



Report Reference Number: E/19/31

To: Executive
Date: 5 December 2019
Status: Non Key Decision
Ward(s) Affected: All
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Title: Proposed Council Tax Support Scheme for 2020/21

1. Summary

- 1.1 The Council must review and agree its Council Tax Support (CTS) Scheme each financial year. This process involves consulting with major preceptors and interested parties before the final scheme is approved.
- 1.2 An eight week formal public consultation has taken place on the proposals for a new scheme. A number of changes were put forward for comment on a simpler and more transparent scheme for the customer and one that aimed to reduce administration for the council. This was particularly around the wider welfare reforms including the changes due to Universal Credit.
- 1.3 Following review of the consultation feedback a new scheme is now being proposed for approval by the council. The council received 29 responses to the consultation, which is typical nationally of a consultation on this subject. No response on the proposals has been received from the major preceptors NYCC or the North Yorkshire Fire and Police Authority.
- 1.4 The proposed CTS Scheme requires approval of Full Council and this decision needs to take place at the December meeting to allow sufficient time to implement the changes if the scheme is approved.

2. Recommendations

- 2.1 The Executive is requested to note the outcomes of the consultation process which has generally supported the recommended proposals and therefore agree the new proposed scheme to go forward for approval.
- 2.2 The Executive recommends to Council that the CTS Scheme be amended to the proposed new scheme.

2.3 Appendix 1 contains the draft Council Tax Support scheme for 20-21. The final Council Tax Support Scheme for 2020/21 will be presented to the Council for approval in December.

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 was no longer identifiable within the Revenue Support Grant that previously came from central government. The funding is now no longer seen separately and the actual cost of providing the support is calculated as a reduction in the local authorities Council Tax base.

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 September 2019 there are 4,312 households in the District claiming CTS at a total cost of £4,081,220 and approximately 55% 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 was 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 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 1023 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 can also impact on recovery and 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. Most 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.
- 4.5 All working age claimants of CTS currently have at least 10% to pay toward the cost of their council tax. This can cause hardship to those already on low incomes and the collection rates amongst CTS claimants is much lower than the general council tax collection rate. In 2018/19 based on the figures at September 2019 the collection rate generally for council tax overall is 98.63% but for working age claimants of CTS it is 83.61%.
- 4.6 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 2017/18 this had reduced to 88.07%.
- 4.7 In 2018/19 there were 734 summonses issued for non-payment to those in receipt of CTS for a total debt of £325,353.00; this was 35% of all the cases that were summonsed, court costs are also added to their accounts of £90.00. A large amount of these were for the 10% liability that all working age CTS claimants have to pay and these amounts are then very difficult to collect from claimants on the lowest possible incomes, a large amount ends up being written off as non-collectable.

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 with an external consultant.
- 5.2 The framework for all the authorities was very similar, that the scheme should be simpler for customers to understand and 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.
- 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.

- 5.4 Both Hambleton and Ryedale are proposing to change their schemes to a banded grid from 2020/21. Ryedale are proposing to increase their maximum from 91.5% to 100%, Hambleton from 80% to 90% maximum. The other North Yorkshire Authorities will be looking to change their schemes to a similar income grid model from the following year.

6.0 Proposed CTS Scheme for 2020/21 and consultation outcomes

6.1 Changing the scheme

6.1.1 When asked - Should the Council keep the current Council Tax Reduction Scheme?

- 17% (5 respondents) said yes the council should keep the current scheme
- 80% (23 respondents) said no the council should not keep the current scheme
- 3% (1 respondent) responded 'Don't know' to this question

6.2 Banded grid

6.2.1 When asked - Do you agree with the change to an Income Grid Scheme?

- 83% (24 respondents) said yes they agreed with a change to an income banded scheme
- 10% (3 respondents) said no they did not agree with a change to an income banded scheme
- 7% (2 respondents) responded 'Don't know' to this question

6.2.2 A banded scheme is therefore proposed which will assess the maximum level of CTS based on a calculation of household net income per week compared with household size. The income grid would be as follows below.

6.2.3 The table 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.

Level of CTS awarded	Passported cases	Single	Couple	Family with one child	Family with two or more children
100%	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

6.2.4 Customers receiving Income Support, Job Seekers Allowance and Employment and Support Allowance Income Related which are classed as Passported would receive the maximum amount.

6.2.5 The proposal is increase the maximum award to 100% from 90% maximum in the final scheme for those claimants on Passported benefits or the lowest income band. The main reason for this is to provide more support to residents of the district on lower incomes.

