

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b> NONE	Mandatory	Be entirely within Cabinet's powers to decide	YES	
		Need to be recommendations to Council	NO	
		Is it a Key Decision	YES	
Lead Member: Cllr Adrian Lawrence E-mail: cllr.adrian.lawrence@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted: Corporate Performance Panel		
Lead Officer: Joanne Stanton, Revenues and Benefits Manager E-mail: joanne.stanton@west-norfolk.gov.uk Direct Dial: 01553 616349		Other Officers consulted: Lorraine Gore Management Team		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications YES	Equal Impact Assessment YES If YES: Pre-screening/ Full Assessment YES	Risk Management Implications YES

Date of meeting: 7 September 2016

### **COUNCIL TAX SUPPORT SCHEME 2017/2018: DRAFT SCHEME FOR CONSULTATION**

#### **Summary**

The Council must review and agree its Council Tax Support scheme each financial year. This process includes consulting with major preceptors, publishing a draft Council Tax Support scheme and then consulting with interested parties before the final Council Tax Support scheme is approved.

This report details the recommended draft 2017/2018 Council Tax Support scheme to go to public consultation.

#### **It is recommended that Members:**

- 1) Agree that the draft 2017/2018 Council Tax Support Scheme, as shown at Section 3 and Appendix C, goes to public consultation**
- 2) Note the consultation responses from Norfolk County Council and the Norfolk Police and Crime Commissioner**
- 3) Agree a public consultation period running online over a six week period from 12 September 2016 to 23 October 2016**
- 4) Note that a further report detailing the proposed final Council Tax Support scheme for 2017/2018 will be presented to Cabinet, for recommendation to Council, before 31 January 2017**
- 5) Note that the cost of the Council Tax Support scheme and the**

**impact on the taxbase will be monitored and an update report made available for Members in Autumn 2017**

### **Reason for Decision**

To ensure a Council Tax Support scheme for 2017/2018 is agreed by full Council by 31 January 2017

## **1. Background**

- 1.1. Council Tax Support (CTS) is a discount awarded to those on a low income to help towards the cost of their council tax bill. It is based on a person's household and income. There are currently 11,214 households claiming CTS in the Borough.
- 1.2. The Council must agree a Council Tax Support (CTS) Scheme for its residents every year. This report details the recommended draft CTS scheme for 2017/2018 to go to public consultation.
- 1.3. CTS for working age people is a locally decided discount and, whilst the Council is free to design any CTS scheme, it is only for working age people and Central Government have prescribed certain criteria:
  - Vulnerable groups should be protected, including families with children, and
  - Work incentives must be considered, in line with the aims of Universal Credit (UC)
- 1.4. Support for pension age people is still assessed and paid by us but under a national set of rules. The Council must review and agree a final scheme for each financial year by the 31 January of the preceding financial year.
- 1.5. Part of this process is to consult with the Council's major preceptors, agree a draft CTS scheme for consultation and then consult with any interested parties.
- 1.6. Norfolk County Council and the Norfolk Police and Crime Commissioner have been contacted and their views are included in section 4.
- 1.7. As CTS is a discount it reduces the Council's taxbase. There is an equivalent reduction in the taxbase for Norfolk County Council and the Norfolk Police and Crime Commissioner. When CTS was originally implemented in 2013, Revenue Support Grant (RSG) contained an element of funding for CTS. However RSG has been significantly reduced since this time.
- 1.8. This report recommends the draft CTS scheme to go to public consultation. The results of the consultation and the proposed CTS scheme for 2017/2018 will be brought back to Members later in the year.

## **2. Welfare Reform and Universal Credit**

- 2.1. The Government's £12bn package of cuts to welfare benefits started in April 2016, bringing in changes including: a freeze in the levels of most working age benefits, applicable amounts and premiums, a restriction on backdating claims to four weeks and the Family Premium of £17.45 a week being abolished for new Housing Benefit claims. These changes were included in the Council's CTS scheme for 2016/2017.
- 2.2. Universal Credit was introduced at King's Lynn Jobcentre from 14 March 2016. It is currently only available in this area to single, working age people with no dependant children. The rollout for new claims for all types of working age customer has started in selected areas of the country and will not complete until 2018. There is no timetable yet for when the rollout will happen in Norfolk. The conversion of existing claims from other benefits to Universal Credit is estimated to then take until 2022.
- 2.3. Welfare reform continues and changes coming into force during the remainder of 2016 and into 2017 include:
  - Increases in allowances and working age benefits continue to be frozen (from 1 April 2016),
  - A reduction in the annual benefit cap from £26,000 to £20,000 rolling out (from 7 November 2016),
  - Absence from Great Britain when certain benefits can still be paid limited to four weeks (from 28 July 2016), and
  - Allowances for Housing Benefit and Tax Credit claims limited to two children for new claims (from 1 April 2017).

These changes are incorporated into the draft CTS scheme for 2017/2018. The changes to the CTS scheme will only apply to working age people who are not in one of the Protected Groups. Full details of the proposed 2017/2018 CTS scheme and the Protected Groups are shown at section 3 and Appendix C.

