



CABINET

AGENDA ITEM (8)

COUNCIL TAX SUPPORT SCHEME 2017/18

Accountable Member	Councillor Lynden Stowe Leader of the Council
Accountable Officer	Jon Dearing Group Manager 01285 623304 jon.dearing@cotswold.gov.uk

Purpose of Report	To present the results of the public consultation regarding options for revising the current Council Tax Support Scheme with effect from 1 st April 2017.
Recommendation(s)	That the Council be recommended to approve the amendments proposed to the Council Tax Support Scheme, set out in Appendix A, and to incorporate them into the new scheme from 1st April 2017.
Reason(s) for Recommendation(s)	Having reviewed the current scheme, and taken into account the outcome of the public consultation exercise, these proposals provide a fair and robust scheme that accords with statute and meets the Council's obligations

Ward(s) Affected	All
Key Decision	Yes
Recommendation to Council	Yes

Financial Implications	<p>The proposed changes marginally decrease the cost of the Local Council Tax Support Scheme. This will be reflected in a small increase in the council tax base and council tax income recognised in the collection fund.</p> <p>The additional income will be spread proportionately across the major precepting authorities (Gloucestershire County Council, Gloucestershire Police and Crime Commissioner, and Cotswold District Council).</p> <p>By making these proposed changes, it will increase this Council's total tax base by 115.87 band D properties, generating around £175,000 of savings to the precepting bodies and just under £15,000 to Cotswold District Council.</p>
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Legal and Human Rights Implications	A Billing Authority must consult upon, and adopt, a local Council Tax Support Scheme by 31 st January 2017.
Environmental and Sustainability Implications	None
Human Resource Implications	None
Key Risks	There are three key risks to consider: <ul style="list-style-type: none"> • that the benefit caseload increases significantly, resulting in expenditure exceeding the levels estimated within this report; • that the development of a Council Tax Support Scheme that reduces benefit expenditure, without being supported by robust principles and consultation, could be open to legal challenge on equalities grounds; • that our administration, collection and recovery costs (including the cost of write-offs) could increase as a result of creating additional, and relatively small, liabilities.
Equalities Analysis	None

Related Decisions	None
Background Documents	Public Consultation Document
Appendices	Appendix A - Background information for consultation purposes Appendix B - Summary of public consultation responses

Performance Management Follow Up	(i) Submit any recommendation(s) to the Council. (ii) Implement Council decision(s). (iii) The Revenues and Benefits Service will monitor additional expenditure against budget and this will be reported through normal budgetary control processes.
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Options for Joint Working	This approach has been developed in partnership with colleagues in West Oxfordshire District Council.
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Background Information	
1. With effect from 1 st April 2013, the previous support in relation to Council Tax Liability (Council Tax Benefit) was abolished for working age claimants and replaced with a provision for Billing Authorities to create their own local 'Council Tax Support' (CTS) scheme. These local schemes would no longer be covered by Benefits legislation but would become local Council Tax Discounts; with Pension age claimants being protected under a prescribed scheme that mirrored the previous Council Tax Benefit scheme.	

2. The Government's stated policy intentions were:
 - to incentivise work - making work pay, while protecting those that cannot work;
 - to allow local authorities the flexibility to design schemes that meet local needs and conditions; and
 - to reduce the overall expenditure on support for Council Tax by 10%.
3. The funding arrangements changed in 2013 from 100% benefit subsidy to a grant based on 90% of the previous scheme (Council Tax Benefit) expenditure.
4. In parallel with the localisation of Council Tax Support, reforms to certain classes of Council Tax exemption and discount (related to 'empty homes') meant that the Council also had local discretion to change the level of exemption/discount awarded. The Council decided to reduce the Class A exemption (unoccupied and undergoing major repair) from 100% to 50% for twelve months and the Class C exemption (unoccupied and unfurnished) from 100% to 25% for six months. Additionally, with effect from 1st April 2013, the Council decided to remove the 10% discount previously applied in respect of Second Homes. These changes meant potential increases in tax income that covered the Council Tax Support grant reduction losses for all precepting authorities in 2013/14.
5. Further changes were made in 2014 when a new Local Scheme was introduced which required a minimum of 8.5% of Council Tax charge for working age customers, excluding the protected groups.
6. Since this time, there have been further reductions in government grant for Council Tax Support as it was rolled into Revenue Support Grant which is in the process of being phased out.
7. In July 2016, Officers proposed changes to the scheme for public consultation which sought to bring the scheme in line with recent changes to the housing benefit system. These proposals are detailed at **Appendix A**; and the consultation results are summarised at **Appendix B**. The full public consultation report is available on request.
8. The purpose of this report is to provide information on each of the proposals, and an analysis of the consultation exercise, so that the Cabinet can recommend to Council a Local Council Tax Support Scheme to take effect from 1st April 2017.
9. There are significant administrative advantages to both the Housing Benefit and Council Tax Support schemes having the same core elements and, therefore, the proposals consulted upon would bring the schemes back in line.
10. The following paragraphs explore the issues around each of the proposed changes. More detailed explanations for each proposal are included within **Appendix A**. It should be noted that, in relation to any scheme changes, there is an over-arching proposal that people with disabilities and those in receipt of War Widows and/or War Disablement Pension, would remain protected in the same way that Pension Age claimants are protected (i.e. no change). The proposals are as follows:-
 - **Removing the Family Premium on all new working age claimant**

There was support for this change from CTS non-recipients and recipients, with overall responses to the consultation showing that 50% agreed with the change and 25% disagreed. One respondent commented that the impact on children in low income families should be considered and that any change that disproportionately impacts on children should not proceed. It should be noted that this would bring the scheme in line with Housing Benefit changes already made by Central Government and would only impact on those new working age claimants who are not in receipt of Universal Credit (UC), Income Support (IS), Income Related Employment and Support Allowance (ESA) or Income Based Job Seekers Allowance (JSA(IB)).

