

Bath & North East Somerset Council		
MEETING:	Council	
MEETING DATE:	10th November 2016	
TITLE:	The Local Council Tax Reduction Scheme 2017/18	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
<ul style="list-style-type: none">• Council Tax Reduction Policy – Appendix 1• Consultation analysis – Appendix 2• Impact Analysis – Appendix 3		

1 THE ISSUE

- 1.1 Council is required to agree the Local Council Tax Reduction Scheme in accordance with S13 A (1a) (2a) and Schedule 1a of the Local Government Finance Act 1992
- 1.2 The Council Tax Reduction scheme was introduced at short notice in 2013 when the old Council Tax Benefit scheme for working age people was abolished and replaced with this new discretionary scheme which is now in desperate need of change as it has not kept pace with other Welfare Reforms.
- 1.3 Bath Job Centre became one of the first in the country to start closing the gateway to Housing Benefit applicants in May 2016, moving working age customers to Universal Credits and it is important that any new Council Tax Reduction Scheme reflects these changes and supports people in adapting to the digital agenda.
- 1.4 The proposed scheme is designed to provide claimants with the same overall level of financial support, targeted to those on the lowest household incomes and by simplifying the process it will help reduce the cost of administration, using electronic data sharing with DWP to make automatic awards of Council tax Reduction.
- 1.5 For those most impacted by the change in the scheme we will be able to focus additional support through Welfare Support, ensuring that the most vulnerable do have a safety net. Our welfare Support Team working with our Connecting

Families Team will be able to take an holistic approach to peoples circumstances and ensure the right support is provided to those most in need.

- 1.6 The report sets out the preferred scheme that has been through a public consultation exercise and view seeking exercise with key stakeholders and it highlights areas where changes are suggested. The Council is now required to formally adopt the scheme in order that it can be taken into account as part of the annual Tax Setting process.

2 RECOMMENDATION

The Council is asked to;

- 2.1 Approve the Local Council Tax Reduction Scheme as detailed in Appendix 1 to this report for application to Council Tax accounts with effect from 1st April 2017.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Council Tax Reductions are accounted for within the Collection Fund and impact on Bath & North East Somerset Council, Town & Parish Council's and Major Precepting bodies including Police and Fire Authorities. Details from the approved scheme are required in order to estimate the relevant tax base for the Billing Authority which must be determined by the 31st January preceding the relevant Financial Year.
- 3.2 At the start of 2016/17 Council Tax Reductions awarded amounted £8.5m under the current scheme, this was roughly split 50 – 50 between Pension age scheme and working age scheme. The new scheme for working age claimants has been modelled on the basis that a similar level of funding will be required; this will obviously be subject to economic conditions and take up of the scheme, along with application of any exceptional hardship awards in accordance with Section 13A. 1a Local Government Finance Act 1992
- 3.3 The Divisional Director for Customer Services and Cabinet Member for Resources will monitor ongoing support required for Local Welfare Support within the current funded limits in order to enable Exceptional Hardship payments in accordance with the above
- 3.4 Simplification of the scheme as it is phased in with working age Universal Credit customers will deliver efficiency savings estimated at £70,000. This will result in a reduction of approximately 2-3 FTE's through natural wastage or redeployment.
- 3.5 The move towards an income banded assessment scheme for working age claimants will reduce the volume of changes in circumstances and therefore reduce unnecessary administration costs assisting debt recovery for unpaid accounts.
- 3.6 The proposed scheme for working age claimants and pensioners will be modelled across each of the Council's parishes and estimates used within the calculation of the Council tax base for the area.
- 3.7 Major preceptors have been notified in respect of the consultation proposals for the new scheme relating to working age claimants and no objections have been

received, on the basis that the scheme is estimated to be cost neutral there should be limited impact on major preceptors.

- 3.8 Pensioners will remain protected by the scheme and due to the fact that uprating and changes in pension age continue to apply we have actually seen a small reduction in claimants and spending on this group.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 Council is required to agree the Local Council Tax Reduction Scheme in accordance with S13 A (1a) (2a) and Schedule 1a of the Local Government Finance Act 1992.
- 4.2 Various options for replacing and or amending the Council Tax Reduction Scheme have been considered as detailed later in the report, extensive consultation has been conducted and an Equalities Impact Assessment of the proposed scheme has been carried out and is included within the background papers.
- 4.3 The rules relating to Pensioners are still mandatory and will therefore only change in accordance with National uprating.
- 4.4 It is proposed that for those working age customers who are currently in receipt of Council Tax reduction and not in receipt of Universal Credit that they will continue to receive Local Council Tax Reduction Scheme awards in accordance with the scheme that has been in operation since April 2013. (Detailed in Appendix 1)
- 4.5 It is proposed that for new Universal Credit customers or those customers in receipt of Universal Credit as at the 1st April 2017 their entitlement to Council Tax Reduction will be calculated based on the new scheme as detailed in Schedule 6 of the attached policy.