## **3. Changes to be included in the draft Council Tax Support Scheme for 2017/2018**

- 3.1. The principle of the 2016/2017 CTS scheme is an equal cut is made to everyone apart from those in a protected group. The details of the current scheme are shown at Appendix B.
- 3.2 This principle continues with the draft 2017/2018 CTS Scheme with some amendments. Updates are made to include welfare reform changes, and some technical changes are included to tidy up the criteria and the calculation of CTS and in preparation for future welfare reforms. These amendments were taken to the Corporate Performance Panel on 18 July 2016 who supported the draft scheme. (NB: the CPP Report did not include the Temporary Absence changes as the start date of 28 July 2016 was not announced until 19 July 2016 which was after the panel meeting).

3.3 The changes to the scheme for 2017/2018 are shown below and examples are shown at Appendix C. These changes only apply to working age people who are not in a Protected Group:

- A) The Applicable Amounts and Premiums are frozen at the same levels as 2015/2016 and 2016/2017:
  - This mirrors changes made to other benefits by the Government, including Housing Benefit. It means that there is no automatic annual increase in the amount of CTS someone receives.
  - This will affect 1,594 claims
  
- B) The 25% deduction is applied at the start of the calculation rather than the end:
  - This is a technical change and means that the calculation of CTS is based on a lower figure than the current scheme. It means the maximum amount of CTS someone can receive may be lower if they do not already receive full CTS.
  - This will affect 838 claims
  
- C) Child Benefit and Child Maintenance are no longer included as income:
  - This means that people receiving either of these should see an increase in their CTS as less income is taken into account.
  - This will affect 311 claims
  
- D) Allowances for families used to calculate CTS are restricted to two children for new claims and new births:
  - Under the 2016/2017 CTS scheme an allowance of £66.90 per child is given for the first and each subsequent child with no limit applied. A couple with four children would receive the Couple's Allowance of £114.85, plus allowances for the children of 4 x £66.90, a total of £382.45. Provided their weekly income is less than this they will receive full CTS.
  - From 1 April 2017, if they made a new claim they would still be entitled to the Couple's Allowance of £114.85, but would only receive allowances for two of the children of 2 x £66.90, a total of £248.65. If their weekly income is higher than this their CTS will start to reduce.
  - This change matches changes being made to Tax Credits and Housing Benefit from April 2017.
  - It will not affect households with a child under 5 as they are a Protected Group
  - This will affect 56 claims
  
- E) CTS will not be paid for temporary absences outside Great Britain lasting four weeks or longer:
  - This reduces the current time limit from 13 weeks to four weeks in line with Housing Benefit and Pension Credit and means anyone absent outside Great Britain for four weeks or longer cannot receive CTS for the whole of their absence.

- This will only affect a small number of claims

3.4 The 2017/2018 CTS scheme is estimated to cost £9,227,608, equivalent to a reduction in the taxbase of 6,123 Band D properties. This compares to £9,277,229 for 2016/2017, a reduction of just under £50,000. This is within the projections in the Financial Plan. The cost is split between the preceptors in proportion to their share of the council tax.

3.5 The scheme will not contain any transitional provisions however a Discretionary Hardship fund of £10,000 will continue to assist any person in receipt of CTS who is experiencing hardship and having difficulty paying their Council Tax bill. The hardship provisions form part of the Council Tax Discretionary Reliefs policy agreed by Members in 2014.

**Recommendation 1: Members agree the draft 2017/2018 Council Tax Support Scheme as detailed above and at Appendix C as the scheme to go to public consultation.**

#### **4. Requirement To Consult**

4.1. Before agreeing the final CTS scheme the regulations require the Council to consult any major precepting authorities, publish its draft scheme and then consult with other interested persons.

4.2. Views have been sought from Norfolk County Council and the Norfolk Police and Crime Commissioner and they have responded with the following comments:

- Norfolk County Council: "The County Council has no objections to the proposed changes"
- Norfolk Police and Crime Commissioner: "The changes you propose are minor and we have no comment".

4.3. The public consultation will detail the proposed scheme for 2017/2018 and will also outline the options that have been considered and the reasons why they have been discounted.

4.4. A consultation exercise for the draft 2017/2018 CTS scheme (as shown in Section 3) is proposed for a six week period from 12 September 2016 to 23 October 2016. The consultation will primarily be carried out online with hard copies of the consultation questionnaire available. The consultation will be publicised through the Council's website, press releases, email alerts and social media. Interested parties such as advice agencies and housing associations will be contacted directly for their views. The consultation will also be sent to Ward Members and Parish Clerks.

4.5. Feedback from the consultation and any subsequent amendments proposed to the final CTS scheme for 2017/2018 will be brought back to Cabinet before 31 January 2017.

**4.6. Recommendation 2: Members note the consultation responses from Norfolk County Council and Norfolk's Police and Crime Commissioner**

**4.7. Recommendation 3: Members agree a public consultation period running online over a six week period from 12 September 2016 to 23 October 2016**

## **5. Other Options Considered**

5.1. The Council is able to adopt any scheme of CTS for its working age claimants. As CTS is now a discount rather than a benefit it reduces the Council Taxbase which impacts on the Council's income. The Council receives a CTS grant as part of its Formula Funding, although the actual amount for CTS is no longer identified separately by Central Government.

5.2. The Council could decide to adopt a CTS Scheme that is based on the national, more generous, scheme of CTS for pension age customers. The national scheme is based on the old scheme of Council Tax Benefit with no cuts to support for any group. However this scheme would not fit within the projections in the Financial Plan and alternative resources would need to be identified to fund the additional cost.

