



COUNCIL

AGENDA ITEM (8)

COUNCIL TAX SUPPORT SCHEME FOR 2019/20

Accountable Member	Councillor AW Berry Cabinet Member for Resources
Accountable Officer	Jon Dearing Group Manager - Customer Services 01285 623304 jon.dearing@publicagroup.uk

Purpose of Report	To present the results of the public consultation on proposals for revising the current Council Tax Support scheme with effect from 1 st April 2019; and to consider and agree a scheme for 2019/20 having regard to the recommendations of the Cabinet.												
CABINET Recommendations	<p>(a) That the current Council Tax Support Scheme in relation to Working Age claimants, including any uprating, be amended as follows for 2019/20:-</p> <p>(i) by introducing a banded scheme which would see a simple flat rate percentage discount awarded, depending on a person's total weekly 'net' income, as follows:-</p> <table border="1" data-bbox="702 1227 1367 1666"> <thead> <tr> <th>Household weekly net income</th> <th>% council tax support available</th> </tr> </thead> <tbody> <tr> <td>£0 - £125.99</td> <td>100%</td> </tr> <tr> <td>£126 - £187.99</td> <td>75%</td> </tr> <tr> <td>£188 - £290.99</td> <td>50%</td> </tr> <tr> <td>£291 - £384.99</td> <td>25%</td> </tr> <tr> <td>£385 +</td> <td>0%</td> </tr> </tbody> </table> <p>(ii) by ignoring all child maintenance payments when calculating weekly income;</p> <p>(b) that those defined as disabled (see Appendix 'C') and those in receipt of War Widows Pension and/or War Disablement Pension be protected from all of the above changes.</p>	Household weekly net income	% council tax support available	£0 - £125.99	100%	£126 - £187.99	75%	£188 - £290.99	50%	£291 - £384.99	25%	£385 +	0%
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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 meets the statutory provisions and the Council's obligations.												

Ward(s) Affected	All (potentially)
Key Decision	Not applicable
Recommendation to Council	Yes, from the Cabinet

Financial Implications	<p>(i) The Council administers a Council Tax Support scheme with an annual expenditure of approximately £4.84 million.</p> <p>(ii) For 2013/14, the government reduced the level of funding for the local scheme by 10%, effectively creating a grant reduction of £483,984 p.a. across all of the precepting authorities.</p> <p>(iii) 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>(iv) 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>(v) By making these proposed changes, it will increase our total tax base by 22 band D properties generating just over £175,000 of savings to the precepting bodies, including just under £2,277 to Cotswold District Council.</p>
Legal and Human Rights Implications	A billing authority must consult upon and adopt a local council tax support scheme by 11 th March 2019.
Environmental and Sustainability Implications	None
Human Resource Implications	None
Key Risks	<p>There are three key risks to consider:-</p> <p>(i) that the benefit caseload increases significantly, resulting in expenditure exceeding the levels estimated within this report;</p> <p>(ii) 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;</p> <p>(iii) 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.</p>
Equalities Analysis	None

Related Decisions	<p>(i) Decisions on previous schemes - various.</p> <p>(ii) Motion at Council Meeting - 25th September 2018 (see paragraph 18 below)</p>
Background Documents	None

Appendices	Appendix 'A' - Background information for consultation purposes Appendix 'B' - Summary of public consultation responses Appendix 'C' - Consultation Report Appendix 'D' - Citizens Advice response
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Performance Management Follow Up	(i) Implement Council decision(s). (ii) The 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	The scheme/approach has been developed in partnership with colleagues in West Oxfordshire.
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Background Information	<p>1. With effect from 1st 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.</p> <p>2. The Government's stated policy intentions were:-</p> <ul style="list-style-type: none"> • 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%. <p>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.</p> <p>4. In parallel with the localisation of CTS, 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% for twelve months to 100% for six months and the Class C exemption (unoccupied and unfurnished) from 0% to 100% for the first month and 25% for the second month. 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 CTS grant reduction losses for all precepting authorities.</p> <p>5. Further changes were made in 2014 and 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.</p> <p>6. Councils are required to review their schemes each year and decide if they want to make any changes. Before any changes can be implemented, they must be subject to public consultation. In July 2018, Officers proposed changes to the scheme which Cabinet agreed and approved for consultation purposes.</p>
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7. These proposals are detailed at **Appendix 'A'**; the consultation results are summarised at **Appendix 'B'**; and the full public consultation report is attached at **Appendix 'C'**. A detailed response was also received from Citizens Advice (see **Appendix 'D'**).

8. This report provides information on each of the proposals, and an analysis of the consultation exercise, so that the Cabinet can recommend to the Council a Local Council Tax Support Scheme, to take effect from 1st April 2019.

