don't let them lose even more. They need to eat and keep warm please remember this when you make your final decision, far more important than admin costs*

## Equality Impact Assessment

Service:	Revenues
Officer(s) completing the assessment:	Janice Broomfield
Date:	August 2018
Name of service, strategy, policy, project or function being assessed:	Council Tax Reduction Scheme for Working Age Applicants (Also referred to as Council Tax Support)

1.	What are the aims, objectives, outcomes, purpose of the service, strategy, policy, project or function that you are assessing?	<p>The Council Tax Reduction scheme provides support for certain taxpayers who have a low income.</p> <p>Where entitled, the scheme provides a reduction in liability for Council Tax. The replacement scheme is designed to:</p> <ul style="list-style-type: none"> <li>• provide savings for the authority to offset the impact of reductions in grants from Central Government; and</li> <li>• overcome the significant administrative complications for applicants who are in receipt of Universal Credit within the area.</li> </ul> <p>The main issues are;</p> <ul style="list-style-type: none"> <li>• The current level of support needs to be adjusted</li> <li>• The current scheme is too reactive to the constant changes in Universal Credit. With the frequent changes in liability, taxpayers receive multiple Council Tax demands which in turn has a negative effect on the taxpayer's ability to manage their finances and on collection levels;</li> </ul> <p>The intention is to introduce the new scheme for working age applicants from 1<sup>st</sup> April 2019</p> <p><b>The changes will NOT affect Pension Age applicants</b></p>
2.	Who implements or delivers the service, strategy, policy, project or function?  State if this is delivered by more than one service or team, including any external partners.	Revenues Service



3.	Who will be affected by the service, strategy, policy, project or function?	All working age Council Tax Reduction applicants. <b>The changes will NOT affect Pension Age applicants who are protected under the Central Government Prescribed Scheme</b>
4.	What are the likely <b><u>positive impacts</u></b> for the protected groups (see above)?  Are any particular groups more affected and why?	Pensioners will not be affected by any changes. Working Age applicants <b>could</b> be affected positively as follows: <ul style="list-style-type: none"> <li>• Changes in circumstance which reduce their entitlement to Council Tax Reduction will not be effected unless the change (or accumulation of changes) were £30 or more per week.</li> <li>• In effect this could mean that a person who would normally receive a reduction in their Council Tax Reduction will not have their entitlement changed if their income change is below the £30 per week 'tolerance' level</li> </ul>
5.	What are the likely <b><u>negative impacts</u></b> for the protected groups (see above)?  Are any particular groups affected more and why?	Working Age applicants <b>could</b> be affected negatively as follows: <ol style="list-style-type: none"> <li>1. Working age applicants who are not protected will be required to pay a minimum amount (to be decided) towards their Council Tax. This will affect applicants who currently receive 100% support towards their Council Tax or those applicants who currently receive more than any proposed maximum entitlement;</li> <li>2. The scheme will be amended to only grant Council Tax reduction where the entitlement is at least £1 per week. The current minimum payment is 50p per week. Any working age applicant whose entitlement would receive less than £1 per week will not receive any support; and</li> <li>3. Changes in circumstance which increase their entitlement to Council Tax Reduction will not be effected unless the change (or accumulation of changes) were £30 or more per week. In effect this could mean that a person who would normally receive an increase in their Council Tax Reduction will not have their entitlement changed if it is below the £30 per week 'tolerance' level</li> </ol>

6.	What consultation and engagement has taken place (or is planned) with the affected groups and other interested parties?	Consultation is to be carried out in accordance with the legislation. Major preceptors will be consulted as well as the public and interested groups. Consultation will be carried out from late Summer and the results will be analysed and taken into account when the scheme is decided by full Council.
7.	What plans do you have in place, or are developing, to mitigate the likely negative impacts, i.e. how will you reduce the impact on the protected groups?	The scheme will include 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.
8.	Please summarise or provide links to the information, data, research used in this assessment	<p>Outcome of the original consultation which sets out the Government priorities for Council Tax Reduction Schemes</p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/8467/2053712.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/8467/2053712.pdf</a></p> <p>Previous Council Tax Reduction Schemes – Also known as Council Tax Support are published on the Council's website</p> <p><a href="http://www.testvalley.gov.uk/benefitsandcounciltax/benefits/test-valley-borough-councils-council-tax-support-s">http://www.testvalley.gov.uk/benefitsandcounciltax/benefits/test-valley-borough-councils-council-tax-support-s</a></p> <p>Council Tax Reduction Schemes for near neighbours.</p> <p><a href="https://www.counciltaxsupport.org">https://www.counciltaxsupport.org</a></p> <p>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.</p>

<b>What course of action does this EQIA suggest that you take? (tick one of the following options)</b>	
<b>Outcome 1: No major change required</b> The EQIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.	
<b>Out come 2: Adjust the policy</b> to remove barriers identified by the EQIA or better promote equality. Are you satisfied that the policy adjustments will remove the barriers identified?	
<b>Outcome 3: Continue the policy</b> despite potential for adverse impact or missed opportunities to promote equality identified. You should ensure that the EQIA clearly sets out the justifications for continuing with the policy. You should consider whether there are sufficient plans to reduce negative impact and/or plans to monitor the actual impact	X
<b>Outcome 4: Stop and rethink</b> the policy when the EQIA shows actual or potential unlawful discrimination	

<b>Summary of your proposals - copy and paste into any report for Cabinet, Council or General Purposes Committee</b> What are the key impacts - positive and negative? What course of action are you advising as a result of this EQIA? Are there any particular groups affected more than others?	
It is proposed that the current Council Tax Reduction scheme for working age applicants is changed with effect from 1 <sup>st</sup> April 2019 as follows: <ol style="list-style-type: none"> <li>1. That all working age applicants who are not protected will be required to pay a minimum level of Council Tax. The level is to be decided by full Council. Consideration will be given as to whether the amount should be 10%, 15% or 20%. This will only affect those cases who currently receive more than the proposed maximum level of support. It will only affect working age applicants as pension age applicants are protected under the Central Government prescribed scheme;</li> <li>2. The scheme will be amended to only grant Council Tax reduction where the entitlement is at least £1 per week. The current minimum payment is 50p per week. Any working age applicant whose entitlement would receive less than £1 per week will not receive any support; and</li> <li>3. The current scheme is too reactive to the rolling reassessment of entitlement in Universal Credit. With the frequent changes in liability, taxpayers receive multiple Council Tax demands which in turn has a negative effect on the taxpayer's ability to manage their finances and on collections levels. To avoid this the</li> </ol>	

Council will introduce a 'tolerance level'. Changes in circumstance which affect an entitlement to Council Tax Reduction will not be applied unless the change (or accumulation of changes) increases or decreases by £30 or more per week. In effect this could mean that a person who would normally receive an increase or decrease in their Council Tax Reduction will not have their entitlement changed if it is below the £30 per week 'tolerance' level. Where an applicant has multiple changes (of under £30), a single change will be made to their entitlement when the total number of changes reach the tolerance (£30) level.	
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Head of Service sign off (name):	Janice Broomfield Acting Head of Revenues (Benefits & Customer Services)
Date: August 2018	