5.3. The cost of a local CTS scheme based on the national, more generous CTS scheme is estimated at £10,234,230 equivalent to a reduction on the taxbase of 6,518 band D properties. The deficit between this and the proposed CTS scheme is an estimated £1,006,622. This would mean a £765,033 deficit for Norfolk County Council, a £140,927 deficit for the Police and Crime Commissioner and a £100,662 deficit for the Borough and Parish Councils.

5.4. The impact on individual parish and town councils is through a reduction in council tax base and will vary throughout the Borough according to the distribution of CTS applicants. The Council will continue to distribute a CTS grant to the parishes although this is reducing each year in line with reductions in RSG.

5.5. The Council can choose to implement the national scheme, or a different more expensive CTS scheme, and meet the shortfall from elsewhere within service budgets, increasing fees and charges or by raising council tax. For the past three years the Council has chosen to implement a local CTS scheme which is based on the reduced level of funding and fits within the Financial Plan.

5.6. Pension age claimants are excluded from the local CTS scheme and are paid based on the more generous national CTS scheme, with the Council meeting this cost. As the majority of the Council's claims are pension age, to continue to meet the projections in the Financial Plan a significant reduction in the level of support needs to be continued for working age claimants. There are limited options available to achieve this and there is

not scope for any alternative scheme to be significantly different to the CTS scheme agreed for 2016/2017.

- 5.7. The draft CTS scheme for 2017/2018 is designed to protect vulnerable groups and incentivise work whilst meeting the projections in the Financial Plan. It also includes wider welfare reform changes to other benefits and makes some technical changes, including no longer counting child benefit and child maintenance as income.

## **6. Next Steps**

- 6.1. Once the consultation period has closed the results will be collated and used to inform any changes recommended to the draft 2017/2018 CTS scheme.
- 6.2. The consultation responses and details of the proposed final CTS scheme for 2017/2018 will be brought back to Members for agreement. Full Council must agree the final CTS scheme by 31 January 2017.
- 6.3. Recommendation 4: Members note that a further report detailing the proposed final Council Tax Support scheme for 2017/2018 will be presented to Cabinet, for recommendation to Council, before 31 January 2017.**

## **7. Policy Implications**

- 7.1. The draft CTS Scheme for 2017/2018 is a continuation of an existing policy, updated to include welfare reform changes, remove income for children from the CTS calculation and make technical changes to the calculation of CTS.

## **8. Financial Implications**

- 8.1. The funding for the CTS scheme is now rolled into the Council's RSG funding and is no longer identified separately by Central Government. There have been significant reductions in RSG since CTS was originally implemented.
- 8.2. The taxbase figures in the Financial Plan 2015/2020 assume the CTS scheme, and the corresponding reduction in the taxbase, remains at the same level as 2016/2017 and that the taxbase will grow by 350 band D properties each year. The 2017/2018 proposed CTS scheme is in line with the assumptions included in the Financial Plan.
- 8.3. Any changes in the CTS scheme which increase costs will require funding or savings to be identified from other service areas.
- 8.4. The modelled figures for the 2017/2018 CTS scheme show the projected cost to be £9,227,608, equivalent to reduction in the taxbase of 6,123 band D properties. This is within the projections in the Financial Plan 2015/2020.

8.5. The Council will continue to pay a CTS grant to the affected parishes as detailed in the Financial Plan. The grant is paid in proportion to the cost of the CTS scheme for each Parish. The grant is reduced annually in line with the reduction in RSG.

## **9. Personnel Implications**

9.1. None

## **10. Statutory Considerations**

10.1. The Council is required to agree a CTS Scheme for the 2017/2018 financial year by 31 January 2017.

## **11. Equality Impact Assessment (EIA)**

11.1. A full Equalities Impact Assessment has been completed and is included at Appendix A.

## **12. Risk Management Implications**

12.1. The CTS scheme for 2017/2018 is designed to meet the taxbase projections as detailed in the Financial Plan and to include the Government's wider programme of welfare reform. However any increases in demand, changes in the composition of the caseload, for example an increase in the number of pension age claimants, or unforeseen changes to other welfare benefits during the year could represent a financial risk by increasing the cost of the CTS scheme and reducing the taxbase further. The impact of the CTS scheme is, and will continue to be, reviewed monthly.

**Recommendation 5: Members Note that the cost of the Council Tax Support scheme and the impact on the taxbase will be monitored and an update report made available for Members in Autumn 2017**