6.3 To limit the number of dependent children within the calculation for Council Tax Reduction to a maximum of two for all applicants

6.3.1 When asked - Do you agree with this change to the Scheme?

- 83% (24 respondents) said yes they agreed to limit to 2
- 7% (2 respondents) said no they did not agree to limit to 2
- 10% (3 respondents) responded 'Don't know' this question

6.3.2 Within the current scheme, applicants who have children are awarded a dependants addition within the calculation of their needs within their Applicable Amount. From April 2017 the current scheme limited dependants additions in line with Universal Credit, Housing Benefit and Tax Credits to a maximum of two. Some applicants were protected where they made a claim for reduction before that date and already had two or more dependants. The proposed final scheme will be limited to a maximum of two dependants to all applicants bringing the scheme into line with other welfare benefits.

6.4 Setting Non-Dependant deductions at a standard £5 per week (irrespective of the non-dependant's income)

6.4.1 When asked - Do you agree with this change to the Scheme?

- 67% (20 respondents) said yes they agreed to the standard deduction
- 3% (1 respondent) said no they did not agree to the standard deduction
- 30% (8 respondents) responded 'Don't know' this question

6.4.2 In the proposed final scheme all non-dependant deductions will be set at £5.00 per week regardless of the non-dependants income. 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.

6.5 Changing the claiming process for all applicants who receive Universal Credit

6.5.1 When asked - Do you agree with this change to the Scheme?

- 86% (25 respondents) said yes they agreed to the standard deduction
- 3% (1 respondent) said no they did not agree to the standard deduction
- 11% (3 respondents) responded 'Don't know' this question

6.5.2 When a person claims Universal Credit, their award details are passed to the Council automatically. It is proposed the Council will take any data received from Department for Work and Pensions as a claim for CTS automatically in the final scheme.

6.6 Removing the current earnings disregards and replacing them with a standard £20 disregard for applicants

6.6.1 When asked - Do you agree with this change to the Scheme?

- 86% (25 respondents) said yes they agreed to the standard earnings disregard
- 7% (2 respondents) said no they did not agree to the standard earnings disregard
- 7% (2 respondents) didn't answer this question

6.6.2 Currently where applicants or their partner have earnings and work over 16 hours per week, an earnings disregard is applied depending on their individual circumstances. These vary from £5.00 to £25.00 a week. Also, if child care is paid for above that received free from Central Government, then further disregards can be made against earnings for monies paid out. In the final proposed scheme a standard disregard of £20.00 will be applied to all applicants when they work, with no other disregards made. This will make the scheme more generous to those on low incomes and encourage work.

6.7 Removing the Extended Payment Provision

6.7.1 When asked - Do you agree with this change to the Scheme?

- 65% (19 respondents) said yes they agreed to remove the Extended Payment Provision
- 21% (6 respondents) said no they did not agree to remove the Extended Payment Provision
- 10% (3 respondents) responded 'Don't know' this question
- 3% (1 respondent) did not answer this question

6.7.2 In certain cases, where applicants have been in receipt of Passported benefits, (such as Income Support, Job Seekers Allowance or Employment and Support Allowance) and move into work which ends their entitlement, CTS can be paid for an additional 4 weeks. Similar provisions do not exist for UC claimants therefore this is no longer appropriate. In the final scheme the Extended Payment Provision for CTS will therefore be removed.

6.8 Reducing the capital limit to £6,000

6.8.1 When asked - Do you agree with this change to the Scheme?

- 48% (14 respondents) said yes they agreed to reduce the capital limit to £6,000
- 42% (12 respondents) said no they did not agree to reduce the capital limit to £6,000
- 10% (3 respondents) responded 'Don't know' this question

6.8.2 The current scheme has a capital limit of £16,000, it is proposed in the final scheme to reduce this limit to £6,000. This is in line with general welfare reforms and there will be no need to calculate a tariff or assumed income from capital.

6.9 Further details in proposed final scheme

6.9.1 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.

6.9.2 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.

6.9.3 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.

6.9.4 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.

6.9.5 The proposed scheme is fair to the majority of current claimants and the small percentage negatively affected can be signposted to the Discretionary Hardship Scheme for assistance.

6.9.6 To ensure the scheme does not have to be revisited frequently if an uprating to the income bands is required this can be considered as part of the budget setting process.

7.1 Alternatives to changing the CTS scheme

7.1.1 If the Council keeps the current scheme, it will be administratively more complex and it will cost taxpayers more. The proposals set out in this consultation will deliver administration savings.

