

<p>This assessment looks at possible impacts of a change to our Council tax Reduction (CTR) Scheme.</p>	
Date of assessment	October 2016
Lead Officer	<i>Dawn Harris</i>
Version	1
Department	<i>Benefits</i>
Proposed change to service	<p>Changes to the Council Tax Reduction scheme .from April 2017.</p> <p>This is a local scheme that replaced Council Tax Benefit from April 2013 and provides help to low income households with their council tax liability</p> <p>We are proposing 8 changes to some elements of the CTR scheme these will affect current and future recipients.</p> <p>PROPOSAL 1. Removing the Family Premium for all new working age applicants</p> <p>The removal of Family Premium from 1st April 2017 for new claims will bring our Council Tax Reduction scheme in line with Housing Benefit.</p> <p>The Family Premium is part of how we assess the ‘needs’ (Applicable Amounts) of any claimant which is compared with their income. Family Premium is normally given when a claimant has at least one dependant child living with them.</p> <p>Removing the Family Premium will mean that when we assess a claimant’s needs we would not include the family premium (currently £17.45 per week). This change would not affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker’s Allowance.</p> <p>We estimate this will create an average potential loss of £30.00 per annum per claim.</p> <p>PROPOSAL 2. Reducing Backdating to 1 month</p> <p>Currently claims for Council Tax Reduction from working age claimants can be backdated for up to 6 months where an applicant shows they could not claim at an earlier time.</p> <p>Central Government has reduced the period for Housing Benefit claims to 1 month. It is proposed that the Council’s Council Tax</p>

Reduction Scheme be aligned with the changes for Housing Benefit.

In 2015/16 we have very few claims backdated beyond one month. Any people affected by the change will be encouraged to apply for Exceptional Hardship

PROPOSAL 3. Introducing a minimum income floor for the self employed after a 12 month start up period.

In order to align Council Tax Reduction with Universal Credit, the Council proposes to use a minimum level of income (minimum income floor) for those who are self-employed.

This would be in line with the National Living Wage (or National Minimum wage for under 25's) for 35 hours worked per week. The income would not apply for a designated start-up period of one year from the start of the business. Variations would apply to any person who is both employed and self-employed.

Where this policy has been adopted elsewhere in the country experience has found most self employed people have generally been able to cope with the increase in Council Tax .

Where some claimants are disabled or have caring responsibilities they often find running their own business is more suitable to taking up employment .It is important these limitations are recognised and they will be encouraged to request Exceptional Hardship

We currently have 120 claims who will be affected by this change The average annual loss per claim is estimated to be £600.00.

PROPOSAL 4. Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks

Within the current scheme, applicants can be temporarily absent from their homes for 13 weeks (or 52 weeks in certain cases) without it affecting the Council Tax Reduction. This replicated the rule within Housing Benefit.

Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, their benefit will cease.

It is proposed that the Council Tax Reduction scheme is amended to reflect the changes in Housing Benefit. There will be exceptions for certain occupations such as mariners and the armed forces.

We have no data on people who have been absent for more than 4

weeks therefore it is not possible to estimate the numbers affected by this change.

PROPOSAL 5. Removing the Work Related Activity Component in the calculation of the entitlement for new Employment and Support Allowance applicants

From April 2017, all new applicants for Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the work related activity component in either their ESA or within the calculation of Housing Benefit. It is proposed that the Council Tax Reduction scheme is amended to reflect the changes.

Disabled people who currently receive the Work Related activity Component of £29.05 per week will not be affected

This change will not actually reduce the level of CTR for new claims after April 2017 and the number of people affected are likely to be very low.

PROPOSAL 6. Limiting the number of dependant children within the calculation for Council Tax Reduction to a maximum of two

Within the current scheme, claimants who have children are awarded a dependant's addition of £66.90 per child within the calculation of their needs (Applicable Amounts). There is no limit to the number of dependant's additions that can be awarded.

From April 2017 Central Government will be limiting dependant's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two.