- **Reducing Backdating of new claims to one month**

Again, there was overall support for this change with overall responses to the consultation showing that 35% agreed with the change and 25% disagreed. Reducing the backdating of new claims to one month would bring CTS in line with Housing Benefit and simplify the administration process.

- **Reducing the period for which a person can be absent from Great Britain**

There was overwhelming support for this change with overall responses to the consultation showing that 65% agreed with the change and 5% disagreed. There would be certain exemptions to this rule as there are within Housing Benefit temporary absence rules. Exceptions to the general temporary absence rule are specific to absences outside Great Britain. For these absences, the period can be extended, for example when a person is in a hospital or similar institution as a patient; or a person, their partner or dependent child is undergoing medical treatment, and/or medically-approved convalescence in accommodation other than residential accommodation.

- **Limit the number of dependent children to a maximum of two**

This was one of the most controversial areas of proposed change; however, the overall responses showed that 45% agreed with the change and 25% disagreed. This proposed change would bring the scheme in line with other welfare benefits as Central Government imposes the limitations from April 2017. There will be exceptions to this rule in certain circumstances, such as: multiple births; adoption; blended families.

- **Reducing the number of weeks for extended reductions to 4 weeks**

This proposal would again align the scheme with Housing Benefit. Housing Benefit has been for many years capped at 4 weeks, as was also the previous Council Tax Benefit scheme. There was overall support for this proposed change with 45% of respondents agreeing with the proposal, against 25% who disagreed.

- **Disregard in full Child Maintenance payments for customers in receipt of Universal Credit**

This was the closest result in terms of the overall outcome of the consultation question. 30% of respondents were in agreement with the proposal; whilst 25% of respondents disagreed. There was only one written response relating to this specific proposal which questioned why child maintenance should be disregarded within the assessment of CTS. From an administrative point of view, it would be unlikely that the Councils' Benefit Officers would know if a UC customer was in receipt of maintenance, as DWP would not provide the income details used to assess UC.

- **Include as income Child Maintenance payments for those customers not in receipt of Universal Credit**

The result in support for this proposal was again overwhelming. Of the responses, 55% agreed with the change whilst 15% disagreed. This shows a significant change in attitude since the 2013 CTS Public Consultation, where 50% agreed with this proposal and 39% disagreed. Revenues and Benefits officers are generally supportive of this change as it would align the joint working process and help reduce error within the process.

11. To off-set some of the negative impacts of these changes on customers, Members' views are sought on whether a discretionary hardship fund should be created to help off-set the short-term impact of these changes. This is a measure that has been included in most reduced schemes across the country.

12. The proposal is that the Council sets aside a specific CTS Hardship fund to provide some additional support to those that can show that they are suffering financial hardship and are unable to meet their Council Tax contributions. This support was previously available via the DWP-funded Discretionary Housing Payment (DHP) scheme. However, since CTS has moved from Benefit legislation to Council Tax legislation, the DHP fund can no longer be allocated to CTS claimants.

13. The DHP fund is still in operation in relation to Rent Allowance, and the principles and qualifying criteria of that (Cabinet-approved) Policy would be adapted to guide the allocation of this new CTS Hardship Fund. A similar scheme was operated at West Oxfordshire in the financial year 2015/16. A total of 18 customers were assisted with additional funding, averaging approximately £250 per assessed case (c. £4,500).

14. It should be noted that any such reduction is borne by the Council and not the precepting authorities and, therefore, it is proposed that the other precepting authorities be approached to help finance any costs that may arise from the scheme, particularly the County Council who are the main beneficiaries of the scheme changes.

15. The Council is legally required to have its scheme finalised by 31st January 2017 and must have conducted a public consultation, and had its scheme approved by the Council before that deadline. Therefore, the key milestones were/are as follows:-

- July 2016 - direction from the Cabinet on the scheme principles on which we should consult (**achieved**);
- August/October 2016 - public consultation period (**achieved**);
- 17th November 2016 - consideration by the Cabinet of consultation results and approval of scheme (**the reason for this report**);
- 13th December 2016 - Council approval;
- 31st January 2017 - publish scheme and application process;
- 1st April 2017 - new scheme effective date.

16. The criteria for the Council Tax Support scheme are at the Council's discretion and, therefore, various alternatives and options are open to the Council.

17. Having reviewed the current scheme and taken into account the outcome of the public consultation exercise, these proposals provide a fair and robust scheme that meets with statute and the Council's obligations.

(END)