CONSULTATION ON CHANGES TO THE COUNCIL TAX REDUCTION SCHEME

WARDs AFFECTED

All

EXEMPT/CONFIDENTIAL ITEM

No

1. PROPOSED DECISION

1.1 To consult on proposals to amend the Council Tax Reduction (CTR) scheme with effect from 1 April 2018, as follows:

Working-age households:

1) To remove non-dependant deductions

2) To remove tariff income for capital in excess of £6,000

Working-age and pension-age households:

3) To incorporate an exceptional hardship scheme, currently contained under a Discretionary Council Tax Discount Policy, within the Council Tax Reduction scheme.

4) To remove the time limit for back-dating requests due to good cause.

5) To fully disregard payments made from the We Love Manchester Emergency Fund (WLMEF) and London Emergencies Trust (LET).

1.2 The consultation will also seek views on the relevance of other elements within the Council Tax Reduction scheme.
2. **RATIONALE FOR THE DECISION**

2.1 As a billing authority, the Council is required to have a Council Tax Reduction (CTR) scheme which provides a council tax discount to residents it considers to be in financial need.

2.2 Each financial year, prior to 31 January, it must consider whether to revise or replace its scheme. If it plans to change the scheme, it must:
   - consider any transitional arrangements, as it sees fit, if a change has the effect of reducing or removing entitlement; and
   - consult with major precepting authorities and other persons that are likely to have an interest in the operation of the scheme.

2.3 The current CTR scheme is currently closely aligned with housing benefit regulations with the assessment of awards being undertaken as a single process. The introduction of Universal Credit removes this efficiency, with housing costs being paid through UC and a separate CTR applications being made to the Council.

2.4 There are currently approximately 9,600 working-age applicants in receipt of CTR of which 800 are in receipt of Universal Credit (UC). It is anticipated that the number of CTR applicants in receipt of UC will increase sharply from April 2018 when “full service” is introduced. As such, it will be necessary to seek ways to simplify the administration of the scheme in future as further cuts are made to administration grants.

2.5 The proposed changes to the working-age CTR scheme seek to simplify the administration of the scheme whilst maintaining minimal impact on the overall cost of the scheme. There are no detrimental implications to applicants as a result of these proposed changes.

2.6 The cost of exceptional hardship is currently borne by the Council, although most awards relate to applicants in receipt of CTR. As such, it is proposed to include provision for exceptional hardship within the CTR scheme whereby the cost is borne by the collection fund. The Council will continue to maintain a separate discretionary scheme in accordance with s13A(1)(c) of the Local Government Finance Act 1992.

2.7 The backdating of CTR awards requires the applicant to demonstrate good-cause as to why they have delayed their application. The current scheme limits backdating of awards for working-age applicants to six months. CTR remains an under-claimed discount particularly amongst UC applicants. This is in spite of continued publicity. It is proposed to remove this time-limit for backdating requests subject to the applicant demonstrating good-cause. This beneficial change will apply to both working-age and pension-age households.

2.8 In line with other social security benefits, it is proposed to fully disregard payments made to applicants from the following emergency trust funds:
   - We Love Manchester Emergency Fund (WLMEF); and
   - London Emergencies Trust (LET)
3. FACTS SUPPORTING THE PROPOSED DECISION

3.1 The Council is required to have a Council Tax Reduction (CTR) scheme which provides a council tax discount to residents it considers to be in financial need.

3.2 The scheme incorporates “Prescribed Requirements”, issued by the Secretary of State for Communities and Local Government, which sets out the minimum level of support that must be provided to pension-age households and states the classes of persons who are excluded from making a claim under the scheme.

3.3 The Council is responsible for determining a scheme for working-age households.

3.4 The current scheme was last approved by Council on 18 January 2017. It incorporates the following elements:

1) Working-age households:
   • Council tax support is restricted to 80% of net council tax liability or Band D equivalent, whichever is the lower.
   • Applicable amounts, premiums and other allowances are set in line with either the Prescribed Requirements or those contained within other social security benefits, although family and child premiums have been retained.
   • War disablement and war pensions are disregarded.
   • Non-dependant deductions are set in accordance with the Prescribed Requirements.
   • Awards below £1.00 per week are ignored.
   • Second Adult Rebate abolished.