It is proposed that the Council Tax Reduction scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. There will be exceptions where: there are multiple births after 1st April 2017 (and the household is not already at their maximum of two dependants within the calculation); adopted children, where households merge or where a child is born as a result of rape.

We estimate this will create an average annual loss of £410.00 per annum per claim. Existing claims with 3 or more children will not be affected. This will only affect households who have a third or subsequent child on or after 1st April 2017.

PROPOSAL 7. Removing entitlement to the Severe Disability Premium where another person is paid Universal Credit (Carers Element) to look after them

This will change Schedule 1 paragraph 10.

	<p>Currently when another person is paid Carers Allowance to look after a Council Tax Reduction claimant, then the Severe Disability Premium is not included when working out their needs (Applicable Amounts). The reason for this is that it avoids paying for the same care twice.</p> <p>This proposed change will align the scheme with Housing Benefit by treating persons who receive the Universal Credit (Carers Element) in the same way as anyone receiving Carers Allowance.</p> <p>PROPOSAL 8. Removing entitlement to the additional earnings disregard for Universal Credit customers in work <i>This will change Schedule 3 paragraph 16.</i></p> <p>Currently an additional amount of earnings can be disregarded if a customer is working sufficient hours. This additional disregard doesn't apply in Universal Credit.</p> <p>This proposal removes the additional disregard from Council Tax Reduction for working customers who receive Universal Credit. The standard earnings disregard will still apply.</p>
<p>Background and Reason for the service change.</p>	<p>Council Tax is collected from households by District councils and the money collected contributes to providing public services provided by Devon County Council , Police , Fire and District Councils. Funding is also received in the form of Government grants.</p> <p>As the grants from Central Government have reduced significantly. and further reductions are expected Council Tax is becoming a main source of income for local authorities</p> <p>The cost of the Council Tax Reduction scheme has to be reviewed annually to ensure additional burdens are not put on the general fund and local taxpayers.</p> <p>Mid Devon District council has a statutory duty to administer a CTR scheme under the Local Government Finance Act 2012 . The CTR scheme for Pensioners is prescribed by the Government to protect the level of support they receive. The Working age scheme has to be designed, agreed and delivered by local authorities</p> <p>The proposed changes to Mid Devon's Working are being considered ;</p> <p>To ensure the CTR scheme continues to provide support to low income households whilst managing the decrease in funding to local authorities from the Government</p> <p>To simplify administration of the scheme and align the rules with other welfare benefits making it easier for applicants to understand.</p>

	<p>To limit the impact of any changes to the CTR scheme on the residents with low income who may be vulnerable .</p> <p>Local authorities are unable to reduce the scheme to affect those of Pension Age. This means that the burden of any proposed saving falls upon those of Working Age</p> <p>Other Options Considered</p> <ol style="list-style-type: none"> 1. <i>Reduce budgets to other council services . budget reductions to services are considered each year. It is becoming harder each year to find further efficiencies that meet public expectations and statutory obligations</i> 2. <i>Use council reserves (savings). Using reserves would only provide relief in the short term. Once reserves are used they are no longer available and there would be no funding for unforeseen events such as environmental emergencies.</i> 3. <i>Continuing with the current scheme . The administration costs may increase as the scheme does not align with Housing Benefit .</i> 4. <i>Increase Council Tax. In 2016/17 the council raised Council Tax as far as it could without the need for a local referendum and the County council increased tax by 4%. Increasing council tax has an impact on all local taxpayers</i> 				
<p>Information about users, research or other evidence</p>	<p><i>Number of CTR recipients @ 31 July 2016 4678</i></p> <p><i>Pensioner age 2440 (52%)</i> <i>Working age 2238 (48%)</i></p> <p>The percentage will change over time, as the national age threshold for becoming a pensioner is increasing.</p> <p>For Working age we mean those aged 18 to 62 and for Pension age we mean those who will be 63 on 1 April 2017</p> <p>CTR expenditure @ 31 July 2016 £4,047,177</p> <table style="margin-left: 100px;"> <tr> <td>Pension Age</td> <td>£2,424,089</td> </tr> <tr> <td>Working Age</td> <td>£1,623,088</td> </tr> </table> <p>Our current scheme and proposals for changes to the scheme are in line with other Devon authorities. Officers from all Devon Councils and the preceptors (DBOG) meet regularly to monitor and review the Council Tax Reduction scheme.</p> <p>Nationally some authorities have already introduced the changes we are proposing DBOG has used the information gained from them</p>	Pension Age	£2,424,089	Working Age	£1,623,088
Pension Age	£2,424,089				
Working Age	£1,623,088				

