

## 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:		
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	Risk Management Implications YES

Date of meeting: 6 September 2017

### COUNCIL TAX SUPPORT SCHEME 2018/2019: 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 2018/2019 Council Tax Support scheme to go to public consultation.

#### It is recommended that Members:

- 1) **Agree the draft 2018/2019 Council Tax Support Scheme, as shown at Appendix B, as the scheme to go 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 7 September 2017 to 18 October 2017**
- 4) **Note that a further report detailing the proposed final Council Tax Support scheme for 2018/2019 will be presented to Cabinet, for recommendation to Council, before 31 January 2018**
- 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 2018**

## **Reason for Decision**

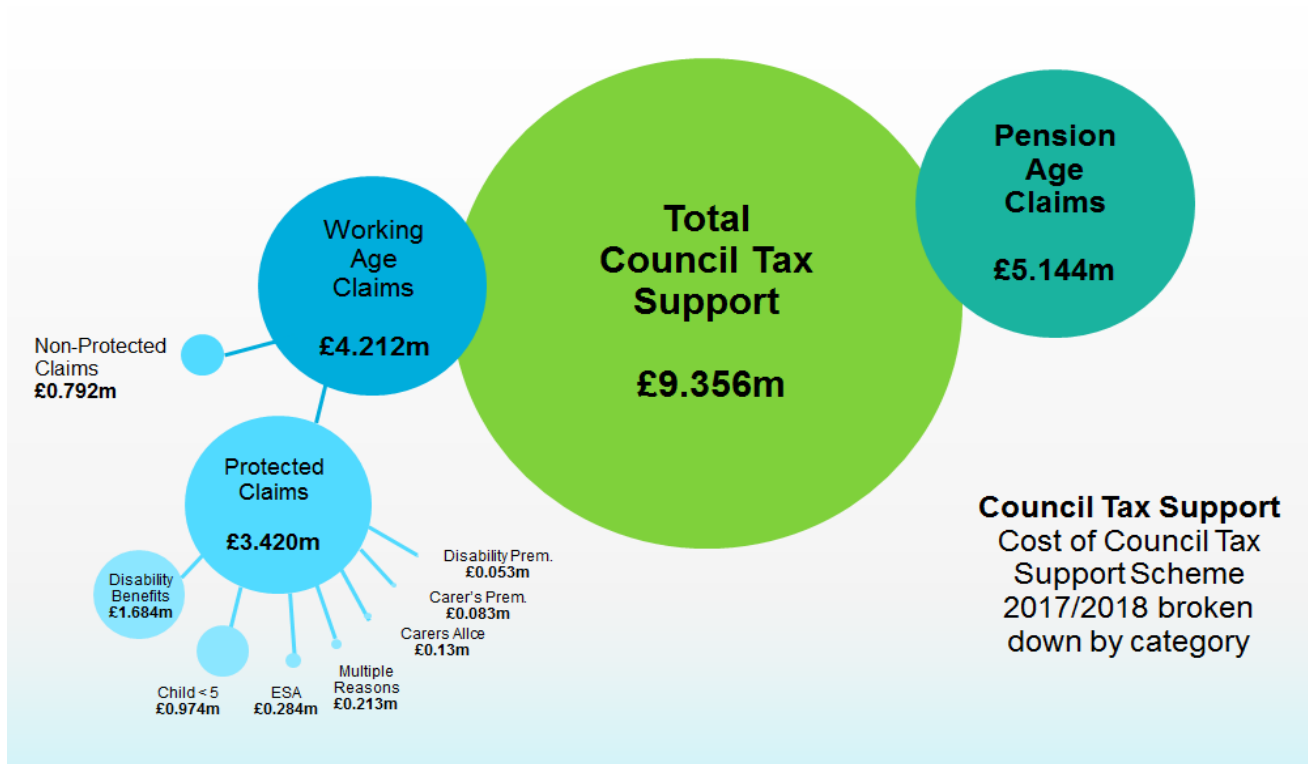
To ensure a Council Tax Support scheme for 2018/2019 is agreed by full Council by 31 January 2018

### **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. As of May 2017 there are 10,820 households in the Borough claiming CTS at a total cost of £9.356m.
- 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 2018/2019 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 its final scheme for working age people for each financial year by the 31 January of the preceding financial year.
- 1.5. The regulations require the Council to consult with its 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 2018/2019 will be brought back to Members later in the year.

### **2. The current CTS Scheme**

- 2.1 The current CTS scheme has been in place since April 2013 with modifications made each year to reflect changes to Housing Benefit rules and wider welfare reforms. The principles of our current CTS scheme are shown at Appendix B. A full breakdown of our current caseload and the costs of the CTS scheme are shown at Appendix C and below.



