

REPORT TO	ON
CABINET	12 September 2018



TITLE	PORTFOLIO	REPORT OF
Council Tax Support Scheme	Finance	Specialist Consultant (Leadership and Organisational Development)

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	<b>Yes</b>
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	<b>Yes</b>
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	<b>No</b>
Is this report confidential?	<b>No</b>

## 1. PURPOSE OF THE REPORT

The purpose of the report is to update Cabinet on the current situation with our Council Tax Support Scheme and to seek their agreement to how we ought to proceed with this scheme including carrying out a consultation exercise for the proposal of introducing an amended scheme for the year 2020/2021.

## 2. PORTFOLIO RECOMMENDATIONS

- 2.1 That an Equality Impact Assessment on the current Council Tax Support Scheme be carried out given the new operating context that is Universal Credit.
- 2.2 That the council should consult with all major preceptors on potential scheme changes (as outlined in this report) that could be introduced in the year 2020/21.
- 2.3 That the result of the informal consultation with major preceptors should be reported back to Cabinet , along with any impact assessments that need to be considered on the wider effects of the schemes which will affect the residents.
- 2.4 That for 2019/20, the council continues with its existing scheme, and strengthen and promote the exceptional hardship funds available to the residents.

## REASONS FOR THE DECISION

To carry out a thorough review of all existing policies in this area and to consult on possible changes to the Council Tax Support Scheme in order to ensure that it is as efficient and equitable as possible.

## 3 CORPORATE PRIORITIES

- 4.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	✓
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Health and Wellbeing	✓
Place	✓

Projects relating to People in the Corporate Plan:

People	
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## 4 BACKGROUND TO THE REPORT

### The scheme overview

5.1 In April 2013, the welfare reforms were introduced and designed to improve the 'incentives to work' principles. At the same time the administration for Council Tax Support was devolved to Local Authorities, packaged with a 10% funding cut. A further element of these reforms was to offer pensioner households protection. This protection means that Council Tax Support available for pensioners can equate to 100% of their Council Tax liability, and therefore mirrors the preceding national scheme.

5.2 However, the above mentioned reforms made provision for Local Authorities to design local Council Tax Support schemes for working age households.

5.3 Given the above, the Council did and informed by a consultation exercise introduce a new Council Tax Support Scheme. This scheme remains in operation today and does feature a minimum payment for working age households. The Council's Council Tax Support scheme requires every working age household in receipt of Council Tax Support to pay a fixed amount of at least £3.50 per week for their Council Tax bill. Neighbouring authorities such as Preston, and Chorley operate schemes that afford a percentage discount, and not a minimum fixed amount.

5.4 We are not currently aware that any of Lancashire's Local Authorities are planning any major Council Tax Support scheme changes, in 2019/20.

5.5 The following should also be noted:

Collection rates pre and post the schemes transfer to Local Authority control have remained high. In 2012/13, the final year of the nationally administered scheme, and in 2017/18, the last full year of the current local scheme collection rates were recorded at 97.5%.

The Council offer three support procedures to residents. These are:

- Discretionary Housing Payments: The Discretionary Housing Payment can provide assistance with rent costs
- Exceptional Hardship Payments: The Exceptional Hardship Payments, are designed to assist with Council Tax Support shortfall
- Personal Budgeting Support: Personal Budgeting Support offered advice on how to manage day to day budgeting

The Exceptional Hardship Policy was introduced in conjunction with the new Council Tax Support Scheme from April 2013. In 2017/18 40 cases were awarded and 1 declined

In July 2018, South Ribble residents started to migrate onto Universal Credit, as and when changes in circumstances are reported. The nature of Universal Credit has the potential to be

administratively burdensome, given the monthly changes such as reassessment and new billing that will include minimal changes to a resident's income. The council has mitigated this risk by providing comprehensive training to our gateway and revs and benefits service, and there has been a Member Learning Hour, to provide assurance to members.

### **Proposal for amended/new Council Tax Support Scheme**

Should the Council wish to change its existing scheme, which has been suggested within the MTFs, the Council must undertake statutory consultation on any changes.

The duty to consult on any new scheme or revised scheme is set out in the Local Government Finance Act 1992 as amended by subsequent legislation.

In broad terms there is a duty to consult with any major precepting authority and such other persons as it considers are likely to have an operation in the scheme,

The LGA and Local Government Lawyer have published various advice papers on the subject of consultation, including a consultation checklist. However, the current consultation checklist is procedural in its nature, and does not allow for any consideration of impact, or assessing the relevance of Universal credit being brought into play.

Following the budget council in May 2018, the Council commissioned 'Policy in Practice' to undertake some modelling work which the council could consult upon, for a future scheme initially against three design principles.

The design principles:

- Remain cost neutral
- Reduce administrative burden
- Support the hardest pressed households

The council's new administration in May requested that the design principles were broadened to consider whether the existing scheme could remain with some slight amendments.

Policy in Practice, as a result of a further commission, have modelled the following schemes:

1) Retain **Existing scheme**

- featuring the £3.50 per week minimum payment
- featuring reducing the minimum payment to £3.22 per week

2) Introducing an **Income based Scheme**

- creating a generic income band
- providing income bands that are more generous to larger families
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3) Introducing a **Maximum support scheme** i.e. removing the £3.50 per week minimum payment

## **5 PROPOSALS**

Before any changes can be considered, or consulted on with the public, it is important to seek the views of all the major preceptor authorities.

The proposal is that the Council will engage in first stage consultation with all major preceptor authorities on the options identified above. For clarity, a more detailed analysis is set out below.

