

**COMMUNITY WELL BEING PDG**  
**7 JUNE 2016**

**Proposed changes to the Council Tax Reduction Scheme for 2017/18**

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Head of Finance, Andrew Jarrett

**Reason for Report:** To provide members with details of the proposed changes to the Council Tax Reduction Scheme from April 2017.

**RECOMMENDATION(S):** To note the reasons for the proposal, the consultation process and requirement to approve a revised scheme by 31 January 2017.

**Relationship to Corporate Plan:** The Council will continue to ensure a localised CTR scheme provides direct financial support in the economic wellbeing of the district taking into account other welfare reforms and council services.

**Financial Implications:** Funding for the Council Tax Reduction Scheme is now included within the Revenue Support Grant and with the ongoing reduction of RSG, councils must ensure their local scheme is fair, transparent and affordable.

**Legal Implications:** Section 13A of the Local Government Finance Act 1992, as amended by the Local Government Act 2012, requires the Council to approve a Council Tax Reduction scheme by 31 January each year.

**Risk Assessment:** Failure to consult on the proposals for a Local Council Tax Reduction Scheme will mean non-compliance with the statutory duties within the Local Government Finance Bill. The Council must be confident that the scheme will withstand any equality impact assessment.

## **1.0 Introduction**

- 1.1 Council Tax Reduction (CTR) (also known as Council Tax Support) was introduced on 1 April 2013 and replaced Council Tax Benefit, which was previously fully funded by the Department for Work and Pensions (DWP).
- 1.2 CTR is a local reduction scheme. The scheme for working-age customers (those below the age to claim State Pension) is set out in our CTR Scheme Policy. The requirement to have a policy is within S13A and Schedule 1a of the Local Government Finance Act 1992.
- 1.3 The scheme for pension-age customers is a national scheme and is prescribed within Government legislation. Pensioners are protected in order to receive the same level of support they received under the DWP Council Tax Benefit Scheme up to 31 March 2013.
- 1.4 Funding for a CTR scheme is now included within the Revenue Support Grant. Members will recall the Government reduced the level of funding by 10% when responsibility was transferred and have effectively reduced the funds available to support the scheme each year as the level of RSG has been reduced.

## 2.0 Proposed changes

2.1 On 15 April 2016 a report submitted to the Devon Local Government Steering Group asked Chief Executives and Leaders to consider the future strategy for CTR.

2.2 It was agreed the CTR scheme for working age customers should change to align with recent changes to Housing Benefit and Universal Credit to keep the schemes more closely aligned (see 2.3 and 2.4 below) and reduce any ongoing administrative burden.

2.3

### **To align with Housing Benefit**

- a. Removal of family premium for all new claims or break in claims
- b. Removal of Employment & Support Allowance Work Related Activity Component for all new ESA claims
- c. Temporary Absence Rule for persons absent from GB for 4 weeks or more
- d. No dependant addition for third or subsequent child born on or after 1 April with certain exceptions
- e. Backdating reduced to 1 calendar month (from 6 months)
- f. Responsibility to report changes extended to exclude partners

2.4

### **To align with Universal Credit**

- a. Simplify the assessment by using figures within the UC calculation to calculate CTR
- b. Simplify the administration process
- c. Introduce a minimum change threshold to eliminate the need to recalculate a claim every calendar month
- d. Introduce a minimum income floor for self-employed customers who have declared zero income for more than 12 months

2.5 Full details of customers who will be affected are not known at present. Further analysis will be undertaken and reported to members for consideration in September.

## 3.0 Consultation, communication and reporting

3.1 It is a DCLG requirement that all local authorities must consult on any proposed changes to their CTR scheme.

3.2 A Supreme Court ruling in 2014 has imposed strict rules surrounding consultations and decision making on CTR schemes. *Supreme Court- R (on the application of Moseley (in substitution of Stirling Deceased) (AP) Appellant v London Borough of Haringey.*

- 3.3 Devon Chief Finance Officers discussed on 27 April 2016 the work involved in changing CTR schemes and it was agreed Devon County Council (DCC) would lead on consultation, communication and the equality impact assessment as a contribution towards the additional resource required.
- 3.4 The consultation will be predominantly web based. DCC will host this and will be responsible for analysing the responses for each district. At this stage we expect the consultation process will take place between June and August 2016.
- 3.5 A full awareness campaign is planned for residents of Mid Devon, applicants who currently receive CTR and other key stakeholders. The Mid Devon web site will contain details of the changes and link to the consultation questionnaire. A paper version of the questionnaire will be available on request.

#### **4.0 Financial Impact**

- 4.1 Any reductions to CTR, whilst increasing council tax income to the Council and our major preceptors, have financial implications for our residents. We will continue to offer support on managing finances and advice on other potential benefits through our partnership with Wisermoney.
- 4.2 Modelling has been undertaken at a pan-Devon level which has indicated the proposed changes to the CTR scheme may result in savings of circa £20k for Mid Devon. This figure would be subject to levels of collection

#### **5.0 Equalities Implications /Public Sector Duty**

- 5.1 The existing CTR scheme is supported by the original Equality Impact Assessment (EIA) undertaken in 2013 following the consultation in 2012. The existing scheme also supports the most vulnerable members of our community as it contains more generous provisions for protecting disabled residents (which is applied to any applicant where a member of the household is in receipt of Disability Living Allowance or Personal Independence Payment (PIP)).
- 5.2 The Council must take account of the equality duty and in particular any potential impact on protected groups. Due regard should therefore be had to the Public Sector Equality Duty when giving consideration to a review of the scheme and the recommendations in this report.
- 5.3 Once further analysis of responses to the consultation and possible impacts have been obtained, the EIA will be updated and available for members to consider.

## **6.0 Conclusion**

- 6.1 The findings will be reported to CWB on 27 September 2016. This meeting will need to approve any revisions to our current CTR scheme, in order for the Cabinet to make recommendation on 24 November 2016, prior to final approval by Full Council on 14 December 2016.

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**Circulation of the Report:** Members of Community Wellbeing PDG, Cllr Hare-Scott and Management Team