## **13. Declarations of Interest / Dispensations Granted**


13.1. None

## **14. Background Papers**

14.1. None



**Appendix A: Pre Screening Equality Impact Assessment  
(also see 4 December 2012 Cabinet Report)**

<b>Pre-Screening Equality Impact Assessment</b>	<div style="text-align: right;">  </div> <div style="text-align: center;"> Borough Council of  <b>King's Lynn &amp; West Norfolk</b> </div>
Name of policy/service/function	Local Council Tax Support Scheme 2017/2018
Is this a new or existing policy/service/function?	Continuation and updates to an Existing Policy
<p>Brief summary/description of the main aims of Policy being screened.</p> <p>Please state if this policy/service is rigidly constrained by statutory obligations</p>	<p>Local Council Tax Support (CTS) schemes were introduced from 1 April 2013, replacing the existing national scheme of Council Tax Benefit (CTB) to help those on low incomes with their Council Tax bills.</p> <p>Each council is free to design their own CTS scheme although certain parameters have been set by Government:</p> <ul style="list-style-type: none"> <li>• Pensioners must be protected from any reduction in support</li> <li>• Vulnerable groups must be considered for protection from any reduction in support</li> <li>• Work incentives should be promoted</li> </ul> <p>Government reduced the funding available for CTS schemes by 10% in 2013/2014. From 2014/2015 the funding is rolled into the council's formula funding and not identified separately. As pensioners are protected from any reduction this becomes nearly a 25% reduction in support for working age people if the Council chooses to continue with the 2016/2017 CTS scheme.</p> <p>The 2016/2017 CTS scheme for the Borough was agreed on 28 January 2016 and includes protection for the following groups:</p> <ul style="list-style-type: none"> <li>• Pensioners</li> <li>• Households with a child under 5</li> <li>• People entitled to the Disability Premium</li> <li>• People in receipt of Carer's Allowance</li> <li>• People in the ESA Support group</li> </ul> <p>The 2017/2018 CTS scheme is a continuation of the 2016/2017 CTS scheme but contains updates to match wider welfare reform changes to other state benefits. It also contains technical changes to update the calculation of CTS awards.</p>
<b>Question</b>	<b>Answer</b>

<p><b>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups <b>according to their different protected characteristic</b>, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</b></p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age		√		
	Disability	√			
	Gender				√
	Gender Re-assignment				√
	Marriage/civil partnership				√
	Pregnancy & maternity				√
	Race				√
	Religion or belief				√
	Sexual orientation				√
Other (eg low income)		√			
<b>Question</b>	<b>Answer</b>	<b>Comments</b>			
<p><b>2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?</b></p>	Yes	<p>The legislation for local CTS schemes states pensioners must be protected from any reduction in the level of support they receive. As the funding has been reduced this means a bigger cut falls on working age people and they have to pay 25% of their council tax bill.</p> <p>The legislation also compels councils to have regard to the impact on vulnerable groups and the promotion of work incentives</p>			
<p><b>3. Could this policy/service be perceived as impacting on communities differently?</b></p>	Yes	See 2			
<p><b>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</b></p>	Yes	<p>The CTS scheme contains a number of groups who are protected from the changes in the local CTS scheme and who receive CTS based on the national, more generous, scheme.</p> <p>Pensioners are protected as they are not expected to return to work to increase their income to pay for any reduction in council tax support.</p> <p>Children under 5 are protected in accordance with Child Poverty and the regulations for Universal Credit.</p> <p>Those entitled to the Disability Premium are a Protected Group protected to reflect their higher living costs.</p> <p>People receiving Carer's Allowance are a Protected Group as it is harder for them to take on work or work extra hours to</p>			

		<p>increase their income</p> <p>People in the ESA Support group are protected as they are deemed unable to work</p> <p>Work Incentives are promoted to encourage people back into work to increase their income and the amount people can keep before it affects their CTS is increased by £10 a week. This is in line with the Government's welfare reform principles.</p>
<p><b>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</b></p> <p>If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	<p><b>Actions:</b></p> <p>A full EIA has been completed as part of this Cabinet Report</p>
		<p><b>Actions agreed by EWG member:</b></p> <p>.....</p>
<p><b>Assessment completed by:</b></p> <p><b>Name</b></p>	Joanne Stanton	
<p><b>Job title</b></p>	Revenues and Benefits Manager	
<p><b>Date</b></p>	11 August 2016	

# Equality Impact Assessment



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## Full Impact Assessment Form: Local Council Tax Support Scheme

### 1. What is the service area(s) and who is the lead officer?

Service Area:

- Chief Executive

Lead Officers:

- Lorraine Gore – Assistant Director, Chief Executive's
- Joanne Stanton – Revenues and Benefits Manager

Current Service Provision:

- Local Council Tax Support (CTS) replaced the national Council Tax Benefit scheme from April 2013. Funding was reduced and moved from the Department of Work and Pensions to local Councils. Local Councils are now responsible for designing a CTS scheme each year to help people in their area on low incomes with the cost of their council tax bill. The amount of CTS awarded is dependent on the income and circumstances of the applicant and the CTS scheme the local council has in place.
- In the Borough, CTS is paid to over 11,200 claimants at an annual cost of £9.23m. The CTS scheme has been established since 2013 and has been subject to minor amendments to include wider welfare reforms each year since then.
- The proposed changes to the CTS scheme for 2017/2018 include Central Government reforms to the rules for claiming Housing Benefit and Universal Credit. These changes impact on a number of groups and make a significant difference to the CTS some people receive.

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### 2. What change are you proposing?

The local CTS scheme is now well established, having first been agreed in 2013. A full EIA was also carried out at this time. Minor changes have been made to the scheme each year since then but none requiring a further full EIA.

The Government's Welfare Reform Bill 2015 announced wide ranging welfare reforms to be introduced in 2016 and 2017. Some of these are already in place and matched in the Council's CTS scheme – such as the freeze in working age benefits and reductions in social rents – and some have yet to be introduced.

The CTS scheme aims to match wider welfare reforms and is updated annually to include changes to the criteria for claiming Housing Benefit and Universal Credit. The intention is to keep these benefits closely aligned to ensure the CTS scheme is easier for customers to understand and administratively simple.

