



Report Reference Number: E/19/07

To:	Executive
Date:	1 August 2019
Status:	Non Key Decision
Ward(s) Affected:	All
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Lead Executive Member:	Cllr Lunn, Lead Executive Member for Finance and Resources
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Title: Council Tax Support scheme for 2020/21 consultation

1. Summary

- 1.1 The Council must review and agree its Council Tax Support scheme each financial year. This process involves consulting with major preceptors and interested parties before the final scheme is approved.
- 1.2 This report sets out the draft scheme options that will form the basis of the consultation for the Council Tax Support scheme for 2020/21.
- 1.3 A number of changes are being considered to reduce administration for the Council whilst producing a simpler and more transparent scheme for the customer that also works with wider welfare reforms.

2. Recommendations

- 2.1 Executive are being asked for permission to consult on the proposals and agree on a public consultation.
- 2.2 Note that following the results of the consultation a further report detailing the proposed final Council Tax Support Scheme for 2020/21 will be presented to the Executive and Council for approval.

3. Background

- 3.1 From April 2013 Council Tax Benefit for working age people was abolished and replaced with a local scheme, called Council Tax Support which each authority had to administer and fund. Support for pension age people is still assessed and paid under the national regulations and is therefore protected.

- 3.2 Under Council Tax Benefit all awards were fully funded by central government via an annual subsidy grant, after April 2013 this funding was cut by 10% and is no longer identifiable within the Revenue Support Grant from central government.
- 3.3 Council Tax Support (CTS) is a discount awarded to those on low income to help towards the cost of their council tax bill. It is based on a person's household and income. As at June 2019 there are approximately 4,300 households in the District claiming CTS at a total cost of £4.1 million and just over half of these are working age.
- 3.4 Our current CTS scheme has been in place since April 2013, it mainly mirrors the old Council Tax Benefit scheme, with a complex means test and set of rules. Small changes have been made since then to reflect wider welfare reforms within Housing Benefit and other minor technical changes.
- 3.5 The main difference in the current local CTS scheme is the maximum amount of support a working age person can be given is 90% of their council tax liability; they must pay the first 10% themselves regardless of their income.

4.0 Drivers for change

- 4.1 From April 2013 CTS is considered a discount not a benefit; the current scheme still closely resembles and maintains links to the rules of means tested housing benefit. This means the scheme is difficult for customers to understand and makes the administration more complex. A simpler scheme will make it easier for customers to identify if they would be eligible for some assistance.
- 4.2 In May 2019 Universal Credit Full Service was completely rolled out in the district for customers making new claims and for existing benefit claimants if their circumstances had changed. We already have approximately 800 claimants receiving CTS based on Universal Credit. Our CTS scheme needs to work with this new income.
- 4.3 People who receive Universal Credit have their entitlement recalculated each month, taking into account any fluctuations in income. As Universal Credit is income for the purposes of CTS, a change also has to be made to their entitlement to this. This then results in revised changes to council tax instalments every month which can make budgeting very difficult for those customers. This means more bills are produced and have to be posted out to customers. It also affects the recovery procedure and can impact on council tax collection rates.
- 4.4 To try and deal with the changes of customers receiving Universal Credit a number of authorities have begun to make major changes to their CTS schemes, some have acted for 19/20 and many more are considering changes from 20/21.

- 4.5 Most authorities have gone to a banded income scheme, which allows for changes within a person's income but doesn't change the amount of CTS a customer receives unless the change is quite significant. This stabilises the award of CTS and the Universal Credit fluctuations to not trigger recalculations.
- 4.6 As the number of UC claimants in our caseload increases this will cause us additional work dealing with their income changes, therefore moving to a simpler CTS scheme will allow us to cope with these workloads whilst delivering the savings already identified for the section as a result of greater efficiencies and digital service delivery.

5.0 Working with the other North Yorkshire authorities

- 5.1 The North Yorkshire authorities already work closely together within their benefits sections and last year collectively began looking at proposals for changes to their CTS schemes from 2020/21. A well respected consultant within benefits has assisted the authorities to look at this.
- 5.2 The framework for all the authorities was very similar, that the schemes should be as cost neutral as possible, wherever possible there should be no customers who lose or gain a large amount of CTS. Each authority could tailor the scheme according to demographics. The scheme should also be simpler to understand for customers and wherever possible for staff to administer.
- 5.3 Each authority has purchased the software system Northgate's modelling tool. This tool takes the current caseload and models the effect of proposed changes to the CTS scheme. The tool provides a summary of the effect but you can also drill down to an individual claim level for further details.

6.0 Proposed changes to the scheme for consultation

6.1 Banded grid

- 6.1.1 A banded scheme which will assess the maximum level of CTS based on a calculation of household net income compared with household size. The maximum percentage is still to be confirmed but the current modelling is looking at retaining at least the 90% maximum award in line with the current scheme.
- 6.1.2 A possible option is to look to increase the maximum award to 100% for those claimants on Passported benefits or the lowest income band. Reasons for this are to provide more support to residents of the district on lower incomes. The 10% claimants are currently required to pay is often not paid by these claimants. Recovery action has to be taken and costs are added for this, this causes them further hardship. This also causes further work for the council to administer and monitor arrangements.
- 6.1.3 Since the introduction of the 10% minimum charge the collection rates of council tax from CTS claimants has decreased. In 2012/13 the collection rate was 97.34% and in 2018/19 this had reduced to 88.26%.