5 THE REPORT

- 5.1 Council Tax Support helps people on a low income by reducing the amount of Council Tax they have to pay. Bath & North East Somerset Council, like every other council, had to put in place a Local Council Tax Support scheme to replace Council Tax Benefit from April 2013.
- 5.2 The Government specified that pensioners should see no changes to their entitlement under the local schemes, but gave Councils the discretion to implement rules applicable to people of working age.
- 5.3 A local scheme, which took into account a reduction in government funding, was implemented in Bath and North East Somerset in April 2013. The rules have remained the same ever since.
- 5.4 This proposal is for a transition to the new scheme for Universal Credit claimants so that from April 2017, anyone of working age wishing to make a new claim for Council Tax Reduction will need to apply for Universal Credit first. If they are not awarded Universal Credit they will not be entitled to Council Tax Reductions.
- 5.5 Existing working age claimants who have already moved on to Universal Credit will be automatically transferred to the new Council Tax Reduction scheme from 1st April 2017 and we will in advance of this be contacting them.

- 5.6 Existing working age claimants who still receive Jobseeker's Allowance, Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit or Housing Benefit instead of Universal Credit will only be transferred to the new Council Tax Reduction scheme once they have moved on to Universal Credit.
- 5.7 Existing working age claimants who do not currently receive Universal Credit, Jobseeker's Allowance, Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit or Housing Benefit will stay on the current Council Tax Reduction scheme until their circumstances change.
- 5.8 So in summary the key objectives of the scheme are:-
- Last updated April 2013
 - Simplified system for customers to understand and staff to administer (c£70,000 Admin savings)
 - Alignment with Universal Credit Rules phased in as customers switch
 - No reduction in the overall spend on actual Council Tax Support
 - Targeted towards those with the lowest incomes, with a safety net of Local Welfare Support funding

5.9 The Key features of the existing scheme are:

- 5.10 The current scheme in Bath and North East Somerset is based on the complex means tested Council Tax Benefit rules, with certain changes applicable to working age claimants only:
- 5.11 Maximum support available to the majority of working-age claimants is up to 78% of the Council Tax bill.
- 5.12 Support is only paid up to the cost of a Band D Council Tax property bill. (This does not mean that people in Band E or above don't get any support – but they can only get up to 78% of the cost of a Band D property bill.)
- 5.13 Child Benefit and child maintenance are counted as income when calculating support.
- 5.14 People with capital / savings over £10,000 are not eligible. (This excludes the value of the property they live in.)
- 5.15 No non-dependant deductions. (This benefits parents with young adults in the household, as their contribution isn't considered when calculating Council Tax Support.)
- 5.16 No backdating of claims.
- 5.17 No entitlement to Second Adult Rebate.
- 5.18 Working-age claimants in receipt of certain disability benefits are automatically protected by the current scheme and are eligible for 100% support.

5.19 Key features of the proposed scheme for Universal Credit Customers:

- 5.20 Eligibility is based on entitlement to Universal Credit.
- 5.21 Maximum support available to all working age claimants is up to 90% of the Council Tax bill.
- 5.22 No blanket protection is provided for households in receipt of disability benefits, but Disability Living Allowance and Personal Independence Payments will not counted as household income, along with a number of specified payments relating to disability support as detailed in the Policy.
- 5.23 The maximum amount of support available is determined by income bands:
- 90% discount for weekly incomes of £0 - £99.99
 - 85% discount for weekly incomes of £100 - £199.99
 - 80% discount for weekly incomes of £200 - £299.99
 - 70% discount for weekly incomes of £300 - £349.99
 - 50% discount for weekly incomes of £350 - £399.99
 - 0% discount for weekly incomes above £400.
- 5.24 In order to reflect the additional needs of multi-person households and families, the upper tier of bands is increased as follows:
- For couples with no children £25 is added to the band limit.
 - If there is a child in the household £50 is added to band limit.
 - If there are two or more children in the household £100 is added to the band limit.
- 5.25 The housing cost element of Universal Credit is now considered as income when calculating support.
- 5.26 Self-employed applicants declaring unrealistic income are assessed at the National Living Wage / National Minimum Wage.
- 5.27 The capital / savings limit is reduced to £6,000 in line with Universal Credit rules. This does not include the value of the property you are living in.
- 5.28 Savings achieved by overall reduction in support available are reallocated to the Council's Local Welfare Support fund, to offer targeted assistance to those most in need and enabling provision of exceptional hardship payments where appropriate under Section 13A 1a. Local Government Finance Act
- 5.29 For Universal Credit Customers falling out of a Universal Credit Award they may be considered for an award under the existing scheme if appropriate, consideration in future years will need to be given for abolishing the existing scheme for working age customers once full universal credit roll out has taken place.