Changes being introduced over the coming months as a result of welfare reforms, and proposed as part of the draft CTS scheme for 2017/2018 are:

- A continuing freeze on Applicable Amounts and Premiums (allowances) so they remain at 2015/2016 and 2016/2017 levels,
- A limit on the allowances for children so families only receive an allowance for a maximum of two children, even if they have more (only applies to new claims or new births from 1 April 2017), and
- The limit on temporary absence from the home outside Great Britain being reduced from 13 weeks to 4 weeks (introduced from 28 July 2016 for Housing Benefit and Pension Credit).

Changes are also proposed to the CTS scheme to amend the calculation of CTS and to make provision for claims which may be affected by welfare reforms from 2018 onwards. These are:

- The CTS calculation will be based on 75% of the weekly council tax bill, rather than 75% of the weekly entitlement. This ensures customers pay 25% of their weekly council tax. The current CTS scheme uses 75% of the entitlement meaning people have been paying less council tax than was intended, and
- No longer including Child Benefit and Child Maintenance as income when calculating how much CTS someone is entitled to. This means people could receive more CTS as their income is lower. It also makes the scheme fairer if a child's age for the Protected Group reduces to under three rather than under five (due to be introduced in Universal Credit in the future).

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### **3. How will this change help the council achieve its corporate business plan objectives (and therefore your Directorate/service objectives)?**

The council must agree a CTS scheme for the forthcoming year by 31 January 2017. CTS is a discount so it affects the taxbase in the same way as any other council tax discount. The taxbase forms part of the Financial Plan so the CTS scheme must meet the required budgetary constraints.

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### **4. What is your evidence of need for change?**

The changes to the criteria for the CTS scheme are needed to ensure wider welfare reforms to other benefits, including Housing Benefit and Universal Credit, are included in the scheme. The CTS scheme also needs to meet the projections within the Financial Plan.

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**5. How will this change deliver improved value for money and/or release efficiency savings?**

Not applicable

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**6. What geographical area does this proposal cover?**

The change will affect all areas of the Borough.

There are no cross boundary implications but as each Council has variations in its schemes which produces a 'postcode lottery' where someone with the same circumstances would receive a different level of CTS in one Council area compared to another.

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**7. What is the impact of your proposal?**

The principle of the 2016/2017 CTS scheme is an equal cut is made to everyone apart from those in a protected group. This means that working age people only receive 75% of their CTS entitlement.

This principle continues with the draft 2017/2018 CTS Scheme but with some amendments. Updates are made to include welfare reform changes, and some technical changes are included to tidy up the criteria and the calculation of CTS. These amendments were taken to the Corporate Performance Panel on 18 July 2016 who supported the draft scheme. (NB: the CPP Report did not include the Temporary Absence changes as the start date of 28 July 2016 was not announced until 19 July 2016 which was after the Panel meeting).

There are five changes to the current CTS scheme proposed for the 2017/2018 CTS scheme. These changes only apply to working age people who are not in a Protected Group. These are detailed below.

F) The Applicable Amounts and Premiums are frozen at the same levels as 2015/2016 and 2016/2017:

- This matches changes made to other benefits by the Government, including Housing Benefit. It means that there is no automatic annual increase in amount of CTS someone receives.
- This change affects 1,594 claims (14%)

G) The 25% deduction is applied at the start of the calculation rather than the end:

- This is a technical change and means that the calculation of CTS is based on a lower figure than the current scheme. It means the maximum amount of CTS someone can receive may be lower.
- This change affects 838 claims (7%)

H) Child Benefit and Child Maintenance are no longer included as income:

- This means that people receiving either of these should see an increase in their CTS as less income is taken into account.
  - This change affects 311 claims (3%)
- I) Allowances for families used to calculate CTS are restricted to two children for new claims and new births:
- Under the 2016/2017 CTS scheme an allowance of £66.90 per child is given for the first and each subsequent child with no limit applied. A couple with four children would receive the Couple's Allowance of £114.85, plus allowances for the children of 4 x £66.90, a total of £382.45. Provided their weekly income is less than this they will receive full CTS.
  - From 1 April 2017, if they made a new claim they would still be entitled to the Couple's Allowance of £114.85, but would only receive allowances for two of the children of 2 x £66.90, a total of £248.65. If their weekly income is higher than this their CTS will start to reduce.
  - This change matches changes being made to Tax Credits and Housing Benefit from April 2017.
  - This change affects 56 claims (0.5%)
- J) CTS will not be paid for temporary absences outside Great Britain lasting four weeks or longer:
- This reduces the current time limit from 13 weeks to four weeks in line with Housing Benefit and Pension Credit and means anyone absent outside Great Britain for four weeks or longer cannot receive CTS for the whole of their absence
  - This change affects a minimal number of claims

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**8. What data have you used to support your assessment of the impact of your proposal?**

The supplier of the Council's Revenues and Benefits system (Civica) supplies software to allow the extensive modelling of any proposed CTS scheme. The output allows a line-by-line analysis of each CTS claim and the impact of any changes.

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**9. What consultation has been undertaken with stakeholders/groups directly or indirectly impacted by the proposals and how do you intend to use this information to inform the decision?**

The draft CTS scheme for 2017/2018 will be subject to a six week public consultation running from 12 September 2016 to 23 October 2016. The results will then form part of a further Cabinet Report recommending the final CTS scheme for 2017/2018.