	<p>when submitting the proposals. any negative/positive has been taken into account in this assessment</p>
<p>Stakeholder involvement and consultation</p>	<p>We consulted with the preceptors Devon County Council the Police and Fire brigade. The County and District Heads of Finance recommended the proposals to Devon Local Government Steering Group who agreed the proposals and that a consultation process should take place.</p> <p>We have carried out consultation on the proposed changes to our scheme for eight weeks between 4 July and 4 September 2016.</p> <p>We met with external stakeholders on 19 July 2016 to brief them on the proposed changes and invited them to respond</p> <p>Articles were included in the June and July editions of Mid Devon Talk. All Members were notified via their Weekly Information Sheet</p> <p>A Consultation alert header was set up on the Homepage, Benefits, Council Tax and Consultation page of Mid Devon District Council's web site . This remained in place throughout the 8 week period linking to a summary of the proposals, a copy of our current scheme and the online consultation questionnaire.</p> <p>We have written to all recipients of CTR who will be affected by the changes</p> <p>A full copy of the Responses to the consultation are on our web site https://www.middevon.gov.uk/residents/benefits/council-tax-reduction/ctr-consultation-results-summary/</p>
<p>Impact of change</p>	<p>It has been difficult to give an exact figure to the savings . 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 .</p> <p>Any customer who is entitled to Council tax Support , or who loses their entitlement because of the changes and has a shortfall is entitled to make a claim for help via the Exceptional Hardship payment scheme.</p> <p>We work in partnership with Wiser£money who can assist customers to manage their household budgets and overall debt.</p> <p>Council Tax collection rate could be affected. The reduction in support given may result in additional administration and recovery</p>

	<p>action It is difficult to estimate the impact however as the collection rate of Council Tax is monitored regularly this will in due course provide an indicator of the impact of the changes and whether any additional resource will be required.</p> <p>Additional enquiries to the Benefit, Council Tax and Customer Service teams will be higher at the start of the financial year and may affect services delivery for a short period of time .</p> <p>Impact of other changes</p> <p>Many claimants will also be managing the impact of other welfare reforms e.g.</p> <ul style="list-style-type: none"> <input type="checkbox"/> Social sector size criteria reductions to Housing Benefit <input type="checkbox"/> Replacement of Disability Living Allowance with Personal Independence Payments <input type="checkbox"/> National benefit cap <input type="checkbox"/> Increased non-dependent deduction rates <input type="checkbox"/> Reduced uprating percentage for benefits and tax credits. <input type="checkbox"/> National roll out of Universal Credit <input type="checkbox"/> Freeze on benefit rates for the working Age Group (excluding disability benefits)
	<p>Impact on Protected Groups</p>
<p>Age</p>	<p>The proposed changes will not affect those of Pension age who will continue to have their support assessed under national rules set by the Government to replicate the former Council Tax Benefit scheme .</p> <p>Working age households whose income is based on self employment will cease to receive support after a 12 month set up period.</p> <p>Younger residents between 18 and 24 are slightly disadvantaged under the current CTR scheme and other welfare benefits , which gives lower applicable amounts in the calculation of council tax reduction. this</p> <p>Applications for Exceptional Hardship payment will be considered in line with our responsibilities under section 13a (1)(c) of the Local Government Finance Act 1992</p>
<p>Disability</p>	<p>The changes will not affect the Disabled band reduction scheme which is applied to the council tax liability before the calculation of CTR entitlement.</p> <p>Applying the Minimum Income Floor to Self employed applicants who receive disability benefits (Employment and Support Allowance Disability Living Allowance or Personal Independence Payment)will</p>