2.2 Some items to note with the CTS scheme are:

### 2.3 Pension Age Claims

We are free to decide any CTS scheme for working age residents, subject to the parameters set by central government. However 53% of our caseload is people who are pension age and they account for 55% of the cost of the CTS scheme. They are paid based on the national CTS scheme, which is more generous than our working age CTS scheme, but we still have to meet the cost from our budgets. We have no power to change the criteria or the amount they are paid.

### 2.4 Protected Groups

To ensure vulnerable groups are supported, people who meet certain criteria have their CTS calculated under the national, more generous CTS scheme. The Protected Groups are:

- 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

Those in a protected group account for 73% of the working age CTS claims and 81% of the cost of the working age CTS scheme.

## 2.5 Welfare Reform, Universal Credit and Housing Benefit Changes

Central Government continues to make ongoing changes to other welfare benefits. Universal Credit 'Live Service', for simple claims was introduced in this area in March 2016, and 'Full Service', for more complex claims, will start in July 2018. The Housing Benefit scheme, which is calculated alongside CTS, is being updated by Central Government to mirror rules in Universal Credit.

In order to support the Government's principles of welfare reform, and to keep the CTS scheme in line with other benefits customers are receiving, the changes and rules in Housing Benefit and Universal Credit are included in our working age CTS scheme at each annual update.

## 2.6 Budget

To ensure our CTS scheme is within budget and meets the projections in the Financial Plan, the scheme requires working age people (who are not in a Protected Group) to contribute a minimum of 25% towards their council tax bill, with the remainder covered by CTS. This level of contribution is needed because of our high proportion of people who are pension age or in a protected group which increases the cost of the CTS scheme.

## 2.7 Consultation

We must consult with those who could be affected by our CTS Scheme before we can agree a final scheme for 2018/2019. The consultation runs for six weeks online and is combined with press releases, social media alerts and direct contact with other organisations including Housing Associations and welfare advice providers. For 2017/2018 we also directly contacted all Ward Members and Parish Clerks, asking them to encourage their residents to respond to the consultation. Despite this we still only received 33 responses.

## 2.8 Caseload

The Council Tax Support caseload is steadily declining and reduced by 4.8% during 2016/2017. A smaller caseload reduces the cost of the CTS scheme, however some of this is offset by annual council tax increases.

## 2.9 Other Norfolk Authority schemes

Due to local demographics, differences in the proportion of pension age claims, political priorities and budget requirements, all the Norfolk authorities operate different rules for their CTS schemes. Our CTS scheme includes the impact of a high proportion of pension age claims whilst keeping the cost within the projections in the Financial Plan.

## **3. Changes to be included in the draft Council Tax Support Scheme for 2018/2019**

- 3.1 There have been very few welfare reform changes since the 2017/2018 CTS scheme was implemented, so any amendments for 2018/2019 will be minor technical changes to keep the scheme in line with Housing Benefit rules.

3.2 The proposed changes for 2018/2019 are:

- Bereavement Support payments are now fully disregarded
- Payments from WLMEF will be disregarded in full
- LET payments will be disregarded in full
- The authority will retain discretion to disregard information from the data hub as necessary
- The authority may treat information received from the DWP with regards to Universal Credit as a claim for CTS

3.3 There are no changes proposed to the Protected Groups and these remain as before, i.e.:

- 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

3.4 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 2018/2019 Council Tax Support Scheme as detailed at Appendix B 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: As the proposed changes are minimal, I have no specific comments and support your proposed recommendation'.
- Norfolk Police and Crime Commissioner: 'We also have no comments on the proposals'

4.3. The public consultation will detail the proposed scheme for 2018/2019 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 2018/2019 CTS scheme (as shown in Section 3) is proposed for a six week period from 7 September 2017 to 18 October 2017. 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 Shelter, CAN, other 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 2018/2019 will be brought back to Cabinet before 31 January 2018.

**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 7 September 2017 to 18 October 2017**

## **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's Taxbase which impacts on the Council's income.

5.2. 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 2017/2018.

5.3. The Council can choose to implement the national scheme of CTS for working age claimants, or a different more expensive CTS scheme, and meet the shortfall from elsewhere within service budgets, by increasing fees and charges or by raising council tax. For the past four 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.

## **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 2018/2019 CTS scheme.

6.2. The consultation responses and details of the proposed final CTS scheme for 2018/2019 will be brought back to Members for agreement. Full Council must agree the final CTS scheme by 31 January 2018.

**6.3. Recommendation 4: Members note that a further report detailing the proposed final Council Tax Support scheme for 2018/2019 will be presented to Cabinet, for recommendation to Council, before 31 January 2018.**

## **7. Policy Implications**

7.1. The draft CTS Scheme for 2018/2019 is a continuation of an existing policy.

## **8. Financial Implications**

8.1. When CTS was originally implemented in 2013, Revenue Support Grant (RSG) contained an element of funding for CTS. However RSG has been significantly reduced from £7.3m in 2013/2014 to £1.3m in 2018/2019.