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**10. Are there any implications for other service areas?**

The CTS scheme is now well established for both customers and staff. However any changes are likely to give rise to more enquiries. The following departments may be affected:

- Council Information Centre
    - Increase in volume of customer enquiries
    - Dealing with more angry / unhappy customers
    - Dealing with more customers with financial difficulties
  - Housing / Homelessness
    - Increase in customers unable to afford their housing costs as they have to pay more Council Tax
    - Combined effect of the new CTS scheme with other welfare reforms affecting people's ability to pay their housing costs
  - Finance
    - Reduction in collection rates and income to the Council affecting cash flow, although this has not proved to be the case to date.
  - Major Precepting Authorities
    - As CTS is a discount it reduces the taxbase for all precepting authorities. Any changes will impact on the County and the Police by altering their taxbase which may result in a reduction in income.
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## **11.What impact (either positive or negative) will this change have on different groups of the population?**

Including the wider Government welfare reforms in the Council's CTS scheme makes it easier for customers to understand and ensures a consistent approach across the different benefits customers may be receiving.

The freeze to all allowances and premiums, the amendment to the application of the 25% deduction and the changes to the rules on temporary absence will affect any claim not in a Protected Group. They do not specifically have a positive or negative impact on any particular group of the population.

The changes to the treatment of Child Benefit and Child Maintenance will have a positive impact on people with either one or two children who receive child benefit and/or child maintenance. This will no longer be included as income in the CTS calculation and their CTS award will increase.

People with more than two children who make a new claim from 1 April 2017 will have the allowance for a child limited to a maximum of two children. Similarly anyone with two children who has a new birth from 1 April 2017 will not receive any additional allowance for that child. The allowance adds £66.90 per child to the amount a person is calculated to need for the purposes of the CTS calculation. Households where there is a child under five are in a Protected Group so this change will not apply where there is a new birth until the child reaches the age of five. It will only apply to those households where there are more than two children and the youngest is aged five or older.



Overall, claims are likely to be affected by a combination of the changes which affects the overall net impact. For example a family receiving Child Benefit may be entitled to an increase in CTS as this is no longer taken into account as income, but part of this is offset by a small reduction as a result of the change to the 25% deduction.

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**12. What actions could be taken to mitigate the adverse impacts identified in question 11? Please clearly state if any actions cannot be mitigated.**

The Government's drive behind welfare reform is to encourage people to increase their income by finding work. Those who cannot be expected to work, or increase their hours if they are already working, should be protected from reductions to their CTS and having to pay more council tax.

54 per cent of the Council's current CTS caseload is Pension Age. This group are paid based on the national, more generous CTS scheme as they are not expected to find work, but the Council still has to fund the cost. Due to this, and the high number of working age claims in a Protected Group, an equal 25 per cent reduction applies to all working age claimants not in a Protected Group.

The Protected Groups include households with vulnerable residents and those not expected to find work or increase their hours. Their CTS is calculated based on the national, more generous, CTS scheme rules. The groups are:

- Households with a child under 5
- Those entitled to the Disability Premium as part of their needs calculation
- Those in receipt of Carer's allowance
- Those in the Employment and Support Allowance Support Group

Other people may be affected and a Hardship Fund of £10,000 is available to assist any vulnerable person experiencing difficulty paying their Council Tax.

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**13. How will you monitor the impact of this change?**

Customer feedback will be encouraged and monitored to identify any adverse impacts. The reasons for applications to the discretionary Hardship Fund will be analysed to establish if any group is suffering extreme detriment under the new CTS scheme so action can be taken.

The cost and composition of the CTS scheme is monitored monthly to ensure projections are still within the Financial Plan.

Overall the new CTS scheme will be monitored and reports made available to Members six monthly.

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**14. Other Staff Involved in Assessment (including Corporate Equality Group Representatives), and comments from Equality Work Group Reps**

Passed to the Equalities Group for comment.

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<b>Assessment Completed By:</b>	Jo Stanton
<b>Job Title:</b>	Revenues and Benefits Manager
<b>Date:</b>	11 August 2016

## **Appendix B**

### **Details of the current Council Tax Support scheme for 2016/2017**

**CTS Scheme Principle:** An equal cut is made to everyone apart from those in a protected group.

The key points are:

- Working Age people have to pay 25% of their weekly council tax
- Child Benefit and Child Maintenance are included as income
- Second Adult Rebate is removed
- A weekly deduction for each non-dependant of £10 is made regardless of their income
- The maximum amount of Capital allowed is £6,000
- No Tariff Income is assumed for capital under £6,000
- Self Employed people are assumed to have an income of at least the minimum wage

The following are protected groups and the CTS scheme shown above will not apply - they are paid based on the national CTS scheme:

- Those who have reached the qualifying age for State Pension Credit
- Households with at least one child under the age of 5
- Those entitled to the Disability Premium as part of their needs calculation
- Those in receipt of Carer's Allowance
- Those in the ESA Support group

Work incentives remain at an extra £10 and the disregards are:

- |                       |     |
|-----------------------|-----|
| • Single              | £15 |
| • Couple              | £20 |
| • Disabled or a Carer | £30 |
| • Lone Parent         | £35 |

The following local disregards will continue to apply:

- War Pensions will be fully disregarded in the income calculation

## **Analysis of the current CTS scheme**

Current Scheme		
	Number of Claim Periods	Cost/Spend
Total Caseload	11,214	
Total Claim Periods	12,710	£9,277,229
Pension Age Claims	6,155	£5,128,027
Working Age Claims	6,015	£4,149,202
<u>Working Age Breakdown:</u>		
Working Age Not Protected	1,887	£831,247
Working Age Protected	4,128	£3,316,145
<u>Protected Claims:</u>		
Total	4,128	£3,316,145
Child < 5	1,418	£1,013,580
Disability Premium	2,032	£1,740,999
Carer's Allowance	246	£212,698
ESA Support	180	£144,580
Multiple	252	£204,288

## Appendix C:

### Details of the proposed changes to the CTS Scheme for 2017/2018

The principles of 2016/2017 CTS scheme continue with the changes for 2017/2018 as shown below. Also shown are estimates of the number of people affected. The estimates are for each change in isolation, and many people will be affected by more than one change.