- 6.1.4 Attached Appendix 1 shows a summary of the impact from the current proposals. In summary of the 2,285 working age caseload 60 claimants would no longer qualify for CTS. The main reason for this is reduction of the capital limit and they receive higher incomes due to being large families.
- 6.1.5 The percentage of our caseload that would be worse off by more than £4.00 per week only equates to 6.69%. The main reasons for this are summarised on Appendix 1. The proposed scheme is fair to the majority of current claimants and the small percentage negatively affected can be signposted the Discretionary Hardship Scheme for assistance.
- 6.1.4 The table below demonstrates the simplified banded scheme of weekly income, if a claimants income falls within those bands they will receive the percentage support in the first column – eg Single person with £140.00 income will receive 75% in CTS.

CTS	Passported cases	Single	Couple	Family with one child	Family with two or more children
100/90%	All Cases	£0.00 - £110.00	£0.00 - £160.00	£0.00 - £200.00	£0.00 - £260.00
75%	N/A	£110.01 - £155.00	£160.01 - £205.00	£200.01 - £245.00	£260.01 - £305.00
50%	N/A	£155.01 - £205.00	£205.01 - £255.00	£245.01 - £295.00	£305.01 - £355.00
25%	N/A	£205.01 – £250.00	£255.01 - £300.00	£295.01 - £350.00	£355.01 - £450.00

- 6.1.5 Customers receiving Income Support, Job Seekers Allowance and Employment and Support Allowance Income Related which are classed as Passported would receive the maximum amount.
- 6.1.6 The final levels of the bands will be determined through the Northgate modelling process and this is an ongoing process which will be undertaken regularly through the year to ensure that the final decision of the Council is as accurate as possible. The levels in each grid will be determined on overall expenditure of the scheme whilst ensuring the maximum number of applicants are protected and ensuring that any losses to individuals are minimised.

6.2 Further proposed changes

- 6.2.1 Capital limit reduced from £16,000 to £6,000. Currently a working age claimant can have capital up to £16,000 and still qualify for CTS. If capital was reduced to £6,000 those with modest capital would still be able to apply and receive assistance, those with capital above this would no longer qualify.
- 6.2.2 All non-dependant deductions will be set at £5.00 per week. The current scheme disregards different amounts, from £0.00 to £12.20, depending on the income of any other adult's living in the property. This change will mean we no longer need to ask for details of non-dependants income.
- 6.2.3 All earned income disregards set to a standard £20.00 per week across all applicant types, these currently vary from £5.00 to £25.00. This change will make the scheme easier to administer and understand.
- 6.2.4 Childcare disregards will be removed as the Government has recently introduced 30 hours of free childcare so very few claimants would be affected by this, it would also remove the need to ask for evidence of this.
- 6.2.5 We will use the Universal Credit award to work out the CTS but will make appropriate adjustments for any housing costs included in the award.
- 6.2.6 We will continue to disregard Disability Living Allowance, Personal Independence Payments, War Disablement Benefits, Child Benefit and Child Maintenance to ensure vulnerable groups are still supported.
- 6.2.7 The minimum income floor level will still apply to self-employed claimants as it does in our current scheme; this is a similar rule used in Universal Credit.
- 6.2.8 To ensure the scheme does not have to be revisited frequently arrangements will be put in place to uprate the bandings annually by a figure such as CPI, this will be confirmed in the final CTS scheme documentation.

7.0 Consultation

- 7.1 As the proposals are a fundamental change to the current approach, full consultation is required with precepting authorities and the public. A consultation exercise is planned for an eight week period and this will be carried out online with hard copies available. The consultation will be publicised and interested parties such as advice agencies will be contacted for their views.
- 7.2 Feedback from the consultation and any subsequent amendments proposed for the final CTS scheme will be brought to the Executive in November and Full Council in December for approval together with a full Equality Impact Assessment. Where an individual may suffer exceptional hardship the scheme will include provisions to allow for additional support to be given.

8.0 Risks

8.1 Legal

- 8.1.1 Schedule 1A (5) of the Local Government Finance Act 1992 as amended requires local authorities to consider the following:

For each financial year, each billing authority must consider whether to revise its scheme or replace it with another scheme.

The authority must make any revision to its scheme, or any replacement scheme, no later than 11th of March in the financial year preceding that for which the revision or replacement scheme is to have effect.

- 8.1.2 The timeline for approval of the new scheme is well in advance of this date so the risks are minimised of the scheme not being finalised in time.

8.2 Financial

- 8.2.1 We are trying to make the scheme as close to current spend as possible to ensure it is sustainable for the council and its precepting authorities, whilst also recognising the need to support its residents.
- 8.2.2 As CTS is a discount it reduces the council's tax base across the preceptors, including ourselves, NYCC, the Police and Fire Commissioner and the parish councils. The base is always an estimated figure for the following year and the funding for CTS will need to be considered at the same time as any planned increase to council tax.
- 8.2.3 Based on the current modelling tool information which provides an estimate the proposed scheme at 90% liability would be approximately £3,000 less spend than the current scheme, this being a £300 cost for SDC . A move to 100% liability for those on the lowest income band would see an increase in cost of around £177,000. The SDC share of this would be approximately £17,000, with the rest of the costs shared with the preceptors.
- 8.2.4 The other North Yorkshire authorities changing their schemes are proposing to increase the level of support, also by 10%, with one moving to 100% from 91.5% and one moving from to 90% from 80%.

9.0 Conclusion

- 9.1 The Executive are being asked to consider the proposals being put forward for public consultation and the approval for these will be requested at the Executive Meeting on the 1 August 2019.

Appendix 1 attached.

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