8.2. The figures in the Financial Plan 2016/2021 assume the CTS scheme, and the corresponding reduction in the taxbase, remains at the same level as 2017/2018 and that the taxbase will grow by 350 band D properties each year. The 2018/2019 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 from savings identified in other service areas, or through increases to council tax or fees and charges. Any council tax increase will be subject to the current referendum principles. The Financial Plan 2016/2020 already includes a planned increase in council tax to the maximum permitted within these rules.

8.4 A full breakdown of the cost of the current 2017/2018 CTS scheme is shown at Appendix C.

8.5 The total cost of our CTS scheme in 2017/2018 is £9.356m and the projected cost for 2018/2019 is roughly the same. This cost is split between the council tax preceptors according to their share of the council tax and for 2017/2018 the shares are:

- |   |     |
|---|-----|
| • Norfolk County Council                | 77% |
| • Norfolk Police and Crime Commissioner | 13% |
| • Borough Council                       | 7%  |
| • Parish and Town Councils              | 3%  |

8.6 Effectively every £100 of CTS awarded costs the Borough Council £7. Our share of the cost of CTS is met from our budgets and, as CTS is a discount, this is shown by a reduction the taxbase in the same way as other council tax discounts.

8.7 In 2017/2018 the CTS Scheme reduces our taxbase by 5,707 band D properties. The 2018/2019 CTS scheme is estimated to have a similar impact. There does not appear to have been any negative impact on Collection Rates as a result of the CTS scheme.

8.8 The taxbases for the Parish/Town Councils are also reduced by any CTS claims in their area. The Council pays a grant to the affected Parish and Town Councils in proportion to their share of the cost to offset some of this impact. This grant is detailed in the Financial Plan and reduces annually in line with the Council's reduction in Revenue Support Grant.

## **9 Personnel Implications**

9.1 None

## **10 Statutory Considerations**

10.1 The Council is required to agree a CTS Scheme for the 2018/2019 financial year by 31 January 2018.

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

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

## **12 Risk Management Implications**

12.1 The CTS scheme for 2018/2019 is designed to meet the 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 2018**

### **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>		Borough Council of <b>King's Lynn &amp; West Norfolk</b>				
Name of policy/service/function		Local Council Tax Support Scheme 2018/2019				
Is this a new or existing policy/ service/function?		Continuation of an Existing Policy				
Brief summary/description of the main aims of Policy being screened.  Please state if this policy/service is rigidly constrained by statutory obligations		Council Tax Support is a discount given to residents on a low income. The Council is free to agree its own local scheme for the discount for working age people.				
<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 according to their different protected characteristic, 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>				
<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>	No					
<b>3. Could this policy/service be perceived as impacting on communities differently?</b>	No					
<b>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</b>	Yes	There are protections for those who have a disability, caring responsibilities, children under 5 or are pension age.				
<b>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</b>	N/A	<b>Actions:</b>				
		<b>Actions agreed by EWG member:</b> .....				
<b>Assessment completed by:</b>	Joanne Stanton					
<b>Job title</b>	Revenues and Benefits Manager					
<b>Date</b>	8 August 2017					



## Appendix B: Principles of the Current CTS Scheme

Our current CTS scheme assesses people's income against an allowed amount, called an 'applicable amount'. If their income is less than the applicable amount they receive full CTS, subject to a 25% contribution if they are working age and not in a protected group. If it is more than the applicable amount their CTS is reduced by 20p for every extra £1.

### Our current 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 their CTS calculated based on 75% of their weekly CTS bill
- A weekly £10 deduction is made for each non-dependent 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
- There is no Second Adult Rebate

To fulfil the requirement to consider vulnerable groups, CTS will be paid based on the national, more generous scheme for the following groups:

- 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

The CTS scheme also includes incentives to find work. People are allowed to keep an extra £10 (above the national limit) before their CTS is affected. This is known as a disregard and the amounts are:

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

We also have a local income disregard as below:

- War Pensions will be fully disregarded in the income calculation

### General CTS Scheme Rules

- In all other areas the CTS Scheme rules will follow the rules for working age Housing Benefit claims

## Appendix C – Current CTS Expenditure

<b>Table 1: CTS 2017/2018</b>	<b>Number of Claims</b>	<b>% of Claims</b>	<b>Cost £m</b>	<b>% of Cost</b>
Total Caseload	10,820		£9.356	
Pension Age Claims	5,710	53%	£5.144	55%
Working Age Claims	5,109	47%	£4.212	45%
<u>Working Age Breakdown:</u>				
Working Age Not Protected	1,393	27%	£0.792	19%
Working Age Protected Claims	3,716	73%	£3.420	81%
<u>Working Age Protected Claims:</u>				
Disability Benefits	1,752		£1.684	
Child < 5	1,142		£0.974	
ESA Support	311		£0.284	
Multiple Reasons	242		£0.213	
Carer's Allowance	128		£0.130	
Carer Premium	83		£0.083	
Disability Premium	58		£0.053	
Total	3,716		£3.420	