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#### Applicable Amounts and Premiums

The amounts used to calculate Council Tax Support will not be uprated again for 2017/2018. This means a freeze in the level of CTS for working age people not in a protected group who have additional income.

Estimated number of claims affected = 1,594

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#### The 25% contribution is applied to the council tax liability rather than the CTS entitlement

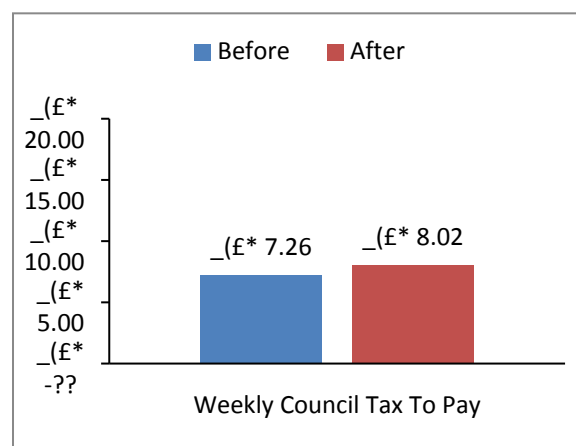
The maximum amount of CTS a person can receive is limited to 75% of their weekly council tax, so they contribute 25% towards their council tax bill. Previously the 75% maximum amount was applied at the end of the calculation, meaning the contribution could be lower than 25%. This means working age people not in a protected group will have to contribute a little more to their weekly council tax.

Estimated number of claims affected = 838

*Example: Couple working part time*

*David and Carole are a couple with no children. Carole works 17 hours and earns £150 a week. Their full council tax charge is £19.94 a week.*

*They have an existing claim for Council Tax Support and currently pay £7.26 a week towards their council tax. Under the proposed scheme their Council Tax Support will reduce by £0.76 a week because of the change to the calculation. They will now have to pay £8.02 a week towards their council tax.*



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**Child Benefit and Child Maintenance are no longer included as income**

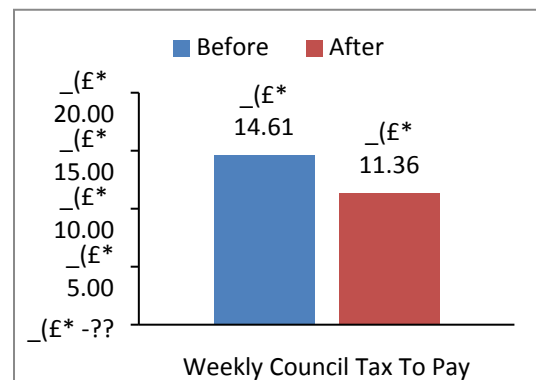
The amounts people receive in Child Benefit and Child Maintenance are no longer included in the household income. This is in line with Housing Benefit and universal Credit rules. This means people will have less income used to calculate their CTS and will see an increase in the amount they receive so they have to contribute less towards their council tax.

Estimated number of claims affected = 311

*Example : Lone parent working part time*

*Mary is a lone parent with two children aged 8 and 10. Her full council tax charge is £14.96 a week after single person discount. Teresa works 17 hours a week and earns £150 a week. Mary also receives tax credits and child benefit.*

*Mary has an existing claim for Council Tax Support and pays £14.61 a week towards her council tax. Under the proposed scheme her Council Tax Support will increase by £3.26 a week as her child benefit is no longer counted as income. Mary will then pay £11.36 a week towards her council tax*



## Allowances are limited to a maximum of two children

People with children previously received an allowance of £66.90 per child when their CTS was calculated with no limit on the maximum number of children the allowance was awarded for. From 1 April 2017 the allowance is limited to two children for Housing Benefit and Tax Credits and is included in the CTS scheme. This only applies to new claims and new births from 1 April 2017 and means this group will receive less CTS and have to pay more towards their council tax.

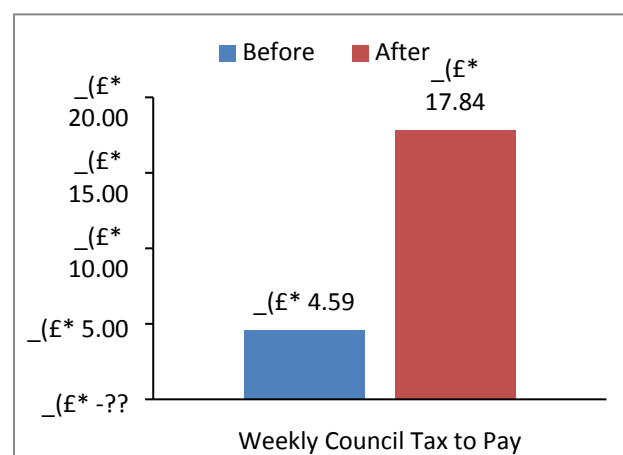
Estimated number of claims affected = 56

now pay £17.84 a week towards their council tax

### Example: Family with three children

Paul and Alice are a couple with three children aged 7, 10 and 11. Their full weekly council tax charge is £19.94 a week. Paul works 30 hours a week and earns £220. They also receive Child Benefit and Tax Credits.