6 RATIONALE

- 6.1 The Council is seeking to reduce the administrative cost of Council Tax Support by implementing a less complicated scheme, which will be easier for claimants to understand and apply for. The revised scheme will also align with wider Welfare Reforms and the roll out of Universal Credit.
- 6.2 The proposed scheme for Universal credit customers looks to spread the impact of the changes and protect those with the lowest incomes, as well as maximising incentives for people to work.
- 6.3 Working age people in receipt of certain disability benefits are classified as vulnerable under the current local scheme and are therefore automatically awarded a higher level of support. The categorisation of vulnerability has always been difficult, and the Council's current classification has not always appeared to be fair in respect of someone's ability to pay Council Tax.
- 6.4 The Council is therefore proposing to introduce an income banded scheme where the maximum level of support available is the same for all working-age claimants. In future, eligibility for Council Tax Reduction will be linked with a person's entitlement to Universal Credit.
- 6.5 The information held on a person's Universal Credit claim will be used to determine which income band they fall into and the amount of Council Tax Support they are entitled to. The Department for Work and Pensions (DWP) will provide the Council with this information so a claimant will no longer need to make a separate application for a Council Tax Reduction.
- 6.6 Whilst the Council believes that the proposed changes will have some impact on the majority of claimants, the reduction in the overall amount of support available to working age claimants, including those in receipt of disability benefits, will be supported through the award of hardship payments to be determined through the Council's local Welfare Support team where appropriate and in accordance with current guidelines. This will enable the Council to offer more targeted, effective and longer-term assistance to those most in need.
- 6.7 It should be noted that as the new scheme for Universal credit customers will be phased in alongside Universal credit, those that may consider themselves most impacted by the changes are likely to be among the last groups to move across to the new scheme and this will allow us to work with them to ensure impacts are minimised.
- 6.8 An analysis of the data used for modelling the new scheme identifies those households that are most likely to be impacted and can therefore be targeted for additional support in advance (See Appendix 3)
- 6.9 The modelling work considers the implications of all claimants being in receipt of universal Credits and as stated in 6.7 this will not be the case from the outset, with full roll out of Universal credits not expected in this area until around 2019.
- 6.10 Assuming all claimants are in receipt of universal credits then the attached analysis shows that on current data up to 95 households could be £20 a week or more worse off. These are cohorts where we would like to specifically target the support of our Local Welfare resources in order to help find the best outcomes for these families.

7 OTHER OPTIONS CONSIDERED

- 7.1 Officers have been reviewing the options for a new Local Council Tax Reduction Scheme for some time; this has included research as to what other Councils are doing and reference to National guidance published by Communities and Local Government following a consultation review of Council Tax Reduction. (see link to consultation outcomes at Appendix 2)
- 7.2 Whilst there is only one example of a banded income scheme at South Gloucestershire Council at the moment it is clear that many authorities are considering a move to this method of assessment and it is indeed recommended by the consultation carried out by Communities and Local Government.
- 7.3 Options considered included; no change; update the existing policy to account for current issues; a variety of income banded options.
- 7.4 The rules relating to consultation on a Local Council Tax Reduction Scheme require the Council to consult on its preferred option. A period of consultation took place during May involving a number of our key internal and external support service partners. The purpose of this exercise was to gather views on the principles of the proposed scheme options before deciding upon a preferred option to put forward for public consultation.

8 CONSULTATION

- 8.1 A single member decision to proceed with Public Consultation was made on the 7th July 2016 and Public consultation took place over the period from 8th August 2016 and ended on 16th October 2016. All local residents, key stakeholders, partner organisations and parish & town councils were given the opportunity to respond and comment on the Council's preferred scheme.
- 8.2 Around 5,500 working age people across Bath and North East Somerset currently claim Council Tax Support and we wrote to these people directly to let them know the consultation was live and asking them for their views on the proposed scheme.
 - (1) The public responded overwhelmingly that more help for those on low incomes and increased funding for Welfare Support were their most important principles and areas of the scheme they agreed with.
 - (2) Over half agreed with an income banded scheme and that the maximum discount was set at the right level.
 - (3) Only 31% felt that the scheme would not be simpler to understand and apply for.
 - (4) 81% agree that DLA and PIP should be disregarded as income

8.3 A direct response was also received from the CAB supporting the increase in the maximum discount and commended the investment in the Welfare Support team valuing the excellent service they provide.

8.4 (Seventy Four) 74 responses were received and a summary of the responses is included at Appendix 2. On approval of the scheme the detailed responses will be published on the Council's web pages.

8.5 During the consultation period there were questions raised regarding disregarded income and having sought advice on these issues we are recommending that the proposed scheme for Universal Credit customers includes income disregards for the following categories this is the only change included in the policy following the consultation process:-

- Payments made by the Council to meet travel costs to school for children with special educational needs;
- Direct payments and Personal Budgets for adults with Care needs;
- Fostering and similar payments made by the Local Authority in respect of children in care; and
- Discretionary Housing Payments

(These are fully detailed in the Policy document)

8.6 Once the scheme is adopted we will again write to those impacted by the proposals and inform them of the impacts in advance of issuing annual bills in March 2017

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken and constantly reviewed throughout the project, in compliance with the Council's decision making risk management guidance.

Contact person	<i>Ian Savigar; 01225 477327</i>
Background papers	<i>CLG National Consultation -</i> https://www.gov.uk/government/publications/local-council-tax-support-schemes-an-independent-review <i>Equality Impact assessment</i>
Please contact the report author if you need to access this report in an alternative format	