2) Enhancements to the Prescribed Requirements
   • War disablement and war pensions are disregarded.
   • The family premium has been retained.

3.5 The CTR scheme currently provides support of £12.76m to over 17,000 households, as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>CTR (£000)</th>
<th>Liability (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passported WA</td>
<td>7,224</td>
<td>£5,062</td>
<td>£6,393</td>
</tr>
<tr>
<td>Standard WA</td>
<td>1,591</td>
<td>£886</td>
<td>£1,501</td>
</tr>
<tr>
<td>Universal Credit</td>
<td>818</td>
<td>£520</td>
<td>£702</td>
</tr>
<tr>
<td>Working-age</td>
<td>9,633</td>
<td>£6,468</td>
<td>£8,596</td>
</tr>
<tr>
<td>Pension-age</td>
<td>7,551</td>
<td>£6,295</td>
<td>£7,215</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,184</strong></td>
<td><strong>£12,763</strong></td>
<td><strong>£15,811</strong></td>
</tr>
</tbody>
</table>

3.6 Non-dependant deductions are applied to claims based on a non-dependant’s income. Deductions range from £3.80 to £11.55 per week. The current scheme provides a number of exemptions and only affects 243 working-age claims. The collection of data from applicants is administratively burdensome to obtain and maintain. This is likely to significantly increase through the expansion of UC and
the future removal of housing costs to single applicants, under the age of 22 years. It is proposed to remove this element from scheme as part of simplification.

3.7 Applicants to the scheme must have capital below £16,000. Tariff income is calculated at a rate of £1.00 per week for every £250 held above £6,000. There are currently less than 50 working-age households where tariff income is applied. It is proposed to remove this element from scheme as part of simplification.

3.8 It is proposed that consultation will take place between 15 September 2017 and 20 November 2017. A further report will be brought to Cabinet in December 2017 to evaluate the consultation responses. This will inform any changes to the scheme which will require to be approved by Council in January 2018.

4. IMPLICATIONS / RELEVANCE TO MEETING SAVING TARGETS/PLANNING FOR 2020

4.1 None

5. RISKS

5.1 Risks Associated with the Proposed Decision

There is a legislative requirement to consult with precepting authorities and other interested parties prior to revising a CTR scheme. Consultation mitigates the potential risk from legal challenge.

5.2 Should this Risk be added to the Corporate Risk Register?

No

6. OTHER IMPLICATIONS

6.1 Legal – The Council is required to maintain and annually review its Council Tax Reduction scheme in accordance with Section 13A and Schedule 1A of the Local Government Finance Act 1992 (as amended by the LGFA 2012).

6.2 Financial – The CTR scheme is a discount which has the effect of reducing the council tax base. Proposals in this consultation will have minimal impact on this calculation. Outcomes from this consultation exercise will inform any changes to the scheme and the corresponding budgetary requirements for 2018/19.

6.3 Human Resources - None

6.4 Land and Property (Asset) - None

6.5 Anti-Poverty – None in respect of this proposal.
6.6 Effects on existing Council Policy - None

6.7 Effects on other Council Activities - None

6.8 Human Rights - None

6.9 Equalities - A Community Impact Assessment will be updated following this consultation exercise. The proposed changes do not raise any further positive or negative implications for protected groups.

6.10 Asset Management - None

6.11 Health – None other than those linked to anti-poverty issues.

7. PREVIOUS APPROVAL/CONSULTATION

The previous Council Tax Reduction Scheme (2017-18) was approved by Council on 18 January 2017.

8. ALTERNATIVE OPTIONS AND IMPLICATIONS THEREOF

To retain the existing scheme.

Ian Roberts
Deputy Chief Executive and Strategic Director of Corporate Services

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BACKGROUND PAPERS

The following list of documents was used to complete this report and they are available for public inspection for four years from the date of the meeting, from the Contact Officer named above

None