

REPORT TO	ON
COUNCIL	Wednesday, 29 January 2020



TITLE	PORTFOLIO	REPORT OF
Approval of the Council Tax Support Scheme to be adopted for 2020/21	Cabinet Member (Community Engagement, Social Justice and Wealth Building)	Director of Customer and Digital

Is this report confidential?	No
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PURPOSE OF THE REPORT

1. The purpose of the report is to update Council on the outcome of the consultation exercise carried out with preceptors and residents in relation to proposed changes to our Council Tax Support scheme (CTSS). The consultation exercise will inform the proposal for introducing an amended scheme for the year 2020/21.

RECOMMENDATIONS

2. Council to note the outcomes of the consultation.
3. Council to approve the amendment of the scheme to reflect the removal of the minimum payment (£3.50 charge for passported claimants).
4. Council to note the further work undertaken in relation to second homes and the empty homes premium.
5. Council to note the budget implications.

REASONS FOR THE DECISION

6. The new administration is committed to protecting the most vulnerable applicants and would like to increase the financial assistance available to them by increasing support available for certain vulnerable groups.
7. The adoption of a revised Council Tax Support scheme (CTSS) is a priority in the refreshed Corporate Plan.
8. To ensure that any future, new or revised scheme reduces the burden of Universal Credit and satisfies the statutory requirement within the localisation of Council Tax Support that consultation must take place with major preceptors and residents.

EXECUTIVE SUMMARY

9. This report sets out the outcomes from the consultation undertaken in line with Government guidance and legislation. The report also provides a rationale for an amendment to the existing scheme which will in effect remove the minimum payment of £3.50 for passported claimants.

CORPORATE PRIORITIES

10. The report relates to the following corporate priorities:

Excellence, Investment and Financial Sustainability	x
Health, Wellbeing and Safety	x
Place, Homes and Environment	

Projects relating to People in the Corporate Plan:

Our People and Communities	x
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BACKGROUND TO THE REPORT

11. Until April 2013 there was a national scheme called Council Tax Benefit. The Government made local councils responsible for replacement schemes from 1 April 2013.
12. The new administration is committed to protecting the most vulnerable applicants and would now like to consider increasing the financial assistance available to them. As the council is keen to keep Council Tax Support aligned with major benefits such as Housing Benefit and Universal Credit to assist in administration and be fairer to all, this means that, as those benefits change, similar changes need to be made to the Council Tax Support scheme.
13. In addition, the council is keen to protect those applicants who are claiming certain benefits and on the lowest income. This will affect working age households in the borough who currently receive or will apply for Council Tax Support. Pension age households will **not** be affected as central government prescribed the scheme.
14. Continuing with the current scheme would mean low income working age applicants on certain benefits are adversely affected; the most vulnerable applicants are not protected to the level that the new administration would like; the scheme would include, as income or capital, certain payments which are now disregarded from all other welfare benefits and there are potentially higher administration costs, relating to council tax billing and recovery.
15. An amendment to the existing scheme would allow the treatment of payments such as windrush and bereavement payments to be disregarded mirroring the treatment of these payments to that of other benefits such as Housing Benefit.
16. At the meeting held on 10th July 2019 Cabinet agreed the process and timeline for consultation on an amendment to the existing scheme.
17. At the meeting held on 10th July 2019 Cabinet also agreed for further work to be undertaken in relation to second homes and the empty homes premium. The outcomes of this work was presented to Cabinet on the 16th October 2019.

PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

18. As reported in July 2019 analysis has been undertaken to address the impact of the current scheme and alternative scheme options on areas of poverty and this is summarised below:
 - One of the objectives of any CTS scheme was to protect the vulnerable. The current scheme recognises this objective by disregarding disability benefits such as Personal Independence Payments and including additional premiums in the calculation for disabled households.
 - Members have expressed concerns about the level of protection and would like to look at this area further particularly in relation to the standard minimum £3.50 per week

charge for all working age claimants. There is concern that some claimant groups may be considered to be below the poverty line, which could be alleviated in part by the removal of a standard deduction. To do this we need to establish those we consider to be in poverty and may need additional assistance.

