

**COUNCIL TAX SUPPORT SCHEME 2017/18**

Relevant Portfolio Holder	Cllr Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

**1. SUMMARY OF PROPOSALS**

- 1.1 The Council is required to review its Council Tax Support Scheme (CTSS) annually and must implement a scheme which protects people of pensionable age, incentivises work and has provisions to support vulnerable person in financial hardship as a result of the scheme.
- 1.2 A draft scheme was agreed by Cabinet on 6<sup>th</sup> July 2016, which set out amendments to the CTSS 2017/18.
- 1.3 Following consultation on the draft scheme Members are now asked to consider the final scheme and to make recommendations to Council on the scheme to be implemented for 2017/18.
- 1.4 The proposed scheme will reduce the administrative burden wherever possible, bring the scheme in line with national changes to welfare support and will ensure that the assessment of income in relation to claims remain in line with other benefits.
- 1.5 The proposed changes to the scheme will not make any significant financial difference to current claimants unless their circumstances change.
- 1.6 The report also sets out proposals for future consultations to reduce the administrative burden of managing the CTSS and ensure a more flexible approach to making changes to the CTSS.
- 1.7 Members are also asked to agree the continuation of a Hardship Fund to ensure that there is provision for supporting those most in need, and who experience financial hardship as a result of any changes to Council Tax Support.

**2. RECOMMENDATIONS**

**The Cabinet is asked to RECOMMEND:**

- 2.1 to implement the Scheme, as amended, namely:

- 2.2.1 Reduce backdating of Council Tax Support to in line with the changes in Housing Benefit announced by Central Government.
  - 2.2.2 Enable claims to be processed based on information provided by the DWP without the need for further information.
  - 2.2.3 Removal the Family Premium on claims made from 1<sup>st</sup> April 2017 to bring the BDC Council Tax Support Scheme in line with the changes in Housing Benefit announced by Central Government.
- 2.2 the future 'uprating' of some of the figures to take account of other national changes in benefits and allowances.
- 2.3 that authority be delegated to the Head of Customer Access and Financial Support to carry out statutory consultation on future draft CTS Schemes in accordance with the legislative guidelines, in consultation with the portfolio holder.
- 2.4 to agree the continuation of the Hardship Scheme.

**3. KEY ISSUES**

**Financial Implications**

- 3.1 As Members are aware, changes were made to the Council's CTSS with affect from April 2015, which resulted in support being capped at 80% of Council Tax liability for all working age claimants.
- 3.2 Changes to the support scheme in April 2015 offset an estimated funding gap in 2015/16 of £45k for Bromsgrove District Council.
- 3.3 It is no longer possible to know how much funding is received towards the CTSS via the Revenue Support Grant (RSG), and we know that from 2017/18 there will be no government funding for this scheme. The total cost of the CTSS in Bromsgrove District is in the region of £4.5 million, with the major preceptors sharing the financial burden in line with their share of the Council Tax base.
- 3.4 The District Council will continue to carry the full costs of the administration of the Council Tax support scheme. The incentive for Bromsgrove District Council is therefore to lower the administration costs of the scheme.
- 3.5 The proposals for the scheme are not intended to reduce the overall cost of support provided to residents but to reduce the administrative burden wherever possible, and bring the scheme in line with national changes to welfare support.
- 3.6 As previously agreed the various allowances that are taken into account when assessing support will be uprated in line with the Secretary of State's annual

announcement. This will ensure that the assessment of income in relation to claims remain in line with other benefits.

- 3.7 The current provision for 'hardship' of £25k per annum remains sufficient and it is not anticipated that the changes to the 2017/18 scheme will create a significant increase in hardship claims.

**Legal Implications**

- 3.8 On 1 April 2013 Council Tax Benefit was abolished and replaced by a new scheme of Council Tax support called "Council Tax Support Schemes". Under s13A and Schedule 1A of the Local Government Finance Act 1992 (inserted by s10 Local Government Act 2012), each local authority was required to make and adopt a Council Tax Support Scheme specifying the reductions which are to apply to the amounts of council tax payable within their districts
- 3.9 Statutory Instrument 2012/2885, "The Council Tax Reduction Schemes (Prescribed Requirements)(England) Regulations 2012" ensured that certain requirements prescribed by the Government were included in each Scheme (subsequently amended by S.I. 2012/3085)
- 3.10 As the billing authority the Council is required by the Local Government Finance Act 2012 to consider whether to revise its scheme or to replace it with another scheme, for each financial year.
- 3.11 The Authority must adopt its scheme, and make any revisions, no later than 31 January in the financial year preceeding the one when it will take effect, so that it will be necessary for the Council's 2017/18 scheme to be in place by 31<sup>st</sup> January 2017.
- 3.12 Paragraph 3 to Schedule 1A into The Local Government Finance Act 1992 set out the preparation that must be undertaken prior to the adoption or revision of a scheme, including prescribed consultation requirements.
- 3.13 Instruction is received from the Department of Work and Pensions on an annual basis, of changes to benefits rates and personal allowances. These must be taken into account for housing benefit calculations and it is good practice to apply them to the Local Council Tax Support Scheme

**Service / Operational Implications**

- 3.14 Consultation on the draft scheme took place throughout August and September 2016.
- 3.15 All current claimants, the preceptors and other stakeholders were written to to advise them of the draft scheme and the changes to the existing scheme.