**Retention of Existing scheme with amendments to rates:** this is self-explanatory

**Income Banded Scheme:** In this scheme, the amount of Council Tax Support awarded to working age households is calculated very differently from how it is currently done. For each working age household, certain incomes are added up and compared to pre-defined income thresholds, each of which has a corresponding level of percentage discount. Larger households, such as couples with children, are more likely to lose Council Tax Support under this model, when compared to the current scheme. Lone parents and couples with children are less likely to lose support. This scheme could also result in lower administration costs than retaining the current scheme.

The level of support offered under each income band differs by household composition, as is shown in the table below.

Band	Weekly income	% discount (after the application of any other available discounts, e.g. single person discount)		
		Single Person	Couple no children	Families with children
1	£0 – £100 & pass ported/max UC)	85%	85%	85%
2	£100 - £150	80%	80%	85%
3	£150 - £200	Nil	75%	85%
4	£200 - £300	Nil	Nil	80%
5	£300 - £400	Nil	Nil	75%

**Maximum support scheme:** In this scheme, the £3.50 weekly minimum payment that every working age household must make towards their Council Tax bill is removed. The result is that the scheme would cost £540,000 however this is split across the preceptor authorities. Administration cost could also increase with the introduction of this scheme. This is firstly due to the number of reassessments increasing as households migrate onto universal credit, and secondly because working age households that do not qualify for Council Tax Support may gain eligibility if the minimum payment is removed.

Once this exercise has been carried out, Cabinet will further consider the options on taking forward the Council Tax support scheme.

Whilst the Consultation with the preceptor authorities is being carried out, the council will commission an Equality Impact Assessment (EIA) on the current scheme given the new operating context that is Universal Credit. The council would also like to explore how we can fully engage with the residents of the Borough, in a meaningful way, which will go above and beyond the statutory consultation process and timescales.

As a holding measure, the council will continue with its existing scheme for 19/ 20. Members are advised that, in keeping within the existing scheme for 2019/20, there is an opportunity to strengthen and promote the Exceptional Hardship payments and it is proposed that an active campaign is launched to facilitate this.

## 6 CONSULTATION CARRIED OUT TO DATE

Following Local Government Organisation (LGA) advice and given that no changes have been made to the current South Ribble Council Tax Support Scheme since its introduction no further consultation has been carried out since 2012.

However, the proposal is that we will now carry out a consultation exercise for possible changes to the Council Tax support scheme for the year 2020/2021 as detailed in this report.

## **7 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

The council does have the option to seek to amend the current South Ribble Council Tax Support Scheme in 2019/20, however this would not allow for the impact of Universal Credit to be properly understood. The Council would also like to consider a comprehensive consultation process, with the residents of the borough, picking up new guidelines set out by government on improving our understanding of resident's needs, and the impact of service changes on their daily lives.

## **8 FINANCIAL IMPLICATIONS**

N/A

## **9 LEGAL IMPLICATIONS**

Please see Monitoring Officer comments

## **10 HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

N/A

## **11 ICT/TECHNOLOGY IMPLICATIONS**

N/A

## **12 PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

N/A

## **13 RISK MANAGEMENT**

N/A

## **14 EQUALITY AND DIVERSITY IMPACT**

N/A

## **15 RELEVANT DIRECTORS RECOMMENDATIONS**

15.1 That an Equality Impact Assessment on the current Council Tax Support Scheme be carried out given the new operating context that is Universal Credit.

15.2 That the council should consult with all major preceptors on potential scheme changes (as outlined in this report) that could be introduced in the year 2020/21.

15.3 That the result of the informal consultation with major preceptors should be reported back to Cabinet , along with any impact assessments that need to be considered on the wider effects of the schemes which will affect the residents.

15.4 That for 2019/20, the council continues with its existing scheme, and strengthen and promote the exceptional hardship funds available to the residents.

## 16 COMMENTS OF THE STATUTORY FINANCE OFFICER

Council approved an amendment at Budget Council (February 2018) to remove the requirement for CTS Scheme with effect from 1 April 2019 at annual cost of £73k. Alternative compensatory funding was not approved at that time and therefore the call for this resource falls to reserves and consequently is not a sustainable solution. Additional savings would be required in the event the Council were to implement the decision taken. Furthermore, any decision to remove the CTS scheme will have the largest impact financially on the County Council as the major preceptor. The County Council may express a view during any consultation.

Since the introduction of council tax support scheme in 2013 the overall council tax collection rates have remained static (97.5%) which indicates that people do fulfil their duty in paying their council tax.

For those in hardship, the Council has approved policies to assist households in relation to meeting housing costs and council tax support. DWP will fund up to £140k in 2018/19. In 2017/18 this fund was underspent by £40k, with payments of just over £100k. Similar provisions exist within the Collection Fund where the offer of hardship support can be made within prescribed criteria for council tax liabilities.

DWP have provided Universal Credit implementation funding of £22k to assist the Council.

## 17 COMMENTS OF THE MONITORING OFFICER

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 reduction 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 CTRS every year and to consult on any proposed changes. The recommendation for 2019/2020 is that there should be no change to our existing scheme. However, if members wish to adopt a new revised or replacement scheme for that year, then, as set out in this report, there is a minimum full consultation will be required for a period of 12 weeks to allow for all those affected an opportunity to comment. It should be noted however, that the proposal in this paper is a recommendation that this Council goes beyond the statutory process, in the interests of having a comprehensive engagement with the residents of the Borough.

## 18 BACKGROUND DOCUMENTS (or There are no background papers to this report)

N/A

## 20. APPENDICES (or There are no appendices to this report)

N/A

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