- There are several benchmarks, one of which is 'relative poverty'. This is defined as when households receive 50% - 60% less than average median household incomes, so they do have some money but still not enough money to afford anything above the basics. Median household disposable income in the UK was £28,400 in the financial year ending 2018, based on estimates from Living Costs and Food Survey – Office of National Statistics. Taking 55% as the mid-point this would equate to £15,620 per annum. However this figure would mean different things to different household compositions. For example a single person working 40 hours per week on the National Living Wage of £8.21 per week would have a gross pay of approx. £17,000 which after deductions, would be in the region of £15,000. It would be less challenging financially for a single person to manage on this level of income than it would for a family with children to manage on the same amount.
- The other benchmark that we could consider is the Applicable Amount which is circa £15k per annum. This is a standard national figure which the Government believes reflects the basic living needs of a claimant and their family.
- Working Age claimants who are in receipt of a passported benefit such as Income Support, Jobseekers Allowance (Income Based), Employment and Support Allowance (Income Related), receive benefit at the applicable amount level for their family size and need.
- Under the Council Tax Benefit scheme claimants in these groups previously received full council tax benefit because their income was not in excess of this basic living needs assessment. Of the 3129 working age caseload for South Ribble (as at 28.6.19), there were 1467 in receipt of a passported benefit.
- An area that we do need to be aware of is that some UC claimants will be on an income level to their basic needs allowance but are not regarded in legislation as on a passported benefit. The current software does not therefore enable us to offer them any targeted protection in the same way as claimants in receipt of the passported benefits. We would seek to mitigate this issue by means of the Local Support Scheme (EHP) and actively identify and target these claimants. The figures currently suggest there are approximately 440 claimants who would qualify for payment under the Local Support Scheme.

19. Further to the above analysis a number of options were considered by way of an amendment to the existing scheme and these are listed below:

Option 1: Maintaining the current scheme with £3.50 per week minimum payment.

- Would be revenue cost neutral
- Would not address the administrative burdens of UC as highlighted in point 15 as claims will need to be reassessed potentially on a monthly basis, resulting in multiple bills and letters.
- Would not address Member concerns regarding a charge

Option 2: Current scheme with no minimum payment (removal of £3.50 charge for passported claimants as defined above)

- Would not be revenue cost neutral
- Would not address administrative burdens of UC as highlighted in point 15, as claims will need to be reassessed potentially on a monthly basis, resulting in multiple bills and letters.
- Would address Member concerns regarding a charge
- This option would mirror the Council Tax Benefit scheme as it was before the change to CTS on 1.4.2013. Lancaster City Council's current CTS scheme has no minimum deduction and has followed the same rules and amendments as Housing Benefit

legislation. This therefore incorporates the two major legislation changes detailed below.

Option 3: Income banded scheme with maximum 85% support for the lowest income band.

- Would be revenue cost neutral
- Would have the potential to address the administrative burdens of UC
- Would not address Member concerns regarding a charge

20. Further to the above the agreed next step action was is to consult on the retention of the current scheme (option 1) an amendment to the current scheme (option 2) and disregarding of windrush and bereavement payments bringing in line with other benefits. The outcome of the consultation is detailed in the following section of the report.

21. We have also undertaken further work and consultation on the current second homes and empty homes premium. The details of which were reported to Cabinet in October 2019. In summary the outcome of this work was a recommendation to Council to approve proposed changes to Policies which will in effect remove the 10% discount applied to second homes, and increase empty homes premiums.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

22. Between the period of 29th July and 27th September 2019 a consultation exercise was carried out with major preceptors (LCC, Police and Fire), residents and interested parties. The first 2 weeks of the 8 week consultation was focused on the major preceptors. We also extended the period of consultation by a further week in order to reflect the feedback from the first part of the consultation.

23. The process required the following:

- Full details of all changes to the current scheme identified.
- First draft Equality Impact Assessment carried out
- Draft scheme prepared to be made available on SRBC website
- Letter to major preceptors
- Public consultation on website
- Letters of awareness sent to a sample of residents/claimants/interested parties

24. 8760 residents were sent a letter advising of the reason for the consultation and inviting to go online to complete a questionnaire. This comprised all working age CTSS claimants (3284) and an equal proportion of residents from every ward in the borough (5477). A second set of letters (365) were sent to residents in every ward to compensate for returned/undeliverable letters from the first tranche.

25. Throughout the consultation period regular social media messages were posted, officers from Gateway provided telephone and face to advice and support and we liaised directly with support agencies/interested parties such as Citizens Advice, Age UK, Welfare Rights, community groups and charities.

26. A summary of the CTSS Consultation results are provided below:

Preceptors – LCC, Police and Fire – advised they could not support the removal of £3.50 per week charge for certain income groups due to financial implications.