- 3.16 Only two responses were received and neither of these gave comment either in support or dispute of the proposals.
- 3.17 The results of the initial consultation showed support for the options to reduce backdating and the administrative process for those claims where DWP information is obtained.
- 3.18 There was lower support for the option in respect of the family premium, but the majority of responders didn't answer the question in respect of this. This is a complex element of the welfare schemes and not easy for anyone to understand.
- 3.19 Officers are of the view that failure to maintain alignment of the CTSS and Housing Benefits processes will make the administration of the scheme in future considerably more expensive. This is because it will not be possible to assess claims in tandem thus doubling the work where a claim for both Housing Benefit and CTSS is made. The costs associated with this would fall to Redditch Borough Council at a time where we are also seeing the administrative subsidy for housing benefit reduce significantly.
- 3.21 To date officers have carried out a preliminary consultation to inform the draft scheme. This extends the timeframe for agreeing the CTSS and reduces the ability to react to national changes which are often made late in the day.
- 3.22 Given the very low levels of response to the consultations it is recommended that consultation is streamlined. The proposal will still meet the legislative requirements which state:
- that, before adopting a scheme, the billing authority must in the following order:
- a. consult any major precepting authority which has power to issue a precept to it,
  - b. publish a draft scheme in such manner as it thinks fit, and
  - c. consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 3.23 Therefore it is proposed that public consultation would only take place in respect of the draft scheme, rather than to also inform the draft scheme. This would be published as now and existing working age claimants written to. Feedback from this would then be used to inform any changes to the draft scheme before a final scheme is presented to Cabinet, and then the Council before the end of November.
- 3.24 Officers would liaise with preceptors and develop proposals to amend the draft scheme. This would be reported to Cabinet, prior to the statutory consultation with stakeholders, i.e. current claimants and the general tax payers.
- 3.25 As previously mentioned a CTSS which does not, in the main, mirror Housing Benefit in respect of eligibility, assessment and income disregards creates a

local administrative burden. This will continue to be a significant challenge until such time as all working age claimants are on Universal Credit. At that time our CTSS will need to be reconsidered to ensure it is as simple as possible and that administration is cost effective for the authority. However, this is not anticipated to be fully rolled out for some years to come.

- 3.26 It is suggested that future national changes to welfare support for working age persons in respect of eligibility, entitlement, qualification, deduction, applicable amounts and/or any other changes which impact on the Housing Benefit scheme, be reflected in the draft CTSS scheme and automatically consulted upon as a result.

**Customer / Equalities and Diversity Implications**

- 3.27 The changes proposed in the scheme for 2017/18 will not disproportionately impact on those with special protected characteristics under the equality duty and the discretionary hardship fund will minimise any adverse impact caused.
- 3.28 The 'uprating' of the benefits rates and personal allowances to be taken into account, in line with the Secretary of States announcement on those that must be taken into account for other benefits, will potentially result in small changes to the amounts of support provided. These will vary according to circumstances.
- 3.29 The local CTSS only affects those of working age. People who have reached the age for state pension credit are assessed under a national scheme which maintains 100% support.
- 3.30 There is no impact of these proposals on current claims.
- 3.31 The Hardship Fund provides an opportunity to ensure that vulnerable people, who have been financially disadvantaged by the changes to the CTSS, can be provided with transitional support.
- 3.32 Our purpose is to 'help people to be financially independent' and officers look at all possible avenues to provide support to individuals or families identified as needing greater support.

**4. RISK MANAGEMENT**

- 4.1 Any changes to council tax support whilst increasing council tax income to the Council and our major preceptors has financial implications for our residents and therefore officers ensure that support on managing finances and advice on other potential benefits is made available.
- 4.2 Council Tax collection rates may reduce and officers will closely monitor the arrears position and ensure that Members are made aware of the impact on the

percentage of the debt collected. To date there has been no significant reduction in the overall collection rate.

- 4.3 Recovery action has increased as a result of the introduction of changes in Council Tax support. Officers ensure that recovery action does not result in escalating costs for any individual impacted by this change unless all other avenues have been exhausted.
- 4.4 A Local Council Tax Support Scheme for 2017/18 must be agreed by Council and published by January 2017 to be effective from April 2017. If no changes to the existing scheme are agreed the current scheme will be amended to take account of 'uprating' of other national benefits but otherwise will be unchanged. This will result in increased costs both for administration and IT software.

**5. APPENDICES**

**6. BACKGROUND PAPERS**

Held in Revenues Service

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