9. Under the new benefit (Universal Credit) scheme, claimants will receive calendar monthly payments encompassing their qualifying benefits. This does not include CTS which remains an administrative function of the Local Authority.

10. Research in areas where Universal Credit has already rolled out has identified trends in three key areas, as follows:

- (i) low take-up of customers in receipt of Universal Credit applying for CTS - this is through a lack of understanding by Universal Credit claimants that the payment does not include an amount towards their council tax liability;
- (ii) large numbers of changes in circumstances received by Councils via data transfers from the Department for Work and Pensions - approximately 40% of Universal Credit cases will have an adjustment each month (as detailed below);
- (iii) collection difficulties, with multiple demand notices being issued (as detailed below).

11. National trends have demonstrated that, on average, Universal Credit customers receive at least eight change notifications in a year. Within the existing scheme, each change to income would produce a new demand notice for the customer, amending their instalments on a regular basis, and making it difficult to collect via Direct Debit due to rules around administration.

12. The impact on residents due to multiple changes for those customers in receipt of Universal Credit would result in a knock-on effect of multiple changes to their CTS award. Using the existing scheme, which is a calculation on tapered income, any small change to income can amend the CTS award.

13. Regular changing of instalments can make it difficult for a customer to use Direct Debit as a payment method, due to the lead-in times that the Council needs to advise the customer of a change before taking payment. Multiple demand notices can also be confusing for residents to keep up with.

14. Regular changes can also provide the customer with difficulties in budgeting, as they would not have a more consistent monthly Council Tax instalment plan. This can lead to difficulties in paying which, in turn, could lead to further action and potential costs to vulnerable residents.

15. The following paragraphs explore the issues around each of the proposed changes. A more detailed explanation for each proposal is included in **Appendix 'A'**. It should be noted that, in relation to any scheme changes, there is an over-arching proposal that people with disabilities (for the detailed definition of 'people with disabilities' see paragraph 3 of **Appendix 'C'**) and those in receipt of War Widows and/or War Disablement Pension, would remain protected in the same way that Pension Age claimants are (i.e. no change).

16. The proposals are as follows:-

- (i) Introducing an Income Band Scheme

There was overall support for this change from CTS non-recipients and recipients, with overall responses to the consultation showing that 64.71% agreed with the change and 23.53% disagreed.

(ii) Disregarding Child Maintenance Payments

The overall public consultation response was even on this aspect. However, when taking account of the strong view expressed by Citizens Advice on behalf of individuals and families that they had represented over time, there is a clear argument that such proposal should be supported.

17. Citizens Advice Comments

17.1 Cabinet will note the detailed response received from Citizens Advice. This response replicates concerns previously expressed by that organisation, and related to three specific issues which are set out and explored in more detail below:-

(i) Child Maintenance

The recommended scheme incorporates the desire of Citizens Advice to disregard all child maintenance payments when calculating weekly income.

(ii) Income Banding

Citizens Advice also supported the principle of introducing a banded scheme which would see a simple flat rate percentage discount awarded, depending on a person's total weekly 'net' income - believing that banding is a sensible way to deal with the weekly fluctuations of Universal Credit.

However, they expressed concerns at the uneven nature of some of the proposed band widths/thresholds, and put forward a revised proposal as follows:-

Band	From	To	% award
1	0	125.99	100%
2	126.00	225.99	75%
3	226.00	299.99	50%
4	300.00	384.99	25%
5	385.00		0%

Officers have undertaken some remodelling work in respect of the Citizens Advice proposal. If such proposal was to be implemented, 87 customers would move from band 3 to band 2, and 12 would move from band 4 to 3. As a result, an additional cost of £25,311 p.a. would arise. Details are as follows:-

Band	No of claims affected	Original CTR Weekly amount	Extra CTR due to changed bands	Additional annual cost
1	0			
2	87	833.50	416.75	21,671
3	12	70.00	70.00	3,640
4	0			
5	0			

If Members supported the Citizens Advice proposal, the savings to the precepting authorities would reduce to £149,689 (from just over £175,000) - equivalent to 15 band D properties; and the CDC savings element would reduce to £1,896 (from just under £2,277).

A common banding arrangement across the partner councils would be easier and simpler to administer. However, it is for each council to determine its own scheme.

(iii) Protected Groups

Citizens Advice also raised concerns about those that fall within the definition of protected groups. In this connection:-

- people receiving Personal Independence Payments (PIPs) **do** fall within the definition of Vulnerable Groups;
- Officers are investigating the other comment around Employment Support Allowance claimants losing their protected status under the Universal Credit system, and an update will be provided on this aspect either in advance of, or at, the Cabinet Meeting.