Residents - 223 responses received and summary of responses for each question is as follows;

1. Do you agree with this change to the scheme (Proposal 1)?

This question asked all respondents whether they agreed with Proposal 1 namely removing the £3.50 per week minimum payment for low income applicants who are in receipt of certain benefits

Answer	No.	Percentage
Yes	156	69.96%
No	54	24.22%

Don't Know	12	5.38%
Not Answered	1	0.44%
Total	223	100.00%

2. Do you agree with this change to the scheme (Proposal 2)?

This question asked all respondents whether they agreed with Proposal 2 namely whether Bereavement Support Payments should be disregarded from the scheme.

Answer	No.	Percentage
Yes	180	80.72%
No	18	8.07%
Don't Know	22	9.87%
Not Answered	3	1.34%
Total	223	100.00%

3. Do you agree with this change to the scheme (Proposal 3)?

This question asked all respondents whether they agreed with Proposal 3 namely whether Windrush Compensation Payments should be disregarded from the scheme.

Answer	No.	Percentage
Yes	150	67.26%
No	33	14.80%
Don't Know	37	16.59%
Not Answered	3	1.35%
Total	223	100.00%

4. Should the Council keep the £3.50 per week minimum charge for low income applicants who are in receipt of certain benefits?

This question asked all respondents whether the Council should keep the scheme the £3.50 per week minimum charge for all low income applicants and those on the specified benefits

Answer	No.	Percentage
No	139	62.33%
Yes	68	30.49%
Don't Know	11	4.93%
Not Answered	5	2.25%
Total	223	100.00%

5. Should the Council make the changes and offset (as far as possible) any costs by considering introducing changes to the council tax charges for second homes and empty premises?

This question asked respondents whether the changes should be made to the scheme and the costs offset by introducing the level of charges for second homes and empty dwellings.

Answer	No.	Percentage
Yes	163	73.09%
No	44	19.73%
Don't Know	11	4.93%
Not Answered	5	2.25%
Total	223	100.00%

6. Make the changes and fund them from existing resources?

This question asked respondents whether the changes should be made, and the costs funded from existing resources.

Answer	No.	Percentage
Yes	91	40.81%
No	88	39.46%
Don't Know	37	16.59%
Not Answered	7	3.14%

Total	223	100.00%
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7. If the council were to choose these other changes, what would be your order of preference?

Respondents were requested to place the following in order of preference:

- Make no changes:
- Make changes and fund them from existing resources; and
- Make changes and offset the costs through additional charges on second home and empty dwellings

Respondents indicated that their preferred option is to Make changes and offset the costs through additional charges on second home and empty dwellings.

The legislation requires the Local Authority to consult such other persons as it considers are likely to have an interest in the operation of the scheme. The legislation does not lay down any rules in relation to responses or method of consultation although it should be noted that SRBC has used a variety of methods to encourage participation. It should also be noted that it is a consultation and not a survey and therefore there is no requirement to determine a number of minimum responses for it to be valid and it is for residents, preceptors to decide whether they wish to participate or not in the consultation process.

The number of responses received 223 is above average for related consultations undertaken by similar sized and larger authorities. For example a similar consultation undertaken by a Council had a response rate of 150.

All consultation responses will be taken into account by Full Council when making the final decision and ample time and opportunity has been given to allow those wishing to participate to do so.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

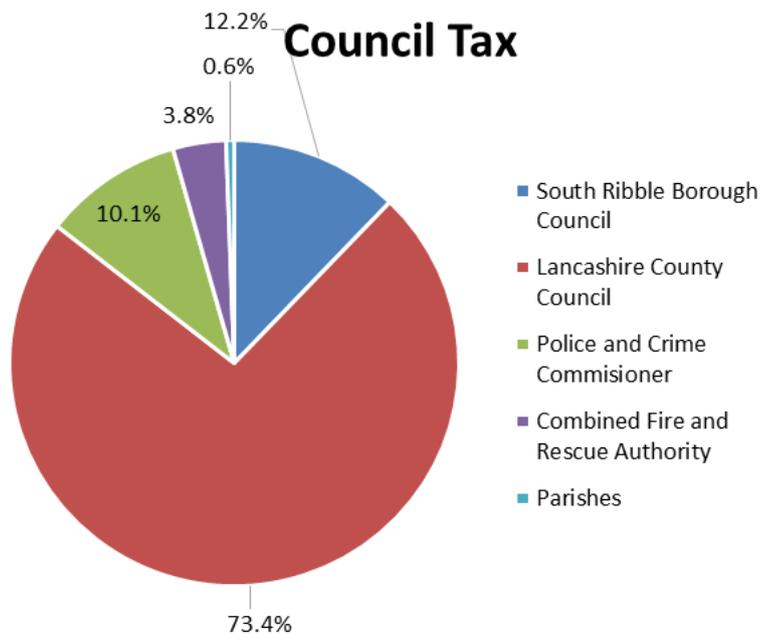
27. The alternative options are detailed in the proposals section of this report.