When asked - Do you think we should choose any of the following options rather than the proposed changes to the Council Tax Reduction Scheme? Please select one answer for each source of funding.

Increase the level of Council Tax to cover the additional administration costs

- 14% (4 respondents) said yes to this option
- 72% (14 respondents) said no to this option
- 14% (4 respondents) responded 'Don't know' to this option

Find the additional costs by cutting other Council Services

- 10% (3 respondents) said yes to this option
- 76% (22 respondents) said no to this option
- 7% (2 respondents) responded 'Don't know' to this option
- 7% (2 respondents) did not answer this question

Use the Council's reserves

- 10% (3 respondents) said yes to this option
- 59% (17 respondents) said no to this option
- 24% (7 respondents) responded 'Don't know' to this option
- 7% (2 respondents) did not answer this question

7.1.2 To summarise the Equality Impact Assessment the effect of the proposed changes would be as follows -

	Existing scheme	Weekly	New scheme	Weekly	Weekly
	Numbers	Average award	Numbers	Average award	Average loss/gain
Single	440	£15.40	425	£16.13	£0.73
Couple	77	£18.54	64	£17.62	-£0.92
Family +1	342	£13.82	339	£16.23	£2.41
Family 2+	466	£14.79	448	£15.82	£1.03
Passported	1031	£19.19	1030	£21.17	£1.98
Working Age EIA					
Male claimant	737	£17.86	713	£18.91	£1.05
Female claimant	1626	£16.33	1592	£18.14	£1.81
Disability Premium (BY)	680	£19.40	669	£20.71	£1.31
Disabled Child (KL)	138	£20.04	131	£18.83	-£1.21
Enhanced Disability Premium (BT)	668	£19.04	653	£20.31	£1.27
Severe Disability Premium (CE)	408	£17.68	402	£18.55	£0.87
ESA Support component (KR)	532	£18.26	522	£19.55	£1.29
Carer Premium (QZ)	337	£20.79	319	£20.46	-£0.33
Lone Parent +1 (BK/BM)	390	£14.67	389	£17.55	£2.88
Lone Parent +2 (BK/BM)	306	£14.97	306	£17.68	£2.71
Lone Parent >2 (BK/BM)	134	£16.64	128	£16.97	£0.33
Couple +1 (BK/BM)	102	£20.31	88	£20.52	£0.21
Couple +2 (BK/BM)	103	£17.71	103	£18.33	£0.62
Couple>2 (BK/BM)	80	£19.97	70	£18.94	-£1.03

7.1.3 A Background Paper is available with the Full Equalities Impact Assessment. In summary of the 2,356 working age caseload 50 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.

7.1.4 The majority of claimants, 97.2% will be better off under the new scheme. The proposed scheme is fair to the majority of current claimants. A small number of groups have been identified to be adversely affected and these will be signposted separately to the Discretionary Hardship Scheme.

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 scheme must be approved by December to ensure adequate time is allowed to implement the changes well ahead of the annual billing process.

8.2 Financial

- 8.2.1 The overall aim was to try and 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 North Yorkshire Police and Fire Authority and the parish councils. The base is always an estimated figure for the following year and the funding for CTS is considered at the same time as any planned increase to council tax. The tax base has seen a good growth from new build properties and the increase in the empty premium to 100% from April 2019.
- 8.2.3 Based on the current modelling tool information as at September 2019 if the proposed scheme was kept at 90% liability it would be approximately £38,500 less spend than the current scheme. A move to 100% liability would see an increase in cost of around £140,000. The SDC share of this would be approximately £14,000, with the rest of the costs shared with the preceptors.
- 8.2.4 This is not a true figure for actual cost though. As mentioned earlier the collection rate amongst CTS claimants is much lower than the general collection rate for council tax. An increase in support from CTS would mean less council tax to collect and therefore it is expected collection rates from CTS claimants would increase, meaning this estimated cost would not actually be as high.
- 8.2.5 There has been a general reduction in funding for the function of benefits administration from central government. The Benefits & Taxation section is therefore always looking to work in more cost effective ways. Any efficiencies gained from the reduced administration of the scheme will help the team achieve their savings target whilst still providing a high level benefit administration and billing and collection service.

9.0 Conclusion

- 9.1 The Executive are being asked consider the proposed CTS Scheme for 2020/21 and recommend on the 5 December 2019 that the scheme be taken forward to the Council Meeting for approval on 17 December 2019.

Appendix 1 – Draft Selby District Council CTS Scheme for 2020/21

Background paper - (Full consultation results with comments and Full Equalities Impact Assessment)

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