18. Timeline

The Council is legally required to have its scheme finalised by 11th March 2019, having first conducted a public consultation, and having had its scheme approved by the Council before that deadline. Therefore, the key milestones were/are as follows:-

- August 2018 - direction from the Cabinet on the scheme principles on which we should consult (achieved);
- September to November 2018 - public consultation period (achieved);
- November/December - officer review of consultation responses;
- 17th January 2019 - consideration by the Cabinet of consultation results and recommended approval of scheme;
- 26th February 2019 - Council approval;
- 11 March 2019 - publish scheme and application process;
- 1st April 2019 - new scheme effective date.

19. Motion at Council

19.1 At the Council Meeting on 25th September 2018, the following Motion (No. 5/2018) regarding Council Tax Support Calculations was Proposed by Councillor JA Harris, and Seconded by Councillor Jenny Forde:-

'Council notes the Cabinet decision in 2016 to include child maintenance payments as income when calculating council tax support.

Council further notes that the demographic most affected by this change are families on low incomes and, in particular, single mothers.

This Council instructs the Cabinet to remove child maintenance payments as income when calculating council tax support, with immediate effect.

Council also resolves to refund the 183 families affected by this decision as identified by officers when justifying the inclusion of child maintenance.'

19.2 At the Council Meeting, the Chairman agreed that the Motion should stand referred to the Cabinet for initial consideration before the matter was presented for formal debate and decision by the Council in December 2018. This approach had been discussed and agreed with the Proposer of the Motion, and reflected the fact that consultation was then just under-way in relation to a new Council Tax Support Scheme for 2019/20.

19.3 In accordance with standard procedures, Councillors Harris and Forde were invited to the Cabinet Meeting to present and speak to their Motion; and Councillor Harris was able to attend.

19.4 With particular regard to the final paragraph of the Motion, for the current financial year there are 135 customers with CTS at CDC (the figure of 183 related to 2016/17). If child maintenance payments were to be disregarded in those 135 cases, the cost to the Council would amount to £15,880.07 for the year. It should be noted that the current scheme cannot be changed mid-year - so if Members supported the suggested approach, this would need to be achieved by either agreeing additional targeted discounts or via use of the hardship fund.

20. Cabinet Meeting - 17th January 2018

20.1 This matter was considered by the Cabinet at its Meeting held on 17th January 2019.

20.2 The relevant extract from the confirmed Minutes of that Meeting (Minute CAB.75 refers) is set out below:-

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The Cabinet was requested to consider, for onward recommendation to the Council, proposals for revising the current Council Tax Support scheme with effect from 1st April 2019, having regard to the results of the public consultation previously undertaken on the proposed scheme.

The Head of Paid Service explained that he had spoken to representatives of the Citizens Advice Bureau (CAB) in light of their consultation comments and concerns, with the following outcomes:-

- *CAB welcomed the proposed disregard of all child maintenance payments when calculating weekly income;*
- *CAB had confirmed that their revised discount bandings had not based on client or claimant evidence, so were happy to support the Council's proposed bandings for the coming year on the understanding that there would be a further review and consultation in advance of any new scheme for 2020/21;*
- *with regard to protected groups, people receiving Personal Independence Payments (PIPs) did fall within the definition of Vulnerable Groups; and officers were now actively reviewing claims which were impacted by Employment Support Allowance, with a view that those claimants who were impacted negatively would receive protected status and would not be disadvantaged.*

The Head of Paid Service also reported that, with reference those claimants who had been impacted by the extant 2017/18 position to include child maintenance payments as income when calculating council tax support, Officers had sent applications to all relevant customers inviting them to apply for discretionary relief to offset the financial disbenefits - and applications had already received and awarded relief; and Officers would follow up in those cases where applications had not been received.

In response to a Member's question, it was reported that Officers regularly received information from the Department of Work and Pensions which identified potential relief claimants.

Councillor JA Harris was invited to speak on this item, as Proposer of a related Motion at a recent Council Meeting; and welcomed the suggested approach, especially with regard to ignoring all child maintenance payments when calculating weekly income.

RECOMMENDED that:

(a) the current Council Tax Support Scheme in relation to Working Age claimants, including any uprating, be amended as follows for 2019/20:-

(i) by introducing a banded scheme which would see a simple flat rate percentage discount awarded, depending on a person's total weekly 'net' income, as follows:-

Household weekly net income	% council tax support available
£0 - £125.99	100%
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£188 - £290.99	50%
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(ii) by ignoring all child maintenance payments when calculating weekly income;

(b) those defined as disabled (see Appendix 'C') and those in receipt of War Widows Pension and/or War Disablement Pension be protected from all of the above changes.

Record of Voting - for 6, against 0, abstentions 0, absent 0.

20.3 It can be seen that the Cabinet recommendations address the concerns of the CAB, and those expressed within the previous Motion to Council.

(END)