

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Corporate Performance Panel		
DATE:	17 July 2017		
TITLE:	Council Tax Support Scheme 2018/2019 – Draft Scheme for Consultation		
TYPE OF REPORT:	Policy Development		
PORTFOLIO(S):	Housing and Community		
REPORT AUTHOR:	Jo Stanton, Revenues and Benefits Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	Yes

REPORT SUMMARY

PURPOSE OF REPORT/SUMMARY:

The Council must agree a Council Tax Support (CTS) Scheme for its working age residents every year. This report outlines options for the CTS Scheme for 2018/2019 for the Panel to discuss. The agreed draft CTS Scheme will then be presented to Cabinet on 6 September 2017 so it can then be opened up to public consultation.

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 circumstances, household and income.

Members have agreed that the Council's CTS scheme should mirror wider reforms to other welfare benefits, whilst protecting certain vulnerable groups. The financial implications of this are shown at Section 5 of the report.

KEY ISSUES:

CTS for working age people is a locally decided discount and, whilst we are free to design any CTS scheme we wish, it is only for people who have not yet reached pension age, and central government have prescribed certain criteria. We have to consult on our CTS scheme proposals and agree a final scheme for each financial year by the preceding 31 January.

Support for pensioners is calculated under a national set of rules but is assessed and paid by us. We also have to meet the cost of this support which now accounts for 55% of the cost of CTS.

Central Government have specified certain criteria that we must consider when designing our CTS scheme for working age people:

- Vulnerable groups should be protected, including families with children
- Work incentives must be considered, in line with the aims of Universal Credit (UC)

As CTS is a discount it reduces the Council's taxbase. There is an equivalent reduction in the taxbase for Norfolk County Council, Norfolk's Police and Crime Commissioner and the Parish/Town Councils. Our Revenue Support Grant contains an element of funding for CTS, although the amount is not specified. The financial impact of the CTS scheme is detailed in section 5 of this report.

OPTIONS CONSIDERED:

Two options are considered at Section 2 of this report:

Option 1 – Do nothing and retain the current CTS scheme

Option 2 – Keep the current CTS scheme but update it to reflect any wider welfare reform changes coming into effect up to 1 April 2018 and to keep it in line with the current Housing Benefit scheme

CTS schemes for previous years, including the current year, have been agreed on the basis of reflecting wider welfare reform changes to ensure consistency between different benefits the customer may be receiving. The same approach is recommended for the 2018/2019 CTS scheme.

RECOMMENDATIONS:

The Panel is asked to recommend to Cabinet that Option 2 is the draft CTS Scheme for 2018/2019 to go to consultation in September and October 2017.

REASONS FOR RECOMMENDATIONS:

To ensure a Council Tax Support scheme for 2018/2019 is in place by 31 January 2018.

REPORT DETAIL

1. Introduction

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.

There are issues with the current scheme, some unavoidable, as detailed below.

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.

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.

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.

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.

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.

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.

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.

2. Proposal.

Two options are proposed for the 2018/2019 CTS scheme:

Option 1 – Do nothing and retain the current CTS scheme

Option 2 – Keep the current CTS scheme but update it to include any wider welfare reform changes coming into effect up to 1 April 2018 and to keep it in line with the current Housing Benefit scheme

CTS schemes for previous years have been agreed on the basis of Option 2 – keeping the CTS scheme in line with the rules for other welfare benefits and wider welfare reform changes.

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.

Households with at least one child under the age of 5 fall into a protected group and have their CTS calculated under the national, more generous, set of rules mirroring the protections for families in Universal Credit. Changes to these protections were expected in 2017 and some amendments appear to have been made, but not to the extent that any changes are needed to the rules for the protected groups for the 2018/2019 CTS scheme.

No changes are proposed to the work incentives within the CTS scheme, where those in work can keep an extra £10 a week of their earnings (compared to Housing Benefit) before their CTS is affected.

The Panel is asked to recommend to Cabinet that Option 2 is the preferred draft CTS Scheme for 2018/2019. This scheme will then be opened to a six week public consultation.

3. Issues for the Panel to Consider

The Panel is asked to consider the following:

Scheme Principles:

- Are you happy to keep the CTS scheme in line with welfare reform and in particular changes to Universal Credit and Housing Benefit?
- Are the Work Incentives relevant?

Protected Groups:

- Do you agree with the current protected groups?
- Are there any groups that should not be protected?
- Are there any other groups that should be protected?

Consultation:

- What methods of consultation would you like to see?
- How can we increase the number of responses to the consultation?

4. Corporate Priorities

The Council is required to consult on and agree a CTS scheme for each financial year. This fits with the Corporate Priorities – ‘Priority 1: Provide important local services within our available resources’.

5. Financial Implications

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

The total cost of our CTS scheme in 2017/2018 is £9.355m 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%

Effectively every £100 of CTS awarded costs us £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.

The taxbases for the Parish/Town Councils is 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.

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.

6. Any other Implications/Risks

The CTS scheme for 2018/2019 is designed to meet the taxbase projections as detailed in the Financial Plan. However any increases in demand, changes in the composition of the caseload, for example an increase in the number of pension age claimants, or 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.

7. Equal Opportunity Considerations

A pre-screening Equality Impact Assessment (EIA) is included at Appendix A. As any changes will be minor and technical in nature a revised full EIA is not required and the EIA included with the Cabinet Report of 6 December 2016 is still valid.

8. Consultation

Once agreed by Cabinet the proposed 2018/2019 CTS Scheme will be opened to six weeks' public consultation. This will be conducted as an online survey.

9. Conclusion

Option 2 is the preferred option as it continues with the established principles of the CTS scheme, of incorporating wider welfare reform changes.

10. Background Papers

Cabinet Report – Council Tax Support Scheme 2017/2018: Final Scheme (6 December 2016)

Pre-Screening Equality Impact Assessment

Borough Council of
King's Lynn &
West Norfolk



Name of policy	Council Tax Support Scheme 2018/2019				
Is this a new or existing policy/ service/function?	Update to existing Policy				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service 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				
Question	Answer				
<p>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?</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 - low income, large families	✓	✓		
Question	Answer	Comments			
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?	No				
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	Yes	There are protections for those who have a disability, caring responsibilities, children under 5 or are pension age			
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	No	Actions:			
		Actions agreed by EWG member:			
Assessment completed by: Name Jo Stanton					
Job title Revenues and Benefits Manager	Date 6 June 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

Appendix C – Current CTS Expenditure

Table 1: CTS 2017/2018	Number of Claims	% of Claims	Cost £m	% of Cost
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	