

Report to: **Executive Committee**
Date:
Title: **Council Tax Reduction Scheme 2018/19**
Portfolio Area: **Customer First**

Wards Affected: **all**

Relevant Scrutiny Committee: **Overview & Scrutiny Internal**

Urgent Decision: **N** Approval and clearance obtained: **Y/N**

Date next steps can be taken:
(*e.g. referral on of recommendation or implementation of substantive decision*)

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Recommendations:

1. To recommend to Council that we continue with the existing Council Tax Reduction scheme for 2018/19 with the uprate of Personal Allowances, Premiums and Non Dependant deductions in line with national welfare benefits.

1. Executive summary

- 1.1 It is an annual requirement for Councils to revisit their existing council tax support scheme and make a decision as to whether to replace or revise it.
- 1.2 On the 1st December 2016 officers made recommendations to this committee not to make changes to the existing scheme for

2017/18, but that they would carry out a fundamental review of the policy for 2018/19.

- 1.3 Over the last 12 months Officers have been liaising with all Devon Authorities that implemented the welfare reform changes in 17/18

It is too early at this stage to gauge the true impact of the changes, but we are aware that there have been unforeseen consequences including additional administrative burdens, additional software costs. At the same time the councils are reporting that the collection rates have reduced.

- 1.4 Due to the above and other factors which include

- Officer resource
- IT suppliers not having developed functionality to deliver an income banded scheme and as a result charging for a bespoke solution at consultancy rates
- IT Modelling tool supplied too late to model a scheme and go out to consultation
- Continuing speculation and uncertainty around the welfare reform programme

- 1.5 It is the Officers recommendation that there are no major changes to the Scheme for the next 12 months but that a full review commences in January 2018 to be implemented in 2019/2020. See Appendix 2 for key dates.

- 1.6 An Equality Impact Assessment has been completed and can be found as Appendix 3.

2 Background

- 2.1 Council Tax Support (CTS also known as Council Tax Reduction - CTR) was introduced in April 2013 and replaced the national Council Tax Benefit Scheme, with a 10% funding reduction. The CTR scheme for working-age customers is a local scheme, however the scheme that exists for pension age recipients is a national scheme prescribed by regulations and cannot be varied locally. Therefore any savings to the scheme must come from working age customers.

- 2.2 Local Schemes must take account of and:

- Support work incentives and in particular avoid disincentives for those moving into work
- Our duties to protect vulnerable people (these duties already exist under the Equality Act 2010, The Care Act 2014, Child Poverty Act 2010, The Housing Act 1996)
- The Armed Forces Covenant.

3 The Current Scheme

- 3.1 The working age scheme adopted by this council in 2014 retained the main elements of the former council tax benefit scheme but with the following;
- Liability limit (maximum support) of 80%. This means that everyone pays at least the 20% of their Council Tax.
 - Limiting CTR to a Band D Council Tax charge. This means that customers living in a home with a Council Tax band greater than D must pay the additional charge.
 - No second adult reduction
 - A vulnerability/hardship fund to provide additional financial help.
- 3.2 Retaining the core elements of the Council Tax Benefit scheme, means that we have preserved the means test in its current form, together with the protections and work incentives that have been refined over many years. This means that our scheme allows for the annual uprating's such as; living allowances, permitted earnings and non-dependant deductions in-line with the relevant regulations.
- 3.3 The scheme adopted by this Council also took account of the outcomes following previous public consultation.
- 3.4 Since the start of CTR there have been a number of legal challenges to Billing Authorities schemes. Most of these challenges have been made against the consultation process and whether due regard was given to the equality impact assessment when making changes to the scheme. A Supreme Court ruling in 2014 – [*R \(Moseley\) v London Borough of Haringey*](#) has meant that consultation on changes to Council Tax Reduction schemes must also include an option on how the current scheme could be retained on the same level of funding.
- 3.5 Since 2013/14 funding for Council Tax Reduction has been included within the overall local government funding grant. The Authority therefore decides how much funding is available to support the Council Tax Reduction scheme.
- 3.6 The aim of the local scheme was for it to be 'cost neutral'. By this we mean that the level of Government grant would equal forecasted Council Tax Reduction expenditure for 2018/19
- 3.7 The following table sets out the annual expenditure and caseload:

	Total caseload	Working age caseload	Pension age caseload	Working age expenditure £	Pension age expenditure £	Total expenditure £
April 14	6,174	2,802	3,372	1,900,285	3,062,544	4,962,829
April 15	6,005	2,751	3,254	1,816,016	3,009,416	4,825,432

April 16	5,273	2,344	2,929	1,747,454	2,836,706	4,584,160
April 17	5,166	2,349	2,817	1,876,611	2,906,834	4,783,445

- 3.8 The slight increase in expenditure is mainly due to the level of increase in council tax for 2017/18.
- 3.9 With further reductions in Government grants (the Council's Settlement Funding Assessment is being reduced by 9.2% in 2018/19 and the Council will no longer receive any Revenue Support Grant from 2018/19 onwards) and the future localisation of Business Rates, Council Tax is becoming one of the main sources of income.

4. Proposed Way Forward

- 4.1 Members agree that the current scheme and policies remain in force for a further 12 months.
- 4.2 Officers return to the Hub Committee in June/July 2018 to provide an update of progress against the action plan in appendix 2.

5. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal/Governance	Y	The relevant powers for this report are contained within the following legislation; Clause 34 of the Welfare Reform Bill provides for the abolition of Council Tax Benefit from 31 st March 2013 and introduces the Local Council Tax Support Schemes to be administered by Local Authorities
Financial	Y	The Government funding (Settlement funding assessment SFA) received from Central Government will be reduced by 9.2% for 2018/19. Council Tax Reduction funding is included within the SFA. The scheme is designed to be cost neutral and covers the shortfall in funding of just under £0.6 million. Based on current calculations (see 3) officers are confident that the difference between actual and forecasted figures as the end of the financial year will be minimal. The modelling carried out last year which informed the decision to adopt the

		current scheme is proving to be consistent with what is happening since the Council Tax Reduction Scheme went live.
Risks	Agreement on scheme	Failure to agree a scheme by 31 st January 2018. Detrimental impact on collection rates
	Financial	Business case in place with all preceptors agreeing financial support to fund extra resource to undertake early intervention and money advice. Future funding reductions could mean that the proposed scheme will not remain fit for purpose Annual review and close monitoring of announcements and national forums Impact on wider economy and most vulnerable Business case in place with all preceptors agreeing financial support to provide Exceptional Hardship Fund to assist those in extreme financial need.
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	An equality impact assessment has been completed – See Appendix 3.
Safeguarding	Y	Changes to the scheme could be seen to have a negative impact on child poverty.
Community Safety, Crime and Disorder	Y	As above.
Health, Safety and Wellbeing	Y	Changes to the scheme could be seen to have a negative impact on our poorest and most vulnerable families.
Other implications		

Supporting Information

Appendices:

Appendix 1 Current Council Tax Reduction Scheme

Appendix 2 Key dates for 2019/20 Scheme

Appendix 3 Equality Impact Assessment

Appendix 4 Comparison of Devon Schemes

Background Papers:

Welfare Reform Act

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes/No
SLT Rep briefed	Yes/No
Relevant Exec Director sign off (draft)	Yes/No
Data protection issues considered	Yes/No
If exempt information, public (part 1) report also drafted. (Cabinet/Scrutiny)	Yes/No