	<p>lose their entitlement to CTR after a 12 month start up period.</p> <p>Applications for Exceptional Hardship payment will be considered in line with our responsibilities under section 13a (1)(c) of the Local Government Finance Act 1992</p> <p>The changes to family premium and the 2 child allowance restriction will affect new applicants after 1 April 2017.</p> <p>Additional premiums are included in the calculation of entitlement for those who in receipt of disability benefits . Disability Living Allowance, Personal Independence payments and war disablement Pension are disregarded in full when the calculation income.</p> <p>The earnings disregard for people with a disability is £20 rather than the standard £5 for a single person and £10 for a couple . This ensure disabled people who work are able to keep more of their earnings .</p> <p>For applicants who are Blind or receive the care component of Disability Living Allowance or Personal Independence payment ,no non dependant deduction is taken from their entitlement for CTR. This supports households where assistance is provided to the person with disabilities.</p> <p>Applications for Exceptional Hardship payment will be considered in line with our responsibilities under section 13a (1)(c) of the Local Government Finance Act 1992</p>
Sex (gender)	<p>The means tested scheme is based on income and household circumstances that are not influenced by gender. The CTR scheme does not impact on anyone differently on grounds of gender.</p>
Marital status, family circumstances or caring responsibilities	<p>There is a Carer disregard applied to council tax liability for carers living in a property with the person they are caring for. A 25% reduction is applied before any entitlement to council tax reduction The proposed changes will not affect this disregard.</p> <p>Single parents, predominately women who are statistically usually in low paid or part time employment may lose entitlement to CTR if they are self employed.</p>
Race / Ethnicity	<p>The means tested scheme is based on income and household circumstances that are not influenced by race and ethnicity. The CTR scheme does not impact on anyone differently on grounds of race or ethnicity</p>
Religion / Belief	<p>The means tested scheme is based on income and household circumstances that are not influenced by religion or belief . The CTR scheme does not impact on anyone differently on grounds of religion or belief</p>

Sexual Orientation	The means tested scheme is based on income and household circumstances that are not influenced by sexual orientation . The CTR scheme does not impact on anyone differently on grounds of sexual orientation	
Other		
Submissions from interested parties received.	There have been no submissions from any support organisations a full summary of the responses are available on our web site https://www.middevon.gov.uk/residents/benefits/council-tax-reduction/ctr-consultation-results-summary/	
Issues and Recommendations	Issue	Recommendations
	1.Claimants with children will have less income for their living expenses and for caring for their children if they have to pay more towards their Council Tax; a	To mitigate this issue the Council provides a Section 13A discretionary hardship scheme.
	2. Disabled claimants who may be unable to work due to their disability may be affected by an increase in the amount of Council Tax they have to pay.	To mitigate this issue the Council provides a Section 13A discretionary hardship scheme
	3. Increase in Council Tax to pay and reduction in collection rate	The collection of Council Tax to be monitored throughout the financial year
Overall Recommendation	The CTR scheme and the proposed changes do not unlawfully discriminate against people with protected characteristics, it continues to provide additional support for those with children, caring responsibilities or disabilities who can often have fewer opportunities and has been developed using a fair and evidence based approach.	
Approved by	Andrew Jarrett Director of Finance Assets and Resources	
Approval date	November 2016	

Review	<p><i>The CTR scheme and any impacts is reviewed monthly by the Devon Benefit Officer Group and this will continue throughout the next financial year</i></p> <p><i>The increase in Council Tax payable, recovery rates and number of people applying for Exceptional Hardship will be monitored monthly for any impacts</i></p>
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