FINANCIAL IMPLICATIONS

28. The financial implications of the current scheme (option1) and amendment to the scheme (option 2) are summarised in the proposals section of this report. Compared to the current scheme, removal of the £3.50/week minimum payment would increase the cost to the Council.

29. Please note the cost implications are based on a set of assumptions at this point in time in relation to council tax increases, the anticipated level of migration to Universal Credit, changes in National Living Wage and taxation. They are therefore indicative and form part of the overall potential implications of each option, both on the Council and claimants.

30. The net financial impact for South Ribble Borough Council and any preceptors as a result of potential changes is as apportioned below. Figures quoted are for the financial year 2019/20.



31. For illustrative purposes, based on the apportionment for 2019/20 a forecast loss of council tax income would be as follows:

	Option 1 £'000	Option 2 £'000
South Ribble/Parishes		44
Lancashire County Council		255
Police and Crime Commissioner	Broadly cost neutral	35
Combined Fire and Rescue Authority		13
Indicative Cost / (Saving)		347

As previously mentioned the Council is exploring other income opportunities associated with the changes to the second homes and empty homes premium Council Tax policy. Recent modelling undertaken in relation to this suggest a potential annual yield for the County of £120k.

LEGAL IMPLICATIONS

32. The Council is under a legal duty by virtue of Schedule 1A to the Local Government Finance Act 1992 to consider each year whether to revise its council tax support scheme or to replace it with another scheme. Schedule 1A also provides that any revision to the scheme, or any replacement scheme must be made no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect. The Council has a legal duty to review its scheme every year and to consult on any proposed changes. As members wished to adopt a revised or replacement scheme for 2020/21, a full consultation was undertaken in line with government guidance and provided those affected with an opportunity to comment.

33. As recommended the consultation was undertaken over an 8 week period.

34. If changes are made without the process being followed, there is a risk of the scheme being challenged by Judicial Review.

AIR QUALITY IMPLICATIONS

35. There are no known implications for the Air Quality Action Plan.

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

36. It is not envisaged that there will be any requirement for changes to staffing levels at this stage. The Leadership Team will keep this under review and any training requirements will be resourced and met internally.

ICT/TECHNOLOGY IMPLICATIONS

37. Whilst it will not be necessary to procure appropriate additional Capita modules for the proposed changes to the scheme, the assistance of experienced consultants will be required to ensure the correct system amendments are in place.

PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

38. There are no known implications for the physical estate

RISK MANAGEMENT

39. There are no known residual risks at the time of writing this report. Nevertheless the Project Scope has been updated to highlight the risks associated with this report and proposals therein

EQUALITY AND DIVERSITY IMPACT

40. An Equality Impact Assessment (EIA) has been carried out for the purposes of the consultation exercise. A full EIA will be carried out for any proposed amendment to the existing scheme.

RELEVANT DIRECTORS RECOMMENDATIONS

41. This report sets out the outcomes from the consultation on an amendment to the existing CTSS in line with Government guidance and legislation. The financial and legal implications are detailed in the report.

COMMENTS OF THE STATUTORY FINANCE OFFICER

42. The indicative financial impact on the Council's annual budget is set out in paragraph 31 above. This forecast reduction in income has been mitigated in part through approved changes to the Empty Property premiums and Second homes discount policies. These policy changes will be reflected in the Council Tax income forecasts in the 2020/21 Budget and revised Medium Term Financial Strategy.

COMMENTS OF THE MONITORING OFFICER

43. The existing Council Tax Support Scheme has been the subject of debate and concern with a number of members for some time now. It was clearly appropriate that we took a proper look at the scheme and see if any changes were desirable. In this regard we have carried out a particularly extensive consultation exercise. This includes precepting authorities as well as residents. The final decision on the way forward rests with full Council of course. There is clearly a rationale and evidence base for what is now proposed. It should be noted that the financial impact on the County Council (see the Table in para 31 above) of the proposed changes will be lessened as a consequence of the proposed changes to second homes and empty homes premium Council Tax policy.

BACKGROUND DOCUMENTS

There are no background documents.

APPENDICES

Appendix 1 – Consultation Questionnaire

Paul Hussey
Director Customer and Digital

Report Author:	Telephone:	Date:
Paul Hussey	01772 625522	13 November 2019