They make a new claim for Council Tax Support in May 2017. Under the old Council Tax Support scheme they would have paid £4.59 a week towards their council tax. Under the proposed scheme their Council Tax Support will be £13.25 less as they no longer receive an allowance for their third child. They will

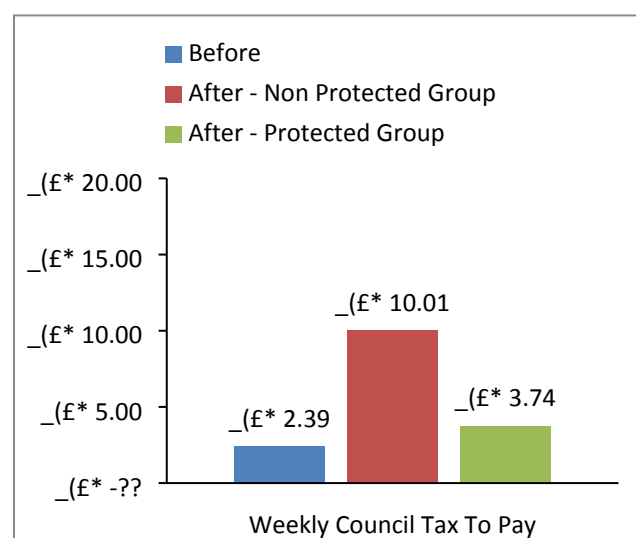


### Example: Family with three children who have a break in their CTS claim due to an increase in working hours

Mark and Fiona are a couple with three children. Their weekly council tax liability is £14.96. Mark works 25 hours a week and earns £185. They also receive Child Benefit and Tax Credits.

Under the 2016/2017 CTS scheme Mark and Fiona were receiving £12.57 a week in CTS and had to pay £2.39 a week towards their council tax. Their CTS claim is cancelled in March 2017 because Mark's hours increase and he is no longer entitled to CTS.

Mark's hours decrease back to 25 hours a week in May 2017. He and Fiona make a new claim for CTS. As the new CTS scheme is now in place they no longer receive an allowance for their third child and they receive £4.95 a week in CTS and have to pay £10.01 towards their council tax. However if one of their children is under 5 they will be in a Protected Group and will still receive the allowance for their third child, and will not have their child benefit counted as income, making them better off. They will receive £11.22 a week in CTS and have to pay £3.74 a week towards their council tax.



## Temporary Absence

The maximum amount of time a person can be absent from Great Britain and continue to receive CTS is limited to four weeks, reduced from 13 weeks. This mirrors the rules for Pension Credit and Housing Benefit. It means that anyone absent from Great Britain for more than four weeks (with certain exceptions) will not be entitled to any CTS from the date they left.

Estimated number of claims affected = minimal

## Analysis of the Proposed CTS Scheme

Modelled Scheme		
	Number of Claim Periods	Cost/Spend
Total Caseload	11,214	
Total Claim Periods	11,877	£9,227,608
Pension Age Claims	6,155	£5,128,027
Working Age Claims	5,722	£4,099,581
<u>Working Age Breakdown:</u>		
Working Age Not Protected	1,594	£781,626
Working Age Protected	4,128	£3,316,145
<u>Protected Claims:</u>		
Total	4,128	£3,316,145
Child < 5	1,418	£1,013,580
Disability Premium	2,032	£1,740,999
Carer's Allowance	246	£212,698
ESA Support	180	£144,580
Override	252	£204,288



## Appendix D

CTS is calculated by comparing income to an allowed amount. The allowed amount is found by adding together all of the relevant Applicable Amounts and Premiums. These are shown in the table below.

Any income above the allowed amount reduces the weekly CTS by 20p for each £1 over the limit.

### Commonly used Applicable Amounts and Premiums

	<b>Amount 2017/2018</b>	<b>Amount 2016/2017</b>	<b>Amount 2015/2016</b>
Single Person under 25	£57.90	£57.90	£57.90
Single Person over 25	£73.10	£73.10	£73.10
Lone Parent	£73.10	£73.10	£73.10
Couple	£114.85	£114.85	£114.85
Child or Young Person	£66.90 <sup>1</sup>	£66.90	£66.90
Disability Premium	£32.25	£32.25	£32.25
Carer Premium	£34.60	£34.60	£34.60

<sup>1</sup> Restricted to two children for new claims and new births from 1 April 2017 onwards

### Example CTS calculations under the draft 2017/2018 CTS scheme

Single person aged over 25 receiving Jobseeker's Allowance of £73.10 a week and whose council tax is £14.96 a week

A	Allowance – single person over 25	£73.10
B	Income	£73.10
C	Excess Income (A-B)	£0.00
D	Reduction due to excess income (C x 20%)	£0.00
E	Weekly Council Tax liability	£14.96
F	Maximum weekly Council Tax Support (E x 75%)	£11.22
G	Reduction due to excess income (D)	£0.00
H	Weekly Council Tax Support (F-G)	£11.22
I	Weekly Council tax to pay (E-H)	£3.74