

29 NOVEMBER 2016

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

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Director of Finance, Assets and Resources  
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):**

- (1) To note the reasons for the proposal, the consultation process and requirement to approve a revised scheme by 31 January 2017.

That Cabinet subsequently approve;

- (2) To approve the proposed changes to Council Tax Reduction Scheme from 1 April 2017 as detailed in Appendix 1 subject to amendment shown in para 4 of this report
- (3) To approve the updated Council Tax Reduction Exceptional hardship Policy (Appendix 4)
- (4) To continue with delegated authority to the Director of Finance, Assets and Resources to make any minor amendments to the scheme where there appears to be ambiguity in relation to wording of the scheme and the Council's intent for the scheme.
- (5) Members note the requirement to read and consider the Equality Impact Assessment and consider the impact of the proposed changes

**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:** The overall impact on the Council's financial position is minimal and any savings translate into increased income if the additional Council Tax is recovered. Funding for the Council Tax Reduction Scheme is now included within the Revenue Support Grant and with the ongoing reduction of RSG Council's must ensure their local scheme is fair, transparent and affordable.

**Legal Implications:** Paragraph 5 of Schedule 1B 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:** The Council must be confident that the scheme will withstand any equality impact assessment.

There are many unknown risks with changes to schemes where they are based on means testing . Outside factors such as level of unemployment/employment, and increases in the level of Council Tax may affect the amount of support that will need to be funded each year.

## 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 fully funded by the Department for Work and Pensions.
- 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.
- 1.5 Cost of the CTR Scheme

YEAR	Number of Pensioner Claims	Number of Working age Claims	Cost of CTR
<b>March 13 (CTB)</b>	2931	2787	£5,085,710 (CTB)
<b>March 14</b>	2757	2418	£4,280,644
<b>March 15</b>	2622	2299	£4,166,883
<b>March 16</b>	2496	2289	£4,039,274
<b>31 Oct 2016</b>	2416	2225	£4,020,638

## 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 and reduce any ongoing administrative burden. (See Appendix 1).

2.3

To align with Housing Benefit
Removal of family premium for all new claims or break in claims Removal of Employment & support Allowance Work Related Activity Component for all new ESA claims. Temporary Absence Rule for persons absent from GB for 4 weeks or more No dependant addition for third or subsequent child born on or after 1 April with certain exceptions Backdating reduced to 1 calendar month (from 6 months )

2.4

To align with Universal Credit
Simplify the assessment by using figures within the UC calculation to calculate CTR Introduce a minimum income floor for self-employed customers who have declared zero income for more than 12 months.

## 3.0 Consultation

- 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 consultation 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<sup>th</sup> April 2016 the work involved in changing CTR schemes and it was agreed Devon County Council (DCC) would host the consultation, as a contribution towards the additional resource required.
- 3.4 Officers from all Devon billing authorities and the major precepting authorities have been working closely in setting the proposals and to maintain a common approach .

- 3.5 Evaluation of evidence from other authorities across the country has taken place to assess any impact and ensure support is in place for those affected.
- 3.6 The consultation was predominantly web based hosted by DCC. Paper versions of the questionnaire were available on request. The consultation period ran from 27<sup>th</sup> June 2016 to 4<sup>th</sup> September 2016.
- 3.7 As part of the consultation, as well as consulting on various options related to the design of the scheme, case law has clarified that we are also required to consider alternative funding options as opposed to simply changing the current scheme to reduce costs.
- 3.8 A letter was sent to all applicants who currently receive CTR and would be directly affected explaining the impact the changes may have on them. Mid Devon web site contained details of the changes and link to the consultation questionnaire. Articles were included in July and August editions of Mid Devon Talk. Leaflets about the consultation were included with Benefit entitlement statements and sent to local accountants. A briefing was given to local stakeholders and representatives from welfare groups at a meeting on 19<sup>th</sup> July 2016.
- 3.9 A summary of the Mid Devon responses is available on our website <https://www.middevon.gov.uk/residents/benefits/council-tax-reduction/ctr-consultation-results-summary/> and a summary of the responses to other Devon districts is shown in Appendix 2.
- 3.10 The number of responses has been low across Devon ( see table below)

District/City	No. responses received	District/City	No. responses received
Exeter	79	South Hams	18
East Devon	250	Teignbridge	156
Mid Devon	19	Torridge	81
North Devon	82	West Devon	22

## 4 Amendment to proposed changes

- 4.1 Taking account of responses and other identified issues it is proposed the following amendments be included:
- (i) Proposals 1 and 5. These changes are intended to align CTR with the administration of Housing Benefit. At the present time the Government have not approved the changes to HB but regulations are expected before the 1<sup>st</sup> April 2017.  
Members are advised that in the unlikely event that these changes are not effected by Central Government by 1st April 2017, that the Council's Council Tax Reduction scheme will not be amended for 2017 but will be amended from 2018.

- (ii) Proposal 3. To take account of the restriction placed on people who may have limited ability to work 35 hours per week the following is proposed;

The 35 hours will be replaced with 16 hours, or actual hours worked if more than 16, or the actual self- employed earnings if those earnings are above either of these amounts

## **5.0 Financial Impact**

- 5.1. Any reductions to CTR whilst increasing council tax income to the Council and our major preceptors has financial implications for our residents.
- 5.2. 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
- 5.3. We will continue to offer support on managing finances and advice on other potential benefits through our partnership with Wiser£money.
- 5.4. The Council Tax Exceptional Hardship policy is available for those affected by the proposed changes who may have difficulty paying their council tax. The amounts awarded via this policy are;

2013/14	£7,009.20
2014/15	£24,922.35
2015/16	£17,941.09
2016/17 ( to September 16)	£1,537.27

The cost of these awards is shared with the precepting authorities.

- 5.5 The recovery of any additional council tax sums levied on working age claimants and ultimately the impact on the Council Tax Base and the Collection Fund are both key elements of the overall budget setting process for the Council. Council Tax recovery levels are monitored regularly and this will in due course provide an indicator of the changes and whether any additional resource will be required.

## **6. Equalities Implications /Public Sector Duty**

- 6.1. The existing CTR scheme is supported by the original Equality Impact Assessment (EIA) undertaken in 2013 following the consultation in 2012. The proposed changes will continue to support the most vulnerable members of our community as it contain 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)).
- 6.2 Case law has highlighted that Councillors should note that the scheme

together with all supporting papers, Equality Impact assessments etc. must be considered before making any decision on the scheme .

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.

- 6.3 An equalities impact assessment has been undertaken for the proposed changes to the scheme and this is given at Appendix 3 of this report.

## **7 Further Reviews**

- 7.1 There are many unknown risks with changes to schemes where they are based on means testing. Outside factors such as levels of unemployment, changes in other state benefits and increases in the level of Council Tax affects the amount of support that will need to be funded each year.
- 7.2. A review of the scheme will be undertaken for 2018/19 where further changes may be proposed from 2018 onwards.
- 7.3 Should any amendments be required a further consultation exercise will need to be undertaken during 2017 and approval for a revised scheme made by full Council by 31 January 2018.

## **8 Conclusion**

- 8.1. The Council is required to have a localised Council Tax Reduction scheme approved by 31 January each year to operate from 1 April in the following financial year.
- 8.2. With this proposed scheme we have attempted to protect the most vulnerable in our community by maintaining the link to entitlement to other benefits as a means of entitlement to support.
- 8.3 This meeting will need to approve the proposed changes in order for Cabinet to make recommendation on 1 December 2016 prior to final approval by Full Council on 14 December 2016.

**Contact for more Information:** Dawn Harris Benefit